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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Dow</u>	<b>LAST UPDATED</b> <u>2/16/2025</u>	<b>ORIGINAL DATE</b> <u>2/6/2025</u>
<b>SHORT TITLE</b> <u>Spaceport District Fund Investment</u>	<b>BILL NUMBER</b> <u>House Bill 261/aHCEDC/ec</u>	<b>ANALYST</b> <u>Dinces</u>

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
STO	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

Duplicates Senate Bill 174

### Sources of Information

LFC Files

Agency Analysis Received From  
 New Mexico Attorney General (NMAG)  
 State Investment Council (SIC)  
 State Treasurer’s Office (STO)  
 New Mexico Spaceport Authority (NMSA)

## SUMMARY

### Synopsis of HCEDC Amendment to House Bill 261

The House Commerce and Economic Development Committee amendments to House Bill 261 remove the State Investment Council as an agency that can invest funds from the regional spaceport district, making it so these funds can only be invested by the State Treasurer’s Office (STO).

Additionally, the amendments add an emergency clause such that the bill contains an emergency clause and would become effective immediately on signature by the governor

### Synopsis of Original House Bill 261

House Bill 261 (HB261) adds STO as an agency that can invest funds from the regional spaceport district rather than having the regional space port district only invest with the State Investment Council (SIC). It also specifies that these funds should be invested in a local government investment pool.

The effective date of this bill is July 1, 2025.

## **FISCAL IMPLICATIONS**

As STO already invests state funds, there is likely minimal impact to the operating budget of the agency.

## **SIGNIFICANT ISSUES**

Providing a choice for the regional spaceport board in how they invest their funds can help the board choose what is best for their funds. Both the New Mexico Spaceport Authority (NMSA) and STO highlight that NMSA may need to utilize shorter-term investment strategies such as what is available from STO.

The New Mexico Attorney General adds:

The New Mexico Regional Spaceport District (NMRSD) is authorized to levy a tax of up to 0.5 percent on businesses in Doña Ana County and Sierra County. The NMRSD board and counties authorized a tax of 0.25 percent on businesses. Most of this revenue is currently pledged as collateral and payment for bonds that were issued to construct the New Mexico Spaceport. However, in the future those bonds will be paid off. This bill expands the types of investments the board is allowed to make under Section 5-16-8 NMSA 1978. Currently investments the board holds must be invested with regards to the Prudent Investor Act 45-7-601 to – 612 and the board is only authorized to employ SIC to make these investments. HB261 allows the board to employ the STO instead of or in conjunction with the state investment council to manage these investments and it allows for the investments to be put in local government investment pools.

STO adds:

The funds within the spaceport districts should not be invested with SIC as they currently only have approximately \$21 million in which they have made a resolution to give \$13.9 million to the spaceport authority which has an account with the treasury. SIC is designed to invest funds for trusts and large sums of dollars that do not need liquidity or short-term investing. Short-term investment should take place with STO.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Duplicates Senate Bill 174.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

SIC states:

A regional spaceport district would only have express authority to invest its funds with SIC, which can only invest such funds in its own pooled investment fund pursuant to Subsection I of Section 6-8-7 NMSA 1978. That fund is targeted toward longer-term investments, as it is aligned with the longer-horizon investment objectives of the state's permanent funds, relative to the shorter-term horizon of investments made by the Treasurer.

In addition, to the extent that a non-class A county would comprise part of a regional spaceport district and would seek to invest money attributed to the district, the SIC would be prohibited from making such an investment pursuant to Subsection G of Section 6-10-10 NMSA 1978. That statute prohibits non-class A counties from investing in SIC's pooled client investment funds.

NMSA states:

Currently legislation requires the Regional Tax District to invest with SIC, which is not flexible enough to permit disbursements to NMSA. Although the Board has only approved one disbursement so far, more disbursements are expected in the future. This would adversely affect NMSA's ability to administer construction projects in a timely manner and would cause unnecessary and costly delays and affect other funding provided by bonds issued from the New Mexico Board of Finance. Project shortfalls and delays in the use of bond funds before bond maturities occur.

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