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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 2/3/2025

SPONSOR Stewart

BILL
NUMBER Senate Bill 49

SHORT TITLE Community Benefit Fund Transfers

ANALYST Hilla

APPROPRIATION* (dollars in thousands)

Entity	FY26	Recurring or Nonrecurring	Fund Affected
Economic Development Department	\$40,000.0	Nonrecurring	Community Benefit Fund
Community Energy Efficiency Development Block Grant Fund	\$20,000.0	Nonrecurring	Community Benefit Fund
Grid Modernization Fund	\$100,000.0	Nonrecurring	Community Benefit Fund
Transportation Project Fund	\$50,000.0	Nonrecurring	Community Benefit Fund
State Supplemental Land and Water Conservation Fund	\$5,000.0	Nonrecurring	Community Benefit Fund
Energy, Minerals, And Natural Resources Department	\$40,000.0	Nonrecurring	Community Benefit Fund
Workforce Solutions Department	\$25,000.0	Nonrecurring	Community Benefit Fund
Public School Facilities Authority	\$60,000.0	Nonrecurring	Community Benefit Fund

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

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EDD	No fiscal impact	\$100.0	\$100.0	\$200.0	Recurring	General Fund
DFA	No fiscal impact	\$100.0	\$100.0	\$200.0	Recurring	General Fund
Total	No fiscal impact	\$200.0	\$200.0	\$400.0	Recurring	General Fund

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

Relates to Senate Bill 48 creating the community benefit fund.

Sources of Information

LFC Files

Agency Analysis Received From
 Department of Finance and Administration (DFA)
 Public School Facilities Authority (PSFA)

Economic Development Department (EDD)
Energy, Minerals, and Natural Resources Department (EMNRD)
Public Regulation Commission (PRC)
Workforce Solutions Department (WSD)

Agency Analysis was Solicited but Not Received From
Department of Transportation (DOT)

SUMMARY

Synopsis of Senate Bill 49

Senate Bill 49 (SB49) appropriates \$340 million from the community benefit fund. Appropriations include:

- \$40 million to the Economic Development Department (EDD) to assist in diversifying and promoting the state’s economy by fostering economic development opportunities unrelated to fossil fuel development or use, such as aerospace, cybersecurity, biosciences, film and television, etc., for expenditure from FY26 through FY28;
- \$20 million to the community energy efficiency development block grant fund at the Energy, Minerals, and Natural Resources Department (EMNRD);
- \$100 million to the grid modernization grant fund at EMNRD;
- \$50 million to the transportation project fund at the Department of Transportation (DOT) for transportation-related projects that reduce the use of combustion engine vehicles, including bicycle and pedestrian infrastructure and pedestrian safety;
- \$5 million to the state supplemental land and water conservation fund for purposes of the Outdoor Recreation Act at EMNRD for expenditure in FY26 through FY28;
- \$40 million to EMNRD to provide competitive grants to develop or enhance energy efficiency technology, renewable energy technology, batteries, and other systems capable of retaining, storing, and delivering energy by chemical, thermal, mechanical or other means and any interconnection equipment required to interconnect these systems with the electric grid, for expenditure in FY26 through FY28;
- \$25 million to the Workforce Solutions Department (WSD) to collaborate with the Higher Education Department (HED) to provide training in non-extractive industries, for expenditure in FY26 through FY28;
- \$60 million to the Public School Facilities Authority (PSFA) for electrical vehicle charging infrastructure for school districts and the difference in cost between upgrading from diesel-fueled school buses to electric school buses, for expenditure FY26 through FY28.

For appropriations with specific expenditure dates, any unexpended or unencumbered balances at the end of FY28 shall revert to the community benefit fund.

SB49 is contingent on the passage of the community benefit fund in Senate Bill 48 (SB48).

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$340 million contained in this bill is a nonrecurring expense to the community benefit fund. Any unexpended or unencumbered balance remaining at the end of FY28 shall revert to the community benefit fund for appropriations made to EMNRD, EDD, WSD, PSFA, and the state supplemental land and water conservation fund. Appropriations made to the grid modernization grant fund and the transportation project fund will not revert.

EDD states that it will need to increase its operating budget to administer the appropriation in SB49. However, this would create a full-time position for a nonrecurring appropriation item, so if funding from SB49 could also be used for administrative expenses, agencies like EDD would not need new recurring funding to its operating budget to create full-time positions for one-time appropriations. The analysis in this fiscal impact report assumes that SB49 *does not* cover administrative expenses and thus requires agencies like EDD to increase hiring levels. Similar administrative cost concerns were also noted by the Department of Finance and Administration (DFA) and are included in this fiscal analysis.

SIGNIFICANT ISSUES

The Executive and LFC both recommended an \$8 million nonrecurring special appropriation from the general fund to the state supplemental land and water conversation fund (SSLWCF) at EMNRD to provide matches for federal funds. The \$5 million appropriation from the community benefit fund to the SSLWCF is duplicative of the \$8 million appropriation currently in House Bill 2. Due to this duplication, EMNRD asks for the \$5 million currently in SB49 to be repurposed for housing for firefighters. However, should SB49 repurpose the \$5 million appropriation to SSLWCF for firefighter housing, that could become a recurring cost, and EMNRD would need to find other sources of funding to cover the recurring costs of housing outside of the community benefit fund.

EMNRD states that the community energy efficiency development (CEED) block grant fund has not been adequately funded to meet the demand of providing grants to low-income and “frontline communities to purchase products aimed at increasing energy efficiency in homes to decrease their energy burdens.” The department states this appropriation would address unmet needs.

PSFA states that the total cost of ownership of electric vehicle charging infrastructure will vary across school districts. PSFA states without knowing how many school districts would move their school bus fleets from diesel to electric, the agency cannot determine if the \$60 million appropriations are sufficient considering the total cost of ownership. Additionally, PSFA states that the Regulation and Licensing Department (RLD) adopted its Commercial Energy Code and included requirements for electric vehicle charging stations for passenger vehicles, which required schools to provide 5 percent of the required parking spots with electric vehicle charging stations with another 5 percent for future stations but did not include bus charging stations. PSFA states current estimates show a 40 percent increase in electrical costs to install infrastructure and devices required for electric vehicle charging for buses.

PERFORMANCE IMPLICATIONS

WSD states that Executive Order 2024-152 requires state agencies to collaborate on developing the workforce for “climate-ready” professions by the end of 2026. The department states that

climate-related workforce training is part of its 2024-2027 Workforce Innovation and Opportunity Act (WIOA) plan. The LFC program evaluations, *Workforce Development Post Covid-19 Pandemic* and *Improving New Mexico's Workforce Participation*, highlight the fragmentation and duplication of services that persist across the state's workforce programs and raise concerns about the implementation of workforce programs under WIOA. In particular, the latter report elucidates the difficulties many higher education students currently face in accessing WIOA Title I services. This evaluation recommended WSD continue its current work in developing an aligned case management system that will allow all New Mexicans, including higher education students, to more easily access federal and state programs related to workforce training and wraparound supports. The success of this part of SB49 is partially contingent on continuing coordination efforts and the buy-in of the local workforce development boards, which oversee the Title I application process.

In 2024, the Legislature appropriated \$60 million to the Higher Education Department from the government results and opportunity (GRO) fund to be spent over three years to support noncredit workforce training programs at higher education institutions. Aligned with the accountability stipulations of the GRO fund, HED is collecting enrollment and outcomes data from the state's higher education institutions. A 2024 LFC program evaluation, *Postsecondary Certificates*, found that while some workforce training pays off for students in the form of increased salary and career opportunities, not all training leads to substantive gains. The climate-related workforce training funding appropriated in SB49 would potentially build on existing GRO funding, but does not contain the same reporting or accountability requirements as the GRO.

PSFA states the Public-School Capital Outlay Committee (PSCOC) will need to develop a new funding program to track and administer these funds and will require additional PSFA staff with electric vehicle expertise.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB49 is the companion bill of SB48, which creates the community benefit fund. SB49 is contingent on the passage of SB48.

OTHER SUBSTANTIVE ISSUES

SB48 outlines that the community benefit fund can be used for projects that reduce the use of combustion engine vehicles through transportation projects, including projects that increase electric vehicle infrastructure or bicycle and pedestrian infrastructure. In 67-3-78 (A) NMSA 1978, the Department of Transportation can establish a subaccount of the transportation project fund to ensure SB49's \$50 million appropriation for the fund matches SB48 and SB49's transportation project intentions.

DFA states that SB49's funding would allow the WSD to continue providing job training for cybersecurity and information technology initiatives with the Department of Information Technology.

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