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**AGENCY BILL ANALYSIS
2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

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{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original **Amendment**
Correction **Substitute**

Date Prepared: 2026-02-02
Bill No: HB8

Sponsor: Gonzales, Anita
HIGHER ED. MAJOR PROJECTS FUND

Agency Name and Code NMHED
Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	\$300,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue	Recurring	Fund Affected

FY26	FY27	FY28	or Nonrecurring	
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 8 (HB8) creates the Higher Education Major Projects Fund (HEMPF) as a nonreverting fund in the state treasury and establishes eligibility, match requirements, and conditions for the use of the fund to support large-scale higher education capital projects.

HB8 authorizes the fund to support projects requiring multi-year, multi-source financing, including large instructional, research, student housing, and student life facilities that exceed the scale and timing capacity of the annual New Mexico Higher Education Department (NMHED) Capital Projects Division (CPD) recommendation process.

HB8 provides an appropriation of three hundred million dollars (\$300,000,000) and specifies the following initial priorities:

- Up to one hundred fifty million dollars (\$150,000,000) to plan, design, construct, equip, and furnish the new School of Medicine at the University of New Mexico (UNM)
- Up to fifty million dollars (\$50,000,000) to plan, design, construct, equip, and furnish a multidisciplinary building at New Mexico State University (NMSU)
- Up to one hundred million dollars (\$100,000,000) to plan, design, construct, equip, and furnish student life and student housing project statewide

NMHED's analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

HB8 provides an appropriation of three hundred million dollars (\$300,000,000) as a one-time, nonrecurring capitalization of the HEMPF through a General Fund transfer in FY27.

HB8 does not establish a recurring revenue source or long-term replenishment mechanism for the fund. As a result, future capitalization of the fund would remain contingent on subsequent legislative action. While the initial transfer enables immediate support for identified major projects, the absence of a recurring funding mechanism may limit the fund's long-term predictability and integration into statewide higher education capital planning cycles.

The one-time nature of the appropriation distinguishes the fund from other capital financing mechanisms that rely on statutory or structural allocations to provide predictable, multi-year support for large-scale infrastructure investments.

In contrast, other state capital financing mechanisms utilize statutory or structural allocations to provide more predictable, year-over-year support for large-scale infrastructure investments. For example, supplemental severance tax bond programs include statutory carve-outs or dedicated revenue streams that ensure funding continuity across fiscal years. Establishing a comparable, dedicated funding approach for the HEMPF would be critical to ensuring the long-term viability of the fund and its ability to support both major academic and auxiliary capital projects over multiple funding cycles.

SIGNIFICANT ISSUES

NMHED recognizes that higher education capital projects exceeding fifty million dollars (\$50,000,000)—particularly at four-year institutions without access to local mill levy authority or other mechanisms to diversify capital funding—often exceed the scale that the annual CPD recommendation process at NMHED can reasonably support. These projects typically require coordinated, multi-year financing strategies that integrate multiple state and non-state funding sources. Projects exceeding fifty million dollars (\$50,000,000) often require coordinated, multi-year financing strategies.

NMHED also recognizes that New Mexico's higher education institutions (HEIs) are increasingly facing capital needs that exceed the scale, timing, and funding capacity of the annual CPD recommendation process. Many four-year institutions manage academic, research, and student support facilities that are more than fifty (50) years old and require comprehensive replacement or major modernization to remain competitive, meet accreditation and workforce demands, and support current instructional models. These conditions have resulted in a growing number of capital requests that exceed fifty million dollars (\$50,000,000), exceeding traditional funding thresholds, and that require multi-year, multi-source financing strategies. HB8 authorizes the HEMPF to support projects requiring multi-year, multi-source financing, including major instructional, research, student housing, and student life facilities.

HB8 introduces project-specific initial priorities, including funding for the UNM School of Medicine, a multidisciplinary academic facility at NMSU, and statewide student housing and student life projects. While these priorities address urgent and well-documented capital needs, allocating money to them establishes an early precedent for how the HEMPF may bypass comprehensive statewide prioritization frameworks, including frameworks that NMHED would need to develop in response to HB8. As a result, the long-term effectiveness of the HEMPF will depend on how future appropriations, eligibility standards, and prioritization criteria are integrated with NMHED's existing capital planning and review processes.

Further, by identifying specific priorities, HB8 effectively establishes both the precedent and initial structure for how the fund may be used in future cycles. If the intention is to fund specific projects, then an alternative bill could specify those project and appropriate that funding, but, if the intention is to

establish a new central fund for larger capital projects in future years, then the current structure may run out of funding after expending most or all of its appropriation on the pre-identified priorities.

As an example, the UNM School of Medicine facility exemplifies the emerging category of projects that require additions to the standard CPD recommendation process. The proposed project aligns squarely with CPD's academic- and workforce-focused criteria, addressing instructional capacity, research needs, and statewide health workforce development. However, the scale of the request—exceeding five hundred million dollars (\$500,000,000)—places it beyond the practical capacity of the CPD annual recommendation process to fund through traditional phased appropriations alone, so this project necessitates a coordinated financing strategy that integrates general obligation bonds, severance tax bonds, institutional match, and General Fund support.

As a second example, HB8 authorizes funding for student housing and student life projects, including recreation, dining, athletic facilities for Division I institutions in good standing, and other campus amenities facilities—broader categories not currently evaluated through the CPD annual recommendation process. Student housing represents a particularly acute auxiliary capital need across New Mexico HEIs. Many campuses rely on residence halls constructed several decades ago that no longer meet modern standards for safety, accessibility, energy efficiency, or student expectations. Large-scale renovation or replacement of these facilities often exceed the scope and funding thresholds of the annual CPD recommendation process. By explicitly authorizing student housing and related auxiliary facilities, the HEMPF acknowledges the role these investments play in student recruitment, retention, and institutional competitiveness, while providing a mechanism to address housing needs that cannot be feasibly funded through existing capital pathways. At the same time, it introduces new considerations regarding how such projects are prioritized, reviewed, and integrated into the state's broader capital planning framework.

CPD reviews a significant volume of capital requests each year that exceeds available funding capacity. Across the four most recent general obligation bond cycles between 2018 to 2025, HEIs submitted an average of approximately sixty-one (61) capital requests totaling six hundred seventy million three hundred thousand dollars (\$670,300,000), of which CPD recommended approximately thirty-six (36) projects totaling two hundred forty million seven hundred thousand dollars (\$240,700,000), representing approximately thirty-six percent (36%) percent of requested projects funded annually on average.

A similar pattern exists in non-general obligation bond years during the same timeframe where institutions submitted an average of approximately sixty-three (63) capital requests totaling three hundred seventy-four million dollars (\$374,000,000), of which CPD recommended approximately thirty-eight (38) projects totaling ninety-four million dollars (\$94,000,000), representing approximately twenty-five percent (25%) percent of requested projects funded annual on average.

This demonstrates that CPD's existing process is already capacity-constrained and primarily focused on instruction and general (I&G) facilities. Without a dedicated funding mechanism for major capital and auxiliary projects, the department would be required to further divide a limited pool of capital funding between I&G facilities and auxiliary infrastructure, which would likely accelerate deferred maintenance backlogs and delay critical academic investments across HEIs.

The HEMPF provides a structural alternative to address extraordinary academic and auxiliary capital needs without placing additional strain on the existing CPD recommendation process.

PERFORMANCE IMPLICATIONS

HB8 does not establish performance measures or project selection criteria for the HEMPF. If enacted, NMHED would need to work with HEIs to develop transparent criteria for project eligibility;

prioritization; waiver review and timeliness in relation to the capital recommendation and session process; and outcomes to ensure alignment with statewide higher education goals and capital planning standards.

ADMINISTRATIVE IMPLICATIONS

HB8 would require NMHED to assume new administrative responsibilities related to the oversight and coordination of a dedicated major projects fund. These responsibilities may include:

- Development of eligibility and allocation criteria
- Integration of the fund into CPD summer hearings and year-round capital review processes
- Coordination with HEIs on eligible uses and project sequencing, particularly when reviewing design-centric funding requests versus construction requests
- Monitoring of expenditures and alignment with appropriated purposes
- Coordination with the Legislature regarding any waiver or special approval processes associated with major project funding
- Coordination of fund expenditures with project-specific appropriations and legislative intent language contained in HB8

The creation of a standalone fund outside the traditional capital outlay process increases administrative complexity by introducing an additional funding pathway that must be coordinated alongside general obligation bonds, severance tax bonds, and other state funding mechanisms now.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB8 relates to capital appropriations included in 2026 House Bill 2 and 2026 House Bill 133, NMHED's higher education capital outlay recommendation, and other statewide capital funding mechanisms, including general obligation bonds and severance tax bonds.

2026 HB8 replaces 2026 Senate Bill 124.

2026 Senate Bill 6 proposes full funding for the UNM School of Medicine facility.

TECHNICAL ISSUES

HB8 does not specify long-term replenishment mechanisms or sunset provisions for the HEMPF, which may create uncertainty regarding its role in future capital planning cycles.

OTHER SUBSTANTIVE ISSUES

Implementation of a major projects fund will require continued coordination across multiple capital financing mechanisms to ensure equitable support for higher education capital needs statewide.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB8 is not enacted, no statutory framework would exist to support a dedicated higher education major projects fund for higher education capital projects of a broader scope exceeding fifty million dollars

(\$50,000,000), and there would be no creation of the HEMPF. Large-scale academic and auxiliary capital projects would continue to rely on phased, multi-year appropriations through existing mechanisms including from the Legislature and Executive through discretionary capital, potentially resulting in extended timelines, increased cost escalation, and limited capacity to address student housing and student life infrastructure needs critical to the full college experience.

HEIs would continue to face limited options for addressing large-scale student housing and auxiliary facility needs, including the renovation or replacement of aging residence halls, dining facilities, and student support spaces, which are increasingly critical to student recruitment, retention, and the overall college experience.

AMENDMENTS

N/A