

LFC Requester:

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: 01/14/2026 **Check all that apply:**
Bill Number: HB0021 Original Correction
 Amendment Substitute

Sponsor: Miguel P. García
Short Land Grant-Merced and
Acequia Infrastructure Act

**Agency Name and
Code Number:** OSA 308

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

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

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

- Establishes the Land Grant-Merced and Acequia Infrastructure Act to provide infrastructure assistance to land grants-mercedes and acequias and creates three funds:
 1. Land Grant-Merced and Acequia Infrastructure Trust Fund (non-reverting in state treasury, investment-based)
 2. Land Grant-Merced Infrastructure Project Fund
 3. Acequia Infrastructure Project Fund
- Authorizes funding for and defines “qualified projects” for both land grant-mercedes and acequias and establishes reporting requirements.
- Authorizes the State Board of Finance to issue severance tax bonds for land grant-merced and acequia infrastructure projects and establishes related requirements.
- Bill’s effective date is July 1, 2026

FISCAL IMPLICATIONS

- Creates dedicated funding streams for infrastructure financing, likely reducing land grant-merced and acequia reliance on unpredictable capital outlay appropriations.
- Proposed funds will receive money from distributions, appropriations, gifts, grants, donations, and severance tax bond proceeds.
- The bill does not include a direct appropriation amount but establishes the framework for future appropriations and bond allocations.
- DFA, Land Grant Council, and Interstate Stream Commission will incur administrative costs for rulemaking, application review, and fund administration.
- Annual distributions and bond issuances create recurring fiscal commitments through 2032.
- Allocates 2.2% of severance tax bonding capacity (1.1% each for land grants-mercedes and acequias), which may reduce capacity for other capital projects but increases the stability of funding for infrastructure projects approved under this bill. A delayed repeal of bonding allocation provisions takes effect July 1, 2032.

SIGNIFICANT ISSUES

- Requires entities to apply for funding before requesting legislative capital outlay.
- Requires the Land Grant Council and Interstate Stream Commission, in consultation with the Department of Finance and Administration (DFA) to promulgate rules, conditions, and priorities for providing infrastructure assistance, including criteria and procedures for applicants and projects.
- Mandates annual reporting from the Land Grant Council and Interstate Stream Commission to the appropriate legislative committee on expenditures, the purposes for which expenditures were made, an analysis of the progress of the projects funded and recommendations for improvement.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

Applicants for projects funded by HB0021 would be subject to the requirements for financial certification and reporting in HB493, the Public Finance Accountability Act. HB493 mandates entities receive capital outlay funding only if they:

- Have a publicly available annual audit under the Audit Act (NMSA §12-6-3) and have resolved any material weaknesses or significant deficiencies to the satisfaction of DFA.
- For entities not required to have an annual audit, they must have approved methods and procedures for accounting and fund management and have addressed any identified deficiencies (this applies to most acequias and land grants-mercedes).
- Are compliant with all financial reporting requirements, including those in the Audit Act, and have an approved current year budget.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS