

LFC Requester:

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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(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:

Check all that apply:

Bill Number: H88-341

Original ☒ Correction ☐

Amendment ☐ Substitute ☐

Agency Name and
Code Number:

DFA-341

Sponsor:

Rep. McQueen

LAND-GRANT MERCED
ASSISTANCE FUND CHANGES

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Short Title:

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)0

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

0

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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

Synopsis:

House Bill 88 (HB88) amends the Land Grant-Merced Assistance Fund. HB88 also includes technical changes and procedural updates for fund administration and distribution. Key changes include:

- Non-reverting Fund: The fund is now designated as non-reverting, meaning unused funds will not revert to the general fund.
- Distribution Thresholds: Adjusts annual revenue thresholds for land grants-mercedes to qualify for full or partial distributions:
 - Less than \$100,000: Full distribution.
 - \$100,000 to less than \$250,000: 75% distribution.
 - \$250,000 to less than \$500,000: 50% distribution.
 - \$500,000 or more: 25% distribution.
- Compliance Requirements: Land Grants-Mercedes must meet the Audit Act and other statutory compliance requirements to qualify for assistance.
- Effective Date: The act will take effect on July 1, 2026.

FISCAL IMPLICATIONS

- The Department of Finance and Administration (DFA) has distributed the Land Grant-Merced Assistance Fund (Fund) since FY23. Below is a comparison of these distributions under the current thresholds and the revised thresholds to illustrate the difference these revisions would have made in this same period.

Land Grant-Merced Assistance Fund Summary											
	Current Legislation					Proposed Legislation					Difference
	FY24	FY25	FY26	Total	Average	FY24	FY25	FY26	Total	Average	
Amount available for Distribution	\$2,016,605.00	\$2,093,065.00	\$2,052,493.74	\$6,162,163.74	\$2,054,054.58	\$2,000,000.00	\$2,127,718.00	\$2,710,811.74	\$6,838,529.74	\$2,279,509.91	
# received 75%	4	2	2	8.00	2.67	0	0	0	0	0.00	
75% Distribution Amount	\$73,470.00	\$92,341.00	\$173,450.40	\$339,261.40	\$113,087.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total 75% Distributed	\$293,880.00	\$184,682.00	\$346,900.80	\$2,714,091.20	\$904,697.07	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,714,091.20
# received 100%	13	15	16	44	15	17	15	18	50	17	
100% Distribution Amount	\$97,960.00	\$123,121.00	\$128,280.86	\$349,361.86	\$116,453.95	\$111,111.00	\$97,960.00	\$123,121.00	\$332,192.00	\$110,730.67	
Amount distributed at 100%	\$1,273,480.00	\$1,846,815.00	\$2,052,493.74	\$5,172,788.74	\$1,724,262.91	\$1,888,887.00	\$1,469,400.00	\$2,216,178.00	\$5,574,465.00	\$1,858,155.00	-\$401,676.26
Total Awards	18	17	18	53	17.67	18	17	18	53	17.67	
Total Distribution	\$1,567,360.00	\$2,031,497.00	\$2,399,394.54	\$5,998,251.54	\$1,999,417.18	\$1,888,887.00	\$1,469,400.00	\$2,216,178.00	\$5,574,465.00	\$1,858,155.00	\$423,786.54
Amount Reverted	\$449,245.00	\$61,568.00	-\$346,900.80	\$163,912.20	\$54,637.40	\$111,113.00	\$658,318.00	\$494,633.74	\$1,264,064.74	\$421,354.91	-\$1,100,152.54

- The proposed legislation could increase total land grant distributions in FY26 by \$658,300.
 - Overall, between FY23 and FY26, the revenue thresholds under HB88 would have

increased the distribution to the land grants by \$423,800 thousand, as two land grants would have received a full distribution instead of a 75% distribution.

- HB88 also makes the Fund non-reverting, which will likely decrease the total amount available in the general fund for appropriations.
 - For example, if this fund were non-reverting during this same period (FY23 through FY26) with the increased thresholds, it would have resulted in a decrease to the general fund of \$1.1 million.

SIGNIFICANT ISSUES

N/A.

PERFORMANCE IMPLICATIONS

HB88 makes DFA's performance of duties for the Fund dependent on other state agencies. Specifically:

- State Auditor: DFA must rely upon the state auditor to provide an annual list of Audit Act-compliant land grants-mercedes and their compliance categories.
- Land Grant Council: DFA must rely upon the land grant council to determine which land grants-mercedes are assistance-qualified and their distribution categories based on the state auditor's list.
- Without the timely actions of these agencies, DFA's ability to effectively administer the Fund or ensure proper distribution of funds will be affected.

ADMINISTRATIVE IMPLICATIONS

HB88 increases the administrative responsibilities of the state auditor, land grant council, and state treasurer to ensure compliance, determine eligibility, and manage fund distributions effectively.

- State Auditor's Role: The state auditor must annually provide a list of Audit Act-compliant land grants-mercedes and their compliance categories to the land grant council by September 1.
- Land Grant Council's Role: Within 30 days of receiving the auditor's list, the land grant council must determine which land grants-mercedes are assistance-qualified and their distribution categories. This list must then be provided to the Department of Finance and Administration and the state treasurer.
- State Treasurer's Role: The state treasurer is required to distribute funds to assistance-qualified land grants-mercedes within 30 days of receiving the list from the land grant council.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A.

TECHNICAL ISSUES

N/A.

OTHER SUBSTANTIVE ISSUES

N/A.

ALTERNATIVES

N/A.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

- HB 88 affects local governments and municipalities by establishing a structured, transparent process for distributing funds to land-grant universities, ensuring that those in compliance with the Audit Act and other relevant statutes receive the financial support they need.
- The consequences of not enacting this bill are that funds earmarked for the land grants may not be distributed in full to the land grants under the current thresholds.

AMENDMENTS

N/A.