

LFC Requester:
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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**  
**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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:	Check all that apply:
Bill Number:	<input type="checkbox"/> Original <input checked="" type="checkbox"/> Correction <input type="checkbox"/> <input type="checkbox"/> Amendment <input type="checkbox"/> Substitute <input type="checkbox"/>

Sponsor:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Rep. McQueen</td> <td style="width: 50%;">Agency Name and Code Number:</td> </tr> <tr> <td></td> <td>DFA-341</td> </tr> </table>	Rep. McQueen	Agency Name and Code Number:		DFA-341
Rep. McQueen	Agency Name and Code Number:				
	DFA-341				
	Person Writing Analysis: <u>George Hypolite</u>				
Short Title:	Phone: <u>(505) 490-2840</u> Email: <u>George.Hypolite@dfa.nm.gov</u>				

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

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					
	FY24	FY25	FY26	Total	Average	FY24	FY25	FY26	Total	Average	Difference
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.