

LFC Requester:

Carswell

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:	1/28/26	<i>Check all that apply:</i>			
Bill Number:	House Bill 149	Original	<input checked="" type="checkbox"/>	Correction	<input type="checkbox"/>
		Amendment	<input type="checkbox"/>	Substitute	<input type="checkbox"/>

Sponsor:	J. Garratt, K. Ortez, D.W. Johnson	Agency Name and Code Number:	New Mexico Finance Authority 385
Short Title:	Relating to Charter Schools	Person Writing	Mark Chaiken
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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis () indicate expenditure decreases)

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:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 149 amends the New Mexico Finance Authority Act, Sections 6-21-1 *et seq.* NMSA 1978 to allow nonprofit foundations or other support organizations affiliated with a charter school, and organized for the purpose of acquiring, developing, financing, or improving a charter school's facility, to borrow from the New Mexico Finance Authority ("NMFA") for the purpose of financing charter school facilities. It also allows charter schools receiving grants for lease payments to use such grants for the repayment of principal or interest accrued with respect to a loan made by the NMFA to finance loans for the construction, development, or improvement of charter school facilities.

FISCAL IMPLICATIONS

The bill allows charter schools to use grants to repay loans made by the NMFA to the charter school for the purpose of constructing school facilities and improvements. This may impact the budgets of charter schools by expanding the allowable uses of grant money.

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

Under current law, the NMFA may make loans only to charter schools themselves, and not to foundations or other support organizations created to offer financial assistance to charter schools. This limits the form of debt that the NMFA can offer to charter schools; because charter schools are subject to annual appropriations, they cannot directly take on multi-year debt. The only way that the NMFA can finance facility construction for a charter school is through a lease/purchase arrangement, whereby NMFA owns the constructed facility and leases it back to the charter school. Therefore, in the event of default, the NMFA would have to lease the building to a legally acceptable use for the facility, which may be difficult, given the specialized construction required for school facilities or sell the facility in order to repay the NMFA for the funds used to construct, acquire, or improve the school facility. Furthermore, the NMFA is not generally in the business of leasing or selling real property, and lacks the expertise to do so in the event the charter school no longer occupies the facility. As a result, the NMFA has only made one charter school loan in the years since 2009 when charter schools were added as a "qualified entity" under the Public Project Revolving Fund.

Charter school foundations and other charter school support organizations are not subject to the

prohibition on entering multi-year debt and are not subject to the same appropriation risk as the charter schools themselves. The NMFA can therefore make direct loans to foundations that are repaid from the revenues of the foundation, and the foundation can construct the facilities for the benefit of the associated charter school. Passing HB 149 would allow the NMFA greater flexibility to finance facilities for charter schools, and make it easier for charter schools to borrow from the NMFA, via their foundations, for the purposes of constructing and developing their facilities. The NMFA anticipates that if HB 149 is passed, the number of loans made to finance charter school facilities would increase drastically, assisting charter schools in their mission of offering education alternatives to New Mexico's families.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the bill is not enacted, charter schools will lose an important new source of financing for their facilities, and the NMFA will be unlikely to be able to make loans to charter schools directly for this purpose. As a result, charter schools will likely have less flexibility in financing, less ability to improve their facilities, and New Mexico families will have fewer adequate education alternatives for their children.

AMENDMENTS