

LFC Requester:

Torres

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

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[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) 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: 2/4/2026

Check all that apply:

Bill Number: HB184aHENRCOriginal Correction Amendment Substitute Sponsor: Small, Chatfield, Sanchez

Agency Name and

Code Number: 337 – State Investment CouncilShort Title: CONSERVATION &
LEGACY FUNDSPerson Writing Analysis: Allen/IglesiasPhone: _____ Email: Jordan.allen@sic.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$54,200.0	--	Nonrecurring	Conservation Legacy Permanent Fund
(\$54,200.0)	--	Nonrecurring	Land of Enchantment Legacy Fund

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28	FY29	FY30		
--	Depends on annual investment returns, potentially (\$1,500.0)	Depends on annual investment returns, potentially (\$600.0)	Depends on annual investment returns, potentially \$500.0	Depends on annual investment returns, potentially \$1,600.0	Recurring	CLPF Distribution to Land of Enchantment Legacy Fund
--	\$5,300.0	\$4,400.0	\$4,200.0	\$4,300.0	Recurring	LELF Distribution to Various Agencies (see fiscal implications)

(Parenthesis () indicate revenue decreases)

SECTION III: NARRATIVE

BILL SUMMARY

House Energy, Environment, and Natural Resources Committee (HENRC) Amendments:

The amendments to this bill proposed by the HENRC aim to create larger distributions to the various state agency beneficiaries. Specifically, the amendments increase distributions from the Conservation Legacy Permanent Fund (CLPF) to the Land of Enchantment Legacy Fund (LELF) by authorizing a one-time special distribution in FY27, calculated as 5% of the two-year average market value rather than a three-year average. This amendment from a three-year to a two-year average increases the FY27 CLPF distribution to the LELF from \$13.4 million in the originally proposed HB184 to approximately \$18.8 million. This change increases the amount agencies would receive in FY27 by \$5.3 million.

Additionally, the amendments revise reversion provisions so that any unexpended balances from agency distributions will revert to the CLPF three fiscal years after the original distribution, instead of the following fiscal year.

Synopsis:

House Bill 184 revises the distribution structure from the Conservation Legacy Permanent Fund (CLPF, or “permanent fund”) to the Land of Enchantment Legacy Fund (LELF), moving to a more standard distribution rate of 5 percent of a 3-year average market value of the CLPF. The bill removes a requirement that the CLPF be managed with the same risk and return profile of the land grant permanent funds, moving to a more standard prudent investor rule in accordance with the Uniform Prudent Investor Act (UPIA).

The bill also changes how the LELF makes distributions to the state agencies who are the beneficiaries of this fund, requiring the Department of Finance and Administration to simply transfer the full amount of the permanent fund’s annual distribution to these agencies. To this end, the current fund balance of the LELF is transferred to the permanent fund in FY26 (90 days after following the end of the 2026 session), and the LELF distribution rules change starting in FY27 (July 1, 2026).

FISCAL IMPLICATIONS

Section 3 of this bill transfers the balance of the LELF to the CLPF. According to the cash balance report in LFC’s Volume III Report for FY27, the balance of the LELF as of November 2025 was \$54.2 million. That is the assumed amount of the transfer used for this analysis.

Permanent Fund Distributions to LELF. The Conservation Legacy Permanent Fund (CLPF) was established through 2023 legislation with an initial appropriation of \$50 million and was placed under management of the State Investment Council. The current value of the CLPF is \$384.8 million (as of 12/31/2025).

Under current law, the CLPF distributes any investment income from the prior fiscal year in excess of \$5 million to the Land of Enchantment Legacy Fund (LELF), provided that the balance of the CLPF did not fall below \$150 million. If the balance of the fund falls below \$150 million, or if less than \$5 million of investment income is generated in a fiscal year, no distributions are made.

The current distribution policy means that 1) the growth potential of the permanent fund is limited because it distributes most of what it earns, 2) the annual distributions to the LELF are heavily subjected to market volatility and based entirely on a single year's performance, and 3) there is no way to know the size of the distribution before the end of the fiscal year (hindering the legislature and agencies' ability to plan the budget for upcoming fiscal year).

This bill resolves all three of those issues by moving to a more standardized distribution rate like that of most other funds we manage. Starting in FY27, this bill would distribute 5 percent of the rolling 3-year average market value of the permanent fund to the LELF, then directs that amount to be apportioned to the beneficiary agencies in accordance to the percentages outlined in current law.

This change allows the permanent fund to benefit from compound interest earnings, growing the fund and increasing its annual distributions to beneficiaries over time. Annual market volatility would be smoothed by using a 3-year average market value to determine the size of distributions. And distributions for the next fiscal year would always be known during the legislative session, allowing for more effective budget planning.

The tables below illustrate the estimated fiscal impact of the bill. The analysis assumes the expected compound annual return for the CLPF per our most recent asset allocation study conducted in conjunction with general consultant RVK, which was 7.05 percent as of March 2025.

The actual fiscal impact to the permanent fund distribution to the LELF in FY27 is unknown, since it depends on much interest income is ultimately earned in FY26. The estimates below assume the 7.05 percent rate of return, which would reduce the expected distribution to the LELF in FY27 if the calculation moved to 5 percent of the prior 3 calendar-year average. However, the actual impact could be more or less depending on how markets ultimately perform for the remainder of the fiscal year.

Notably, however, the FY27 estimated impact to the LELF's distribution to state agencies is now positive under the HENRC amendment, which is due to timing issues with contributions to the fund and the way the fund currently calculates its distribution to state agencies.

HENRC HB184 Amendments to CLPF and LELF Distrib. Differences

Calendar Year	CLPF Est. Ending Balance			Fiscal Year	CLPF Distrib. to LELF			LELF Distrib..to Agencies		
	Current	HB184	Diff		Current	HB184	Diff	Current	HB184	Diff
2024	\$ 368.8	\$ 368.8	\$ -	FY24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	\$ 384.8	\$ 384.8	\$ -	FY25	\$ -	\$ -	\$ -	\$ 12.5	\$ 12.5	\$ -
2026	\$ 387.3	\$ 448.6	\$ 61.3	FY26	\$ 33.2	\$ 33.2	\$ -	\$ 12.5	\$ 12.5	\$ -
2027	\$ 392.6	\$ 459.5	\$ 66.8	FY27	\$ 20.3	\$ 18.8	\$ (1.5)	\$ 13.6	\$ 18.8	\$ 5.3
2028	\$ 398.0	\$ 469.5	\$ 71.6	FY28	\$ 20.7	\$ 20.0	\$ (0.6)	\$ 15.6	\$ 20.0	\$ 4.4
2029	\$ 403.3	\$ 478.9	\$ 75.6	FY29	\$ 21.0	\$ 21.5	\$ 0.5	\$ 17.3	\$ 21.5	\$ 4.2
2030	\$ 408.7	\$ 488.4	\$ 79.7	FY30	\$ 21.4	\$ 23.0	\$ 1.6	\$ 18.7	\$ 23.0	\$ 4.3
2031	\$ 414.0	\$ 498.0	\$ 84.0	FY31	\$ 21.7	\$ 23.5	\$ 1.7	\$ 19.9	\$ 23.5	\$ 3.6
2032	\$ 419.4	\$ 507.8	\$ 88.5	FY32	\$ 22.1	\$ 23.9	\$ 1.9	\$ 20.8	\$ 23.9	\$ 3.1
2033	\$ 424.7	\$ 517.9	\$ 93.1	FY33	\$ 22.4	\$ 24.4	\$ 2.0	\$ 21.7	\$ 24.4	\$ 2.7
2034	\$ 430.1	\$ 528.1	\$ 98.0	FY34	\$ 22.8	\$ 24.9	\$ 2.1	\$ 22.4	\$ 24.9	\$ 2.5
2035	\$ 435.4	\$ 538.5	\$ 103.1	FY35	\$ 23.2	\$ 25.4	\$ 2.2	\$ 23.1	\$ 25.4	\$ 2.3
2036	\$ 440.8	\$ 549.2	\$ 108.4	FY36	\$ 23.5	\$ 25.9	\$ 2.4	\$ 23.7	\$ 25.9	\$ 2.2
2037	\$ 446.1	\$ 560.0	\$ 113.9	FY37	\$ 23.9	\$ 26.4	\$ 2.6	\$ 24.2	\$ 26.4	\$ 2.2
2038	\$ 451.5	\$ 571.1	\$ 119.6	FY38	\$ 24.2	\$ 26.9	\$ 2.7	\$ 24.7	\$ 26.9	\$ 2.2
2039	\$ 456.8	\$ 582.3	\$ 125.5	FY39	\$ 24.6	\$ 27.5	\$ 2.9	\$ 25.2	\$ 27.5	\$ 2.2
2040	\$ 462.2	\$ 593.8	\$ 131.7	FY40	\$ 24.9	\$ 28.0	\$ 3.1	\$ 25.7	\$ 28.0	\$ 2.3
2041	\$ 467.5	\$ 605.6	\$ 138.0	FY41	\$ 25.3	\$ 28.6	\$ 3.3	\$ 26.1	\$ 28.6	\$ 2.4
2042	\$ 472.9	\$ 617.5	\$ 144.6	FY42	\$ 25.6	\$ 29.1	\$ 3.5	\$ 26.6	\$ 29.1	\$ 2.6
2043	\$ 478.3	\$ 629.7	\$ 151.5	FY43	\$ 26.0	\$ 29.7	\$ 3.7	\$ 27.0	\$ 29.7	\$ 2.7
2044	\$ 483.6	\$ 642.2	\$ 158.6	FY44	\$ 26.3	\$ 30.3	\$ 4.0	\$ 27.4	\$ 30.3	\$ 2.9
2045	\$ 489.0	\$ 654.8	\$ 165.9	FY45	\$ 26.7	\$ 30.9	\$ 4.2	\$ 27.8	\$ 30.9	\$ 3.1
2046	\$ 494.3	\$ 667.8	\$ 173.5	FY46	\$ 27.0	\$ 31.5	\$ 4.5	\$ 28.2	\$ 31.5	\$ 3.3
2047	\$ 499.7	\$ 681.0	\$ 181.3	FY47	\$ 27.4	\$ 32.1	\$ 4.7	\$ 28.6	\$ 32.1	\$ 3.5
2048	\$ 505.0	\$ 694.4	\$ 189.4	FY48	\$ 27.7	\$ 32.7	\$ 5.0	\$ 29.0	\$ 32.7	\$ 3.7
2049	\$ 510.4	\$ 708.1	\$ 197.8	FY49	\$ 28.1	\$ 33.4	\$ 5.3	\$ 29.4	\$ 33.4	\$ 4.0
2050	\$ 515.7	\$ 722.1	\$ 206.4	FY50	\$ 28.4	\$ 34.1	\$ 5.6	\$ 29.8	\$ 34.1	\$ 4.2

LELF Distributions to Agencies. The LELF was originally seeded with \$50 million in FY24. Under current law, the LELF makes annual distributions to various state agencies set at the greater of \$12.5 million or 25 percent of the balance of the LELF.

Starting in FY27, this bill would have the LELF simply distribute the amount it receives from the permanent fund to the respective agencies each year. This would keep the LELF from unnecessarily accumulating fund balances while still providing a mechanism for distributions to state agencies to grow over time, as demonstrated in the table above.

In the tables below, staff also estimate the additional revenue state agencies could expect to receive from the LELF as a result of this bill.

LELF Current Distribution Estimates (\$millions)

Fiscal Year	CLPF Contribution to LELF	LELF Distribution to Agencies	EMNRD		NMSU	NMED	EDD		CAD	DGF
			22.50%				15%			
			Forestry	NHCA			Outdoor Equity	ORD		
			50%	50%						
FY24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY25	\$ -	\$ 12.5	\$ 1.4	\$ 1.4	\$ 2.8	\$ 1.3	\$ 0.5	\$ 1.4	\$ 1.0	\$ 2.8
FY26	\$ 33.2	\$ 12.5	\$ 1.4	\$ 1.4	\$ 2.8	\$ 1.3	\$ 0.5	\$ 1.4	\$ 1.0	\$ 2.8
FY27	\$ 20.3	\$ 13.6	\$ 1.5	\$ 1.5	\$ 3.0	\$ 1.4	\$ 0.5	\$ 1.5	\$ 1.1	\$ 3.0
FY28	\$ 20.7	\$ 15.6	\$ 1.8	\$ 1.8	\$ 3.5	\$ 1.6	\$ 0.6	\$ 1.8	\$ 1.3	\$ 3.4
FY29	\$ 21.0	\$ 17.3	\$ 1.9	\$ 1.9	\$ 3.9	\$ 1.7	\$ 0.6	\$ 1.9	\$ 1.4	\$ 3.8
FY30	\$ 21.4	\$ 18.7	\$ 2.1	\$ 2.1	\$ 4.2	\$ 1.9	\$ 0.7	\$ 2.1	\$ 1.5	\$ 4.1

LELF Distribution Estimates under HENRC HB184 Amendments (\$millions)

Fiscal Year	CLPF Contribution to LELF	LELF Distribution to Agencies	EMNRD		NMSU	NMED	EDD		CAD	DGF
			22.50%				15%			
			Forestry	NHCA			Outdoor Equity	ORD		
			50%	50%						
FY24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY25	\$ -	\$ 12.5	\$ 1.4	\$ 1.4	\$ 2.8	\$ 1.3	\$ 0.5	\$ 1.4	\$ 1.0	\$ 2.8
FY26	\$ 33.2	\$ 12.5	\$ 1.4	\$ 1.4	\$ 2.8	\$ 1.3	\$ 0.5	\$ 1.4	\$ 1.0	\$ 2.8
FY27	\$ 18.8	\$ 18.8	\$ 2.1	\$ 2.1	\$ 4.2	\$ 1.9	\$ 0.7	\$ 2.1	\$ 1.5	\$ 4.1
FY28	\$ 20.0	\$ 20.0	\$ 2.3	\$ 2.3	\$ 4.5	\$ 2.0	\$ 0.8	\$ 2.3	\$ 1.6	\$ 4.4
FY29	\$ 21.5	\$ 21.5	\$ 2.4	\$ 2.4	\$ 4.8	\$ 2.2	\$ 0.8	\$ 2.4	\$ 1.7	\$ 4.7
FY30	\$ 23.0	\$ 23.0	\$ 2.6	\$ 2.6	\$ 5.2	\$ 2.3	\$ 0.9	\$ 2.6	\$ 1.8	\$ 5.1
FY31	\$ 23.5	\$ 23.5	\$ 2.6	\$ 2.6	\$ 5.3	\$ 2.3	\$ 0.9	\$ 2.6	\$ 1.9	\$ 5.2
FY32	\$ 23.9	\$ 23.9	\$ 2.7	\$ 2.7	\$ 5.4	\$ 2.4	\$ 0.9	\$ 2.7	\$ 1.9	\$ 5.3
FY33	\$ 24.4	\$ 24.4	\$ 2.7	\$ 2.7	\$ 5.5	\$ 2.4	\$ 0.9	\$ 2.7	\$ 2.0	\$ 5.4
FY34	\$ 24.9	\$ 24.9	\$ 2.8	\$ 2.8	\$ 5.6	\$ 2.5	\$ 0.9	\$ 2.8	\$ 2.0	\$ 5.5
FY35	\$ 25.4	\$ 25.4	\$ 2.9	\$ 2.9	\$ 5.7	\$ 2.5	\$ 1.0	\$ 2.9	\$ 2.0	\$ 5.6

Difference (HENRC HB184 Amendments Fiscal Impact, \$millions)

Fiscal Year	EMNRD		NMSU	NMED	EDD		CAD	DGF
	22.50%				15%			
	Forestry	NHCA			Outdoor Equity	ORD		
	50%	50%						
FY24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY27	\$ 0.6	\$ 0.6	\$ 1.2	\$ 0.5	\$ 0.2	\$ 0.6	\$ 0.4	\$ 1.2
FY28	\$ 0.5	\$ 0.5	\$ 1.0	\$ 0.4	\$ 0.2	\$ 0.5	\$ 0.4	\$ 1.0
FY29	\$ 0.5	\$ 0.5	\$ 1.0	\$ 0.4	\$ 0.2	\$ 0.5	\$ 0.3	\$ 0.9
FY30	\$ 0.5	\$ 0.5	\$ 1.0	\$ 0.4	\$ 0.2	\$ 0.5	\$ 0.3	\$ 0.9
FY31	\$ 0.4	\$ 0.4	\$ 0.8	\$ 0.4	\$ 0.1	\$ 0.4	\$ 0.3	\$ 0.8
FY32	\$ 0.3	\$ 0.3	\$ 0.7	\$ 0.3	\$ 0.1	\$ 0.3	\$ 0.2	\$ 0.7
FY33	\$ 0.3	\$ 0.3	\$ 0.6	\$ 0.3	\$ 0.1	\$ 0.3	\$ 0.2	\$ 0.6
FY34	\$ 0.3	\$ 0.3	\$ 0.6	\$ 0.2	\$ 0.1	\$ 0.3	\$ 0.2	\$ 0.5
FY35	\$ 0.3	\$ 0.3	\$ 0.5	\$ 0.2	\$ 0.1	\$ 0.3	\$ 0.2	\$ 0.5

The bill appropriates these funds directly to the agencies and requires any unexpended funds at the end of the fiscal year to revert to the permanent fund.

PERFORMANCE IMPLICATIONS

The SIC will continue to manage the Fund in accordance with the Uniform Prudent Investor Act, as it does all funds, seeking to ethically optimize risk-adjusted returns and grow the fund over time.

This bill significantly simplifies the CLPF's distribution calculation, removes previous administrative barriers for the fund to make distributions on July 1, improves transparency of the distribution amounts prior to legislative sessions, improves the permanent fund's ability to grow, and reduces annual volatility in the size of distributions to fund beneficiaries.

TECHNICAL ISSUES

Section 2, Subsection B.6 amends the reference to the "Department of Game and Fish" to "Department of Wildlife." We believe, but are not 100% certain, that the old DGF officially rebranded in 2025 to the new DOW. For the purposes of this report we are providing analysis based on the belief that DGF and DOW are in fact the same entity under a new name and are noting that belief here.

Additionally, Subsection B includes revised language regarding the distribution of a percentage to the listed agencies. SIC staff believe that removing this language is redundant and does not materially alter the substance of Subsection B.

In Section 3, the balance of the Land of Enchantment Legacy Fund (LELF) is transferred to the Conservation Legacy Permanent Fund (CLPF). The assumed transfer date is 90 days after the legislative session (May 20, 2026). Due to the timing of this distribution, it will not help increase the calculated distribution amount for FY27.