

LFC Requester:

Montano

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: 2/02/2026 *Check all that apply:*
Bill Number: HB243 Original Correction
 Amendment Substitute

Sponsor: Sanchez, Lujan, Romero, Borrego **Agency Name and Code Number:** 337 – State Investment Council
Short Title: EQUINE SHELTER FUND & TRUST FUND **Person Writing Analysis:** McBurney/Iglesias
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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
-	(\$500)	NR	General Fund
-	\$500	NR	Equine Shelter Rescue Fund
(\$5,000)	-	NR	General Fund
\$5,000	-	NR	Equine Welfare Trust Fund

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
-	-	\$200	R	Equine Shelter Rescue Fund (distribution from trust fund)
-	-	\$400	R	Equine Welfare Trust Fund (investment earnings)

(Parenthesis () indicate revenue decreases)

Relates to SB358 from the 2025 legislative session

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB0243 proposes amendments to the existing Equine Shelter Rescue Fund and establishes a new Equine Welfare Trust Fund for the State Investment Officer to invest and manage. The bill includes provisions for fund administration, investment, and reporting requirements. It also authorizes transfers and appropriations from the general fund to support equine welfare initiatives statewide.

Amendments to the Equine Shelter Rescue Fund

1. Expands eligible uses to include shelter, placement, veterinary care, adoption programs, and administrative costs (5% of annual distributions)
2. Transfers administration from the board to the New Mexico Department of Agriculture
3. Requires annual reporting to the Legislative Finance Committee starting October 1, 2028

Creation of the Equine Welfare Trust Fund

1. Nonreverting, interest-earning fund created in the state treasury
2. Managed by the State Investment Officer and invites collaboration from the director of the New Mexico Department of Agriculture in determining risk/return preferences
3. Distributions to the rescue fund begin on July 1, 2027 (FY28) and occur on this date every year thereafter at 4% of the prior 3CY average market value of the fund

Appropriations

1. \$5,000,000 transferred from the general fund to the Equine Welfare Trust Fund (assumed FY26 since the bill has no effective date)
2. \$500,000 appropriated from the general fund to the Equine Shelter Rescue Fund for expenditure in FY27 and subsequent years
3. Unexpended balance at the end of the fiscal year shall not revert to the general fund

FISCAL IMPLICATIONS

The new Equine Welfare Trust Fund is seeded with a \$5 million transfer from the general fund, assumed to occur in FY26. The bill appropriates \$500 thousand from the general fund to the Equine Shelter Rescue Fund for expenditure in FY27 and subsequent fiscal years.

Starting 7/1/2027 (FY28), the trust fund will make annual distributions equal to 4% of the average of the prior three calendar-year end market values (or fewer years until three are available). These distributions will be transferred to the Equine Shelter Rescue Fund to support equine rescue and retirement facilities.

Based on a \$5 million initial appropriation, the first distribution in FY28 is projected at approximately \$200 thousand, with subsequent distributions increasing as the fund compounds.

The chart below shows steady AUM growth and rising distributions over the long horizon as compounding accumulates, where the trust balance and annual distributions have potential to grow over time.

Equine Welfare Trust Fund (\$millions)					
Calendar Year	Beginning Balance	Contrib.	Distrib.	Gains & Losses	Ending Balance
2026	\$0.0	\$5.0	\$0.0	\$0.2	\$5.2
2027	\$5.2	\$0.0	\$0.0	\$0.4	\$5.5
2028	\$5.5	\$0.0	-\$0.2	\$0.4	\$5.7
2029	\$5.7	\$0.0	-\$0.2	\$0.4	\$5.9
2030	\$5.9	\$0.0	-\$0.2	\$0.4	\$6.1
2031	\$6.1	\$0.0	-\$0.2	\$0.4	\$6.3
2032	\$6.3	\$0.0	-\$0.2	\$0.4	\$6.5
2033	\$6.5	\$0.0	-\$0.2	\$0.4	\$6.7
2034	\$6.7	\$0.0	-\$0.3	\$0.5	\$6.9
2035	\$6.9	\$0.0	-\$0.3	\$0.5	\$7.1
2036	\$7.1	\$0.0	-\$0.3	\$0.5	\$7.3
2037	\$7.3	\$0.0	-\$0.3	\$0.5	\$7.6
2038	\$7.6	\$0.0	-\$0.3	\$0.5	\$7.8
2039	\$7.8	\$0.0	-\$0.3	\$0.5	\$8.1
2040	\$8.1	\$0.0	-\$0.3	\$0.6	\$8.3

Distributions (\$MM)		
Fiscal Year	Distrib Date	Total Distrib.
FY26	Jul-25	\$0.000
FY27	Jul-26	\$0.000
FY28	Jul-27	\$0.207
FY29	Jul-28	\$0.214
FY30	Jul-29	\$0.219
FY31	Jul-30	\$0.229
FY32	Jul-31	\$0.236
FY33	Jul-32	\$0.244
FY34	Jul-33	\$0.251
FY35	Jul-34	\$0.259
FY36	Jul-35	\$0.267
FY37	Jul-36	\$0.276
FY38	Jul-37	\$0.285
FY39	Jul-38	\$0.294
FY40	Jul-39	\$0.303

SIGNIFICANT ISSUES

The shift in administration to the Department of Agriculture may require new processes for contract management and compliance.

ADMINISTRATIVE IMPLICATIONS

Adding new funds for the SIC to manage increases administrative complexity and increases staff workloads. Since 2019, the legislature has added 10 more funds for the Council to manage, bringing the total number of investment funds the Council directly oversees to 14.

The SIC has seen its assets more than quadruple in the last 15 years to over \$70 billion today, while its staffing levels have remained relatively flat. Expert opinions sought by the Council to address staffing concerns suggested a need to double the number of investment staff and increase the number of legal and accounting staff to facilitate increased workloads, mitigate risk and maintain proper ongoing due diligence of investments.

The SIC’s budget request for FY27 requested full funding for its current 37 authorized FTE and sufficient funding to add 12 new FTE to support its current operations.

TECHNICAL ISSUES

There is no specific effective date noted in the bill. As such, the \$5 million transfer to the trust fund is assumed to be effective 90 days following the session (May 2026). If that is not the intent, an effective date for the bill is recommended.