



LFC Requester: Liu

**PUBLIC EDUCATION DEPARTMENT  
BILL ANALYSIS  
2026 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

Check all that apply:

Original  Amendment   
Correction  Substitute

Date Prepared: February 2 2026

Bill No: HB262

Committee Referrals: HEC/HAFC

Sponsor: Terrazas / Garratt / Baca / Ramos / Mirabal Moya

Agency Name and Code: PED - 924

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**SECTION II: FISCAL IMPACT**

(Parenthesis ( ) Indicate Expenditure Decreases)

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		
None	None	N/A	NFA

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		
None	None	None	N/A	NFA

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	None	None	None	N/A	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act: House Bill 2 includes approximately \$144 million for the public school transportation distribution.

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: House Bill 262 (HB262) would expand the permitted uses of funds in the [transportation emergency fund](#) (Section 22-8-29.6 NMSA 1978) to allow the Public Education Department (PED) to provide grants to small rural school districts for the purchase of activity buses.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the legislature enacting them, unless a later date is specified. If enacted, this bill would become effective May 20, 2026.

### **FISCAL IMPLICATIONS**

The bill does not contain an appropriation.

### **SIGNIFICANT ISSUES**

Per [Section 22-8-26 NMSA 1978](#) (transportation distribution), money from the transportation distribution for transportation maintenance and operations can only be used for the to-and-from transportation costs of K-12 students attending public school within the school district or state-chartered charter school at certain distances from the school. These funds cannot be used for extracurricular activities.

In the event a school district's or state-chartered charter school's transportation allocation exceeds the amount required to meet obligations to provide to-and-from transportation, three- and four-year-old developmentally disabled transportation, and vocational education transportation, 50 percent of the remaining balance shall be deposited in the transportation emergency fund. Of the excess amount retained by the school district or state-chartered charter school, at least 25 percent shall be used for to-and-from transportation-related services, excluding salaries and benefits, and up to 25 percent may be used for other transportation-related services, excluding salaries and benefits, as defined by rule of the department.

Rule [6.43.3 NMAC](#), Public School Transportation Operational Funding Reporting Requirements, defines other transportation related services as including “the actual transportation of students to such events as follows: ancillary services, school to work programs, educational activities, before and after school programs, and school sponsored athletic programs.”

### **PERFORMANCE IMPLICATIONS**

[Research](#) demonstrates that extracurricular activities provide academic, social, emotional, and health benefits for students.

### **ADMINISTRATIVE IMPLICATIONS**

If HB261 were to pass, PED would have to decide how much of the transportation emergency fund to grant to rural districts for activity buses. Managing the grant funds would require developing and releasing an application, collecting and scoring responses, and managing the reimbursement

process.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to:

- [HB175](#), Reporting on School Bus Data, which requires additional school bus transportation reporting by school districts and state charter schools
- [HB261](#), School Activity Buses, which appropriates \$3 million to PED for grants to small rural school districts for the purchase of buses for student activities.
- [HB262](#), School Transport Emergency Fund Use, which allows the fund to be used for purchase of activity buses in rural school districts.
- [Senate Bill 234](#), Foster Child School Transportation, which would appropriate \$1.2 million to the PED for transportation to and from school for foster children attending Albuquerque Public Schools.

## **TECHNICAL ISSUES**

The bill does not define “small rural school district,” which presumably leaves the definition of that term up to the department to be accomplished in either rulemaking or grant applications.

## **OTHER SUBSTANTIVE ISSUES**

Rule [6.40.2 NMAC](#), New Mexico School Bus Standards and School Bus Phase-Out, requires all school buses including spare and activity buses to not be operated for any purpose once they have become 20 years of age, from the date of (body) manufacture. School buses 20 years of age, from the date of (body) manufacture, shall be removed from service in accordance with [Section 22-16-9 NMSA 1978](#), which governs sale of school buses, including removal of school identification.

## **ALTERNATIVES**

None.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

None.

## **AMENDMENTS**

None.