

LFC Requester:

Chenier

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION****WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://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:** 1/21/2026*Check all that apply:***Bill Number:** SB8Original ☒ Correction ☐Amendment ☐ Substitute ☐**Agency Name****and Code**

337 – State Investment Office

**Number:****Sponsor:** Lopez, Pope, Muñoz, Campos**Short****Person Writing**Allen/Iglesias**Title:** Behavioral Health Trust Fund**Phone:** 476-9548**Email** Jordan.Allen@sic.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation			Recurring Or Nonrecurring	Fund Affected
FY26	FY27	FY28		
--	(650,000.0)	--	Nonrecurring	General Fund
--	650,000.0	--	Nonrecurring	Behavioral Health Trust Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

85	Estimated Revenue					R/NR	Fund Affected
	FY26	FY27	FY28	FY29	FY30		
Investment Gains	--	\$46,300.0	\$47,800.0	\$49,500.0	\$50,700.0	R	Behavioral Health Trust Fund
BHTF Distributions	--	\$16,800.0	\$22,900.0	\$35,100.0	\$36,300.0	R	Behavioral Health Program Fund

(Parenthesis ( ) indicate revenue decreases)

**SECTION III: NARRATIVE****BILL SUMMARY****Synopsis:**

Senate Bill 1 appropriates \$650 million from the General Fund to the Behavioral Health Trust Fund in FY27.

## FISCAL IMPLICATIONS

The Behavioral Health Trust Fund (BHTF) was valued at \$100.6 million as of 12/31/25. Laws 2025, Chapter 2 (Senate Bill 1) established the behavioral health trust fund and the behavioral health program fund. The trust fund distributes 5 percent of the year-end market value for the immediately preceding three years to the program fund.

The trust fund was originally seeded with a \$100 million fund transfer from the general fund in September 2025 and from FY26-FY28 will receive 50 percent of above-average oil and gas emergency school tax revenue that would otherwise flow into the early childhood education and care fund (ECECF). The trust fund may also receive reversions from certain behavioral health-related appropriations from the general appropriation act.

The trust fund will make its first distribution of \$5.1 million to the program fund in July 2026 (FY27), based on its CY25 year-end value.

The \$650 million appropriation in this bill would significantly accelerate the fund's growth, enabling larger distributions to the program fund as soon as FY28, as demonstrated in the chart to the right.

For this analysis, SIC staff assume the full \$650 million would be transferred to the trust fund in July 2026 and begin earning interest. Staff estimate this additional infusion would increase investment earnings by about \$45 million to \$50 million per year.

Staff estimate the bill would raise initial payouts to the program fund by about \$16.8 million in FY28, bringing the total projected distribution to about \$23.5 million that year.

The above analysis assumes an expected compound annual return of 7.05 percent for the BHTF, as estimated in our general consultant RVK's 2025 asset allocation study.

Under these assumptions, the \$650 million appropriation to the Behavioral Health Trust Fund could result in a cumulative additional distribution to the Behavioral Health Program Fund of over \$950 million by 2050, with additional annual distributions to the project fund ranging from \$16 million in the near term to over \$52 million in the long-term.

## PERFORMANCE IMPLICATIONS

The BHTF, which received its first cash infusion in September 2025, is too new to have any meaningful historical performance data.

BHTF Distribution to Behavioral Health Program Fund (\$MM)			
Fiscal Year	Current Law	SB8	Diff
FY25	\$0.0	\$0.0	\$0.0
FY26	\$0.0	\$0.0	\$0.0
FY27	\$5.1	\$5.1	\$0.0
FY28	\$6.7	\$23.5	\$16.8
FY29	\$8.0	\$31.0	\$22.9
FY30	\$11.8	\$46.9	\$35.1
FY31	\$14.7	\$50.9	\$36.3
FY32	\$16.9	\$54.1	\$37.2
FY33	\$17.4	\$55.3	\$37.9
FY34	\$17.7	\$56.4	\$38.7
FY35	\$18.1	\$57.5	\$39.5
FY36	\$18.4	\$58.7	\$40.2
FY37	\$18.8	\$59.8	\$41.0
FY38	\$19.2	\$61.0	\$41.8
FY39	\$19.6	\$62.2	\$42.7
FY40	\$19.9	\$63.5	\$43.5
FY41	\$20.3	\$64.7	\$44.4
FY42	\$20.7	\$66.0	\$45.2
FY43	\$21.2	\$67.3	\$46.1
FY44	\$21.6	\$68.6	\$47.1
FY45	\$22.0	\$70.0	\$48.0
FY46	\$22.4	\$71.4	\$48.9
FY47	\$22.9	\$72.8	\$49.9
FY48	\$23.3	\$74.2	\$50.9
FY49	\$23.8	\$75.7	\$51.9
FY50	\$24.3	\$77.2	\$52.9
Cumulative Total			\$958.9