

LFC Requester:	
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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: 1/22/2023 *Check all that apply:*
Bill Number: S48 Original Correction
 Amendment Substitute

Sponsor: Sen. Stewart **Agency Name and Code** DFA-341
Short Title: ISSUANCE OF BONDS SECURED BY THE STATE GROSS RECEIPTS TAX DISTRIBUTION AND THE GAMING TAX DISTRIBUTION **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

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:

Senate Bill 48 (SB48) proposes authorizing bonds backed by the state's gross receipts and gaming tax distributions to finance projects within the State Fairgrounds District. It provides financial tools to promote development and upgrades by using tax distributions to repay issued debt. This authority is granted under the State Fairgrounds District Act.

Key Provisions:

- Amendment to § 6-35-1, NMSA 1978: SB48 updates the citation of the State Fairgrounds District Act to "Chapter 6, Article 35, NMSA 1978."
- Authorization of Bond Issuance: The legislature authorizes the State Fairgrounds District to issue bonds.
 - The bonds are authorized to generate up to \$92 million in net proceeds, which is part of the \$500 million in net proceeds previously authorized under Subsection A of § 6-35-7, NMSA 1978.
 - These bonds will be secured by the gross receipts tax and gaming tax distributions as outlined in § 7-1-6.73, NMSA 1978.
 - The funds will be used to pay the principal and interest on the bonds.

FISCAL IMPLICATIONS

In general, SB48 authorizes the State Fair Grounds District Board (District) to issue up to \$92 million in revenue bonds to fund property acquisition, infrastructure development, and upgrades at the State Fair Grounds in accordance with its existing development plans. The District has identified the intended uses of the bond proceeds in its development plans, which are designed to increase economic activity and tourism, improve community benefits, and generate revenue in the area, potentially offsetting bond costs by generating new tax revenue in the future.

- In December 2025, the District reported estimated gross receipts and gaming tax revenues of approximately \$8.9 million annually.
 - The District estimates annual expenditures of about \$1.6 million for the Series 2026A bonds, covering debt service and administrative costs, and approximately \$5.1 million for the 2026B bonds, totaling \$6.7 million in debt service each year.
 - The District also projected short-term financing, estimated in December at \$1.3 million annually, utilizing tax revenues that will not be committed to debt service.
- These revenues represent sufficient debt service coverage to repay \$92 million in bonds

authorized under SB48.

- The District estimates a 1.25x debt service coverage ratio for the \$92 million bond issuance. Generally, a 1.0x debt service coverage ratio means the issuer (the District) has sufficient revenue to cover debt service payments.

(Source: Cash flow analysis provided to the State Board of Finance by the district as part of its approval of the issuance of Series 2026A and 2026B bonds in December 2025 (see Administrative Implications))

SIGNIFICANT ISSUES

N/A.

PERFORMANCE IMPLICATIONS

N/A.

ADMINISTRATIVE IMPLICATIONS

- Pursuant to the State Fairgrounds District Act, § 6-35-1 *et seq.*, NMSA 1978, the District may only issue bonds after the State Board of Finance:
 - (1) determines that:
 - bond proceeds will be used for projects in furtherance of the district development plan and in accordance with the State Fairgrounds District Act;
 - projects will generate sufficient revenue to repay the bonds; and
 - (2) approves the proposed issuance of bonds and the district development plan.
- On December 9, 2025, and December 16, 2025, the State Board of Finance approved the proposed issuance of the Series 2026A bonds (\$22,345,000) and the Series 2026B bonds (\$67,358,225).
 - The State Board of Finance determined that the proposed issuance of Series 2026A and Series 2026B bonds was in furtherance of the approved Phase A and Phase B plans issued by the District and would generate sufficient revenue to repay the bonds.
- Given that the State Board of Finance has approved the issuance of the Series 2026A and 2026B bonds, there are no further administrative implications to the State Board of Finance.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A.

TECHNICAL ISSUES

- In the event of enactment of SB48, the District must also secure approval from the New Mexico Finance Authority for a Master Indenture and any amendments related to the bonds.

OTHER SUBSTANTIVE ISSUES

N/A.

ALTERNATIVES

N/A.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Failure to enact SB48 will have the following consequences:

- Without the ability to issue bonds, the District will struggle to obtain the funding needed for execution of its Phase A and Phase B development plans, preventing the development, maintenance, and upgrades identified in each plan.
 - Without funding for these improvements, the District will struggle to deliver the necessary upgrades and investment in the blighted areas surrounding the State Fairgrounds.
- The Planned upgrades and expansions to the State Fairgrounds will be delayed or canceled, potentially causing facilities to deteriorate, reducing functionality, and perpetuating blight in the community.
- Without bond funding, the state may need to identify alternative revenue sources to support the District, potentially straining other areas of the budget.

AMENDMENTS

N/A.