

LFC Requester:

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: 1/27/2026 *Check all that apply:*
Bill Number: SB 112 Original Correction
 Amendment Substitute

Sponsor: Pete Campos **Agency Name** Economic Development
Short Title: SEVERANCE TAX FUND **and Code** Department
INVESTMENT CLASSES **Number:** 41900
Person Writing Daye Kwon
Phone: 505-946-7291 **Email** daye.kwon@edd.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis () indicate expenditure decreases)

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 112 (SB 112) amends statutory provisions governing investments of the Severance Tax Permanent Fund (the fund) to revise the types of investments that may be made with fund money.

SB 112 defines “differential rate investments” as those intended to stimulate New Mexico’s economy while providing income to the fund. For investments made prior to July 1, 2026, the Bill limits differential rate investments to specified statutory authorizations. Subsection F of Section 7-27-5.15 NMSA 1978, which relates to a required investment in a small business investment corporation, is retained as the only authorization thereafter. All other investments intended to provide income to the fund are defined as “market rate investments”.

SB 112 also removes provisions allowing the fund to be invested in loans that provide emergency economic relief to local governments. All investments of the fund shall comply with the Uniform Prudent Investor Act and be accounted for in accordance with generally accepted accounting principles.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

SB 112 shifts the Severance Tax Permanent Fund toward a more income-focused investment approach by limiting the use of differential rate investments. This shift is intended to stimulate New Mexico’s economy. Over time, most new investments would be made as market rate investments, which may support growth of the fund’s earnings but could, in the long term, reduce the fund’s role in supporting broader economic development efforts.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS