

LFC Requester:	Hilla
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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: 1/29/2026 *Check all that apply:*
Bill Number: SB132 Original Correction
 Amendment Substitute

Sponsor: Padilla **Agency Name and Code** Office of Cybersecurity
Short DoIT Software Replacement Plan & Funding **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
-0-	-0-	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
-0-	-0-	-0-	N/A	N/A

(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	Unknown	Unknown	Unknown	Unknown	Nonrecurring	Individual Agency Funds

(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: SB132 expands the Department of Information Technology's Equipment Replacement Plan to include software, and renames the Equipment Replacement Revolving Funds to the Equipment and Software Replacement Revolving Funds. These changes give the Department of Information Technology the authority to seek appropriations and make expenditures for software; expanding their current authority, which is limited to procurement of capital equipment.

FISCAL IMPLICATIONS

The legislature created equipment replacement revolving funds via section 9-27-11, NMSA 1978, through which the Department of Information Technology (DoIT) administers each of its enterprise functions. As an enterprise agency, DoIT has the authority to charge equitable rates and fees based on cost recovery for state agencies that use information technology services provided by DoIT. Currently, the statute limits expenditures from the equipment replacement revolving funds to acquiring and replacing capital equipment and software associated with that equipment (typically just the initial operating system software that accompanies the piece of equipment at the time of purchase). SB132 would allow DoIT to make expenditures from the funds for equipment AND expenditures from the funds for software. As a result, DoIT would then recover the costs of those software expenditures from state agencies that use the software. State agencies, therefore, will presumably request additional funding from the legislature in the form of increased budget requests to cover the additional costs. Pursuant to section 9-27-7, NMSA 1978, the information technology rate committee reviews the rate schedule proposed by DoIT and makes its recommendations on the proposed rates to the Office of the Governor, DFA and LFC before finally implementing and publishing the new rate and fee schedule. Accordingly, the amount of increased agency costs is unknown at the time of this analysis.

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

Pursuant to SB132, DoIT must establish and provide to the Legislature an equipment and software replacement plan for each DoIT enterprise function. Additionally, DoIT must request and the Legislature must review and approve expenditures from the equipment and software replacement funds via the appropriation process. (SB132 adds "software" to the already existing statutory obligations and responsibilities of the Legislature related to the funds).

As cybercrime becomes more frequent, more sophisticated, more targeted, more destructive and more expensive, the implementation of vigilant cybersecurity practices is increasingly necessary to protect people, organizations and their information. To ensure the safety and security of the

enterprise IT systems, the Legislature should establish a mechanism within this legislation to ensure adequate planning and funding is provided to address the enterprise IT safety and security needs.

Additionally, because most enterprise software acquisitions are migrating to an annual subscription model (not a perpetual license or one-time purchase), it may be more difficult for the information technology rate committee to accurately anticipate long-term costs for these acquisitions or, in turn forecast equitable and sound rates.

Finally, inclusion of software subscriptions in the fund raises issues related to appropriate accounting standards, projection methodologies, audit and compliance frameworks, including applicable federal cost recovery regulations.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Expenditures from the equipment replacement revolving funds will remain limited to acquiring and replacing capital equipment.

AMENDMENTS