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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

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**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2/1/2026 *Check all that apply:*  
**Bill Number:** S177 Original  Correction   
 Amendment  Substitute

**Sponsor:** Sen. Muñoz **Agency Name and Code Number:** DFA-341  
GENERAL FUND TRANSFERS TO OTHER FUNDS **Person Writing Analysis:** George Hypolite; Dr. Andrew Minor  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
	\$800,000	NR	GF

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
	(\$800,000)		NR	GF

(Parenthesis ( ) indicate revenue decreases)

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

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$295.1	\$295.1	590,312	R	GF

(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 177 (SB177) outlines various fund transfers and appropriations from the general fund to support economic development, public safety, and innovation in New Mexico. Below is a detailed summary of the bill:

- Fund Transfers:
  - Outdoor Equity Grant Program Fund: \$9 million transferred on July 1, 2026.
  - Research, Development, and Deployment Fund: \$111 million transferred on July 1, 2026.
  - Site Readiness Fund: \$20 million transferred on July 1, 2027.
  - Development Training Fund: \$10 million transferred on July 1, 2027.
  - Local Economic Development Act Fund: \$20 million transferred on July 1, 2027.
- Appropriations:
  - Advanced Energy Industry Innovation Hub and Venture Studio: \$25 million for operational support to create and scale start-ups in advanced energy technologies (2027–2029).
  - Advanced Energy Entrepreneurs and Trade Associations: \$37.5 million for advanced energy start-ups, trade associations, workforce training, and federal grant matching (2027–2029).
  - Defense Technology, Bioscience, and Aerospace Industry Innovation Hub and Venture Studio: \$30.9 million for operational support, including a sensitive compartmented information facility (2027–2029).
  - National Security Research and Infrastructure:
    - \$9 million for a wireless technology hub at New Mexico Institute of Mining and Technology's Playas Research and Training Center.
    - \$7 million for an energetic reliability and aging studies facility at the Energetics Materials Research and Testing Center.
    - \$2 million for the University of New Mexico to purchase robots, 3D printers, and renovate a training facility.

- \$8 million for the University of New Mexico to purchase advanced equipment for quantum and defense-related research.
  - \$5 million for the University of New Mexico Health Sciences Center for bioscience-related activities and AI/quantum computing approaches.
  - \$16 million for New Mexico State University to purchase and install equipment for the Physical Sciences Laboratory.
- Federal Genesis Mission: \$118 million to leverage opportunities under the U.S. Department of Energy's Genesis Mission to advance AI and quantum computing (2027–2029).
- Quantum Benchmarking Initiative: \$49.3 million to match federal funds for the U.S. Department of Defense's DARPA Quantum Benchmarking Initiative (2027–2029).
- Open User Facility for Quantum Computing Testbed: \$114 million to match federal funds for maintaining a quantum computing testbed (2027–2029).
- Quantum Entrepreneurs and Trade Associations: \$37.5 million for quantum computing start-ups, trade associations, workforce training, and federal grant matching (2027–2029).
- Science and Technology Entrepreneurs and Small Businesses: \$34.8 million to support science and technology start-ups (2027–2029).
- Innovation Hubs: \$60 million to fund innovation hubs for laboratory and office space for companies and entrepreneurs in target sectors (2027–2029).
- Technology Innovation Prize: \$21 million to fund technology innovation prizes (2027–2029).
- Healthy Food Financing Program: \$6 million to increase food security and support food/agricultural supply chain development (2027–2029).
- Trails Plus Grant Program: \$30 million for outdoor space projects, including trails, river parks, and wildlife viewing areas (2027–2029).
- Indigenous Film Festival: \$9 million to fund an indigenous film festival (2027–2029).
- Quantum and Advanced Energy Faculty Endowments and Resources:
  - \$60 million for three quantum and two advanced energy faculty endowments at state research universities.
  - \$45 million for research teams and lab usage for three quantum-related endowed faculty positions.
  - \$24 million for research teams and lab usage for two advanced energy-related endowed faculty positions.

- Center for Quantum Information and Control Research Assistants: \$3 million for 20 research assistant positions at the University of New Mexico's Center for Quantum Information and Control (2027–2029).
  - Advanced Technology Workforce Training: \$9 million for advanced technology workforce training (2027–2029).
  - Advanced Energy Pilot Project Grants: \$20 million for pilot projects in advanced energy, coordinated with the State Investment Council's venture capital investments (2027–2029).
  - Economic Development Department Account Manager Positions: \$6 million for account manager positions in target sectors within the Technology and Innovation Division (2027–2029).
  - Quantum New Mexico Institute: \$135 million for the Quantum New Mexico Institute at the University of New Mexico to support AI, quantum technology, advanced energy, aerospace, defense, and bioscience projects (2027–2029).
  - Science, Technology, Engineering, Art, and Mathematics (STEAM) Initiatives: \$18 million for STEAM initiatives (2027–2029).
  - Marketing and Promotion: \$75 million to market and promote New Mexico's economic development opportunities and cultural events (2027–2029).
  - New Mexico Partnership: \$6 million for the New Mexico Partnership (2027–2029).
  - Bioscience Authority: \$6 million for the New Mexico Bioscience Authority at the University of New Mexico (2027–2029).
  - Public Safety Initiatives: \$60 million for public safety initiatives (2027–2029).
- Key Focus Areas:
    - Economic development through funding for innovation hubs, start-ups, and trade associations in advanced energy, quantum computing, bioscience, aerospace, and defense.
    - Support for research and development at New Mexico universities and national laboratories.
    - Workforce development in advanced technology, quantum computing, and advanced energy sectors.
    - Initiatives to improve food security, outdoor recreation, and cultural events.
    - Investments in public safety and marketing New Mexico's economic and cultural opportunities.

- Funding Timeline:
  - Most appropriations are designated for expenditure during fiscal years 2027 through 2029, with any unexpended balances reverting to the general fund at the end of fiscal year 2029.

## FISCAL IMPLICATIONS

SB177 could greatly enhance New Mexico's economy and establish the state as a leader in advanced technology and energy industries. However, it also involves significant fiscal considerations. The proposed transfers and appropriations demand meticulous management to maintain financial stability and ensure the initiatives' success. Given the dependence on federal matching funds and the size of the investments, it is essential to address potential risks through strategic planning and rigorous oversight.

- Large-Scale Transfers from the General Fund: SB177 mandates substantial transfers from the general fund to various economic-related funds:
  - Outdoor Equity Grant Program Fund: \$9 million (2026).
  - Research, Development, and Deployment Fund: \$111 million (2026).
  - Site Readiness Fund: \$20 million (2027).
  - Development Training Fund: \$10 million (2027).
  - Local Economic Development Act Fund: \$20 million (2027).

These transfers will reduce the general fund balance, potentially impacting other state programs and services unless offset by increased revenue or budget adjustments.

- Total Appropriations: SB177 allocates over \$800 million from the general fund for various initiatives between fiscal years 2027 and 2029. Key appropriations include:
  - Quantum New Mexico Institute: \$135 million.
  - Federal Genesis Mission: \$118 million.
  - Quantum Computing Testbed: \$114 million.
  - Marketing and Promotion: \$75 million.
  - Innovation Hubs: \$60 million.
  - Public Safety Initiatives: \$60 million.

These appropriations represent a significant financial commitment, which may require the state to identify additional revenue sources or reallocate funds from other areas.

- Long-Term Economic Benefits: SB177 focuses heavily on fostering innovation and economic growth in high-tech industries such as artificial intelligence, quantum computing, advanced energy, bioscience, aerospace, and defense. If successful, these investments could:
  - Attract private sector investment and federal funding through matching programs.
  - Create high-paying jobs and strengthen New Mexico's workforce in emerging industries.

- Position New Mexico as a leader in advanced technology and energy sectors, potentially boosting tax revenues and economic activity.

However, these benefits are long-term and contingent on the success of the initiatives.

- Risks and Uncertainty:

- Dependence on Federal Matching Funds: Several appropriations rely on matching federal funds (e.g., Quantum Benchmarking Initiative, Quantum Computing Testbed). If federal funding is reduced or unavailable, the state may face challenges in implementing these programs.
- Unexpended Balances: SB177 specifies that unspent funds will revert to the general fund at the end of fiscal year 2029. This could result in unused resources if programs fail to meet their objectives or timelines.
- Potential Budget Strain: The scale of the appropriations may strain the state’s budget, especially if revenue projections fall short or if other unforeseen expenses arise.

- Administrative Costs: SB177 allocates \$6 million for account manager positions in the Economic Development Department to oversee target sectors. While this supports program implementation, it increases the department's administrative costs.

- Under SB177, the Department of Finance and Administration (DFA) oversees a \$60 million public safety appropriation. This includes costs for program setup (criteria, application, and awards), program management (planning, monitoring, and evaluating initiatives), and reporting and compliance (tracking expenditures, ensuring regulatory compliance, and preparing financial reports).
  - DFA anticipates these administrative costs will take up to 3,824 direct work hours per fiscal year (\$242,656 per fiscal year) and 359 indirect work hours per fiscal year (\$52,500 [\$150 per hr.]). DFA has not incorporated these costs in their base budget for FY27.

AVG Salary	48.63	101,154
15% Benefits		15,173
Supplies/IT		5,000
		121,328

- Public Safety and Community Development: SB177 allocates \$60 million for public safety initiatives and \$6 million for the Healthy Food Financing Program. These investments aim to improve community well-being and safety, which could reduce long-term costs associated with crime and food insecurity.
- Potential for Economic Growth: SB177 focuses on innovation hubs, technology prizes, and workforce development, which could lead to increased economic activity, job creation, and tax revenue. However, these outcomes depend on the successful execution

of the programs and the ability to attract private and federal investment.

## **SIGNIFICANT ISSUES**

N/A.

## **PERFORMANCE IMPLICATIONS**

SB177 has the potential to significantly impact New Mexico's economy, workforce, and technological landscape, but its success will depend on effective administration, collaboration, and accountability.

- **Economic Growth and Diversification:** Investments in advanced energy, quantum technology, bioscience, aerospace, and defense industries (e.g., Sections 6, 8, 10, 12, 13, 20) could attract businesses, create jobs, and diversify New Mexico's economy. Funding for innovation hubs (Section 15) and science and technology entrepreneurs (Section 14) may foster entrepreneurship and strengthen the state's position in emerging industries.
- **Workforce Development:** Appropriations for workforce training programs (Sections 7, 22) and faculty endowments (Section 20) aim to build a skilled workforce in advanced energy and quantum computing, addressing talent shortages and preparing New Mexicans for high-demand jobs.
- **Technological Advancements:** Investments in quantum computing infrastructure (Sections 12, 25) and research initiatives (Sections 9, 11) could position New Mexico as a leader in cutting-edge technologies, enhancing its competitiveness in national and global markets.
- **Public Safety Improvements:** The \$60 million appropriation for public safety initiatives (Section 30) could improve community safety, reduce crime rates, and enhance emergency response capabilities.
- **Cultural and Tourism Promotion:** Funding for marketing and promotion (Section 27) and initiatives like the Indigenous Film Festival (Section 19) may boost tourism, cultural awareness, and state revenue.
- **Food Security and Sustainability:** The Healthy Food Financing Program (Section 17) could improve food access for underserved communities, create jobs in the agricultural sector, and promote sustainable practices.
- **Environmental Impact:** Investments in renewable energy and climate technology (Section 6) and advanced energy pilot projects (Section 23) may reduce reliance on fossil fuels, improve energy efficiency, and support environmental sustainability.
- **Collaboration and Research:** Funding partnerships with national laboratories and research institutions (Sections 7, 9, 25) could enhance collaboration, accelerate scientific breakthroughs, and strengthen New Mexico's research ecosystem.
- **Administrative and Implementation Challenges:** The scale and complexity of the

appropriations may require robust administrative oversight to ensure efficient use of funds, timely implementation, and measurable outcomes. Agencies such as the Economic Development Department and the DFA will need to manage these responsibilities effectively.

- **Long-Term Impact:** If implemented successfully, SB177 could yield long-term benefits, including increased state revenue, improved quality of life, and enhanced global competitiveness in technology and innovation.

## **ADMINISTRATIVE IMPLICATIONS**

The administrative implications of SB177 are substantial, requiring careful planning, resource allocation, and interagency coordination to ensure the effective implementation and management of its wide-ranging initiatives.

- **Increased Administrative Burden:** SB177 allocates significant funding across multiple sectors, requiring extensive oversight, coordination, and management by the Economic Development Department (EDD), DFA, and other entities, including universities and research institutions. Agencies will need to establish processes to distribute funds, monitor projects, and ensure compliance with state and federal regulations.
- **Creation of New Programs:** SB177 introduces the Healthy Food Financing Program (Section 17), Trails Plus Grant Program (Section 18), and Technology Innovation Prize Program (Section 16). These programs will require new administrative structures, staff, and resources to process applications, evaluate projects, and distribute funds.
- **Coordination Across Multiple Stakeholders:** SB177 involves collaboration among state agencies, universities, national laboratories, private businesses, and trade associations. Effective communication and coordination will be critical to the success of initiatives such as the Quantum New Mexico Institute (Section 25) and Innovation Hubs (Section 15).
- **Monitoring and Reporting:** Agencies will need to track fund use, measure program outcomes, and report progress to the legislature. This will require robust data collection, analysis, and reporting systems, which may necessitate additional resources and personnel.
- **Hiring and Workforce Expansion:** SB177 includes funding for account manager positions in target sectors (Section 24) and research assistant positions (Section 21). Agencies and universities will need to recruit, train, and manage these new employees, which could increase administrative complexity.
- **Grant Management:** Several sections of SB177 involve grant programs (e.g., Sections 7, 13, 18, 23), which require the development of application processes, criteria for selection, and mechanisms for disbursing funds. This will likely require additional staff and resources for grant administration.
- **Budgetary Oversight:** With large sums allocated to various initiatives, agencies will need to ensure proper financial management, prevent misuse of funds, and address any

budgetary discrepancies. This may require enhanced financial oversight and auditing capabilities.

- **Interagency Collaboration:** SB177 mandates collaboration among state agencies, research universities, and federal entities, including the Department of Energy and the Department of Defense. Coordinating these efforts will require clear communication channels and shared administrative frameworks.
- **Capacity Building:** Agencies such as the EDD and DFA may need to expand their operational capacity to manage the scale of appropriations and initiatives. This could include investments in technology, infrastructure, and staff training.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 177 and House Bill 2 include several nonrecurring general fund appropriations for similar purposes, some of which may be duplicative.

	SB177	HB2	Notes
Quantum benchmarking initiative	\$49,300.0	\$32,800.0	
Healthy food financing program	\$6,000.0	\$2,000.0	
Outdoor equity grants	\$9,000.0	\$3,500.0	
Research, Development, and Deployment Fund	\$111,000.0	\$40,000.0	
Innovation hubs	\$115,900.0	\$30,000.0	Sections 6, 8 & 15 of SB177
Grants for science and technology entrepreneurs and small businesses	\$34,800.0	\$11,600.0	
Technology innovation prize	\$21,000.0	\$1,000.0	
Trails plus grants	\$30,000.0	\$10,000.0	
Account manager positions at EDD	\$6,000.0	\$500.0	
Quantum NM Institute	\$135,000.0	\$3,000.0	
Bioscience Authority	\$6,000.0	\$335.5	
STEAM initiatives	\$18,000.0	\$6,000.0	To PED in HB2. To EDD in SB177
Marketing and promotion of New Mexico’s economic and cultural opportunities	\$75,000.0	\$18,000.0	To Tourism Department in HB2. To EDD in SB177.

**TECHNICAL ISSUES**

N/A.

**OTHER SUBSTANTIVE ISSUES**

N/A.

**ALTERNATIVES**

N/A.

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

N/A.

**AMENDMENTS**

N/A.