

LFC Requester:

Rodriguez

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO [AgencyAnalysis.nmlegis.gov](http://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:** January 30, 2026 *Check all that apply:*  
**Bill Number:** SM 9 Original  Correction   
Amendment  Substitute

**Sponsor:** Sen. Harold Pope **Agency Name and Code** 337 State Investment Council  
**Short** Private Equity Infrastructure Ownership **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or	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
<b>Total</b>	See fiscal implications	See fiscal implications	NA			

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HM 6  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: Senate Memorial 9 requests that the Legislative Finance Committee (LFC) conduct a study in consultation with various state agencies, including the Public Regulation Commission, the New Mexico Finance Authority, the Attorney General, the State Investment Council, and the Economic Development Department to determine the public ratepayer,

environmental, and economic costs and benefits to New Mexico should one or more state investment funds purchase equity interests of various amounts in the New Mexico Gas Company, and TXNM Energy, Inc., parent company to the Public Service Company of NM. The proposed study would also outline the required processes through which a purchase could be completed by one or more entities.

The memorial has no effective date; however, the memorial stipulates that state agencies involved in the study should periodically report to the LFC on the progress of the study with a final report on findings completed and delivered no later than December 1, 2026.

The memorial also requests that the Public Regulation Commission refrain from approving any private equity acquisition of the New Mexico gas company or TXNM Energy, Inc. Prior to completion of the study, or the conclusion of the first session of the 58<sup>th</sup> legislature.

## **FISCAL IMPLICATIONS**

The memorial appropriates zero dollars towards funding this study and requires listed agencies to contribute staff time and research. Without an appropriation attached to this memorial, the research results may produce less robust study and a product lacking independent external expertise.

Costs for staffing the study are indeterminate, but we estimate a minimum of 8-16 hours per month of work on the report, from April-November 2026, with 1-1.5 staff members across five named state agencies, not including LFC staff time. Assuming total average compensation costs based on public reporting of NM salary and benefits of \$125k in FY24, a conservative estimated cost is ~\$60/hour each, or between \$14,400 - \$21,600 in personnel resources across the 8-month period. Given the highly technical nature of expertise required for this study, the salaries of the employees expected to participate could be substantially higher than this estimate.

## **SIGNIFICANT ISSUES**

### **National experts may produce a more robust study**

The LFC-led study and report will be completed by experts from each of the five government entities listed in the memorial. The study does not indicate what kind of expertise it expects from each agency. This could lead to a range of outcomes on who from each agency might take part in completing the highly technical report requested by the memorial. However, the flexibility on which staff from each agency might be assigned this study and report may allow each agency to select the person with the most expertise in this given area.

### **The SIC is not set up to make direct investments into companies**

The SIC has about 37 talented staff members, including financial analysts, investment professionals, accountants, economists, investment attorneys, communications professionals, and administrative support staff. Those staff members which handle accounting and investments work in tandem with world-class external financial advisors across the asset classes in which we invest New Mexico's money, approved by our fiduciary board. The SIC team works with those advisors, in addition to fund managers and other financial resources which ultimately guide multi-layered decisions around how the SIC invests the state's sovereign wealth funds on behalf of New Mexicans.

While we have an excellent staff that excels in each of their express focus areas, they may not have

direct expertise in evaluating the purchase of an individual company. Furthermore, our staff does not have expertise that can support utility operations, energy transmission and more that can support a study seeking to explore highly technical topics outlined in the memorial around the effect of private equity ownership of public utilities and other critical infrastructure. Rather, our base internal investment expertise is in fund manager selection, rather than direct assessment of individual companies.

### **Potentially challenging timing**

The memorial requests that the Public Regulation Commission refrain from approving any private equity acquisition of the New Mexico gas company or TXNM Energy, Inc. Prior to completion of the study, or the conclusion of the first session of the 58<sup>th</sup> legislature. However, it is unclear whether the memorial could lead to the halt of acquisitions, or what entity would be able to facilitate a pause in acquisitions.

With regard to the sale of NMGC to Bernhard Capital Partners, the two companies initially had a deadline to finalize a sale agreement in November but recently extended that to February 2026 pending approval from the PRC – well before this proposed study and report would be completed.

Additionally, with regards to the sale of TXNM Energy to Blackstone Infrastructure, after three months of engagement with customer groups, local officials and other stakeholders, on August 25, 2025, the two companies filed an application for approval of the acquisition with the New Mexico Public Regulation Commission (NMPRC). That is the first step of what will likely be a year-long public process for approval. On January 21, TXNM Energy, PNM's parent company, sent out a notice to customers about its upcoming public comment hearing which will take place February 5, 2026. The entire sale is estimated to be complete by the end of this year.

The study requested by this memorial is expected to be completed by December 1, 2026. In the event that acquisitions move forward, this makes it unlikely the study could produce information that could reasonably be considered prior to completion of the sale of either utility, although it could inform future sales of utilities or critical infrastructure to private equity entities.

## **PERFORMANCE IMPLICATIONS**

### **Existing exposure to Blackstone Infrastructure**

The funds SIC manages on behalf of New Mexicans have exposure to Blackstone Infrastructure, a fund which may be the vehicle through which the company is purchasing TXNM. Should the study be completed on time and have substantial influence on the sale of the utility company, this potentially impacts could affect the state's sovereign wealth fund and the returns it delivers to the state each year.

### **Purchasing a large stake in a publicly traded utility is not guaranteed to deliver good returns**

TXNM Energy (parent company of the Public Service Company of New Mexico or PNM) and private equity firm Blackstone Infrastructure, announced an agreement May 19, 2025, under which Blackstone Infrastructure began the process of acquiring TXNM Energy for \$11.5 billion. The New Mexico Gas Company (NMGC) by Bernhard Capital. In August 2024, Emera Inc. announced

it would sell NMGC, to Bernhard Capital Partners, for \$1.25 billion.

The SIC manages a total \$71 billion on behalf of New Mexicans, which looks like an attractive figure for a purchase like this, but when we break it down, it is not set up to carry out such a purchase, with substantial fiduciary, investment concentration and operational risks.

## **ADMINISTRATIVE IMPLICATIONS**

The legislative finance committee-led study would draw upon the expertise of staff at several state agencies, including the State Investment Council, which is already understaffed with just 37 employees and \$71 billion in assets under management.

Independent fiduciary experts suggest SIC should have closer to 55 FTEs for appropriate investment oversight and management given the size and complexity of the investment portfolio.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Memorial 6 requests that the Legislative Finance Committee (LFC) convene experts from state agencies, including the New Mexico Finance Authority, the Public Regulation Commission, the Attorney General, the State Investment Council, the Economic Development Department, the Workforce Solutions Department, the Public Education Department, and the Health Care Authority, to lead a study and report on the impacts of private equity ownership and control of essential utilities and critical infrastructure in New Mexico.

## **TECHNICAL ISSUES**

N/A

## **OTHER SUBSTANTIVE ISSUES**

N/A

## **ALTERNATIVES**

Any effort of a private equity firm to acquire a public utility is subject to state and federal approvals. Historically, this is seen in the planned sale of PNM to Avangrid which was ultimately terminated in January 2024 after years of regulatory delays, primarily due to rejections from the New Mexico Public Regulation Commission (NMPRC) which cited concerns over customer service and public interest, despite initial agreements and extensions.

The memorial includes the PRC as one of the agencies to be included in the study and production of a report detailing findings but seems to undermine the integrity of the PRC's management of public processes by requesting they produce more information through this study alongside other state agencies.

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

N/A

## **AMENDMENTS**

N/A