

LFC Requester:

Joseph Simon

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:	1/28/2026	<i>Check all that apply:</i>			
Bill Number:	Senate Memorial 9	Original	<input checked="" type="checkbox"/>	Correction	<input type="checkbox"/>
		Amendment	<input type="checkbox"/>	Substitute	<input type="checkbox"/>

Sponsor:	Senator Harold Pope	Agency Name and Code Number:	New Mexico Finance Authority 385
Short Title:		Person Writing	Fernando Martinez
		Phone	505-984-1454
		Email:	Fmartinez@nmfa.net

SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

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

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
0	0	0	0	0

(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				

(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 Memorial 9 (SM 9) requests that the Legislative Finance Committee (LFC) study the public benefit of state investment funds purchasing equity interests in certain utilities and report findings before the 58th Legislature.

The study will be conducted in collaboration with multiple state agencies with interim periodic progress reports and the findings and recommendations being delivered and presented to the LFC by December 1, 2026.

SM 9 requests that the Public Regulation Commission delay approval of private equity acquisitions until the study is completed.

FISCAL IMPLICATIONS

The resources necessary to support the effort outlined in SM 9 are unknown.

SIGNIFICANT ISSUES

The New Mexico Public Regulation Commission has existing statutory and regulatory authority to ensure safe operations and reliable utility services at reasonable rates and to protect the public interests in utility matters. The PRC regulates electric, natural gas, renewable energy resources, telecommunications, and water and wastewater systems. The PRC also reviews and approves or denies ownership changes of the entities that they regulate.

There are private equity firms seeking approval to acquire New Mexico utilities that are of great importance to New Mexico residents and the economy. There are concerns about private equity acquisitions limiting state ownership opportunities.

In New Mexico there are currently three Investor-owned utilities that are regulated entities by the PRC that have guaranteed returns. Investor-owned utilities likely have the same motivations as "Private Equity" of profit maximization within the regulatory framework that exists in New Mexico.

The study requested in SM 9 would evaluate the potential benefits of state investment in utilities, including financial returns and diversification of revenue sources. There are potentially three public investment sources that include the State Investment Council, The Public Employees Retirement Association and the Education Retirement Board. It is unknown whether these potential investment sources could take a stake inside their existing investment policies large enough to make a significant difference. And, if they can, would there be a conflict between the public benefit goal of reasonable rates to rate payers and the private equity goal of giving high

returns to investors. If so, this could impact stock prices.

Portfolio management issues could arise. A single position getting more than 5 percent of the portfolio is not allowed. In addition, there are other regulatory issues when more than 9.9 percent of all shares are owned by an entity.

Other questions to consider would be if the State of New Mexico would want a board seat? Would the investment be passive or engaged? If there is engaged investment, the state's objectives may not align with investors objectives, such as maximum total return for investors.

PERFORMANCE IMPLICATIONS

As the study is focused on equity and stock questions, it is not clear what expertise NMFA can contribute to the proposed study.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

There will not be a study to determine the public benefit of state investment funds purchasing equity interests in certain utilities.

AMENDMENTS