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FISCAL IMPACT REPORT

SPONSOR	<u>Small/Dixon</u>	LAST UPDATED	<u>11/10/25</u>
		ORIGINAL DATE	<u>11/10/25</u>
		BILL	<u>House Bill</u>
SHORT TITLE	<u>General Appropriations</u>	NUMBER	<u>1/aHAFC</u>
		ANALYST	<u>Courtney</u>

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
\$75.0		Nonrecurring Section 1	Legislative Cash Balances
\$100.0		Nonrecurring Section 2	General Fund
Estimated up to \$160,000.0 (contingent)		Nonrecurring Section 3	General Fund
\$30,000.0 (transfer)		Nonrecurring Section 5 (A.)	General Fund Transfer (Operating Reserve to Appropriation Contingency Fund)
Up to \$25,503.0 (contingent transfer)		Nonrecurring Section 5 (B.)	Transfer (General Fund Operating Reserve to Medicaid Trust Fund)
Indeterminate (transfer)		Nonrecurring Section 5 (C.)	Transfer (General Fund Operating Reserve to Medicaid Trust Fund)
Up to \$60,000.0 (contingent transfer)		Section 6	General Fund Transfer (Operating Reserve to General Fund Appropriation Account)

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files, Department of Finance and Administration

SUMMARY

Synopsis of HAFC Amendment to House Bill 1

The House Appropriations and Finance Committee amendment to House Bill 1 creates a new Section 7 that identifies \$50 thousand in unexpended balances to the Legislative Finance Committee to conduct a program evaluation of the state's administration of the Supplemental Nutrition Assistance Program including issuance of benefits to recipient. Preliminary findings are to be reported to the Legislature on January 20, 2026, and a final report to be provided to the Legislative Finance Committee on or before July 1, 2026.

Synopsis of House Bill 1

House Bill 1 appropriates \$75 thousand from legislative cash balances for the Second Special Session of the Fifty-Seventh Legislature (Section 1), appropriates \$100 thousand of general fund revenue to the Administrative Office of the Courts (AOC) for security and equipment (Section 2), provides contingent appropriations to provide federal Supplemental Nutrition Assistance Program (SNAP) funding to address the failure of the federal government to provide funding (Section 3), sweeps \$162.5 million from previous appropriations to provide a revenue source for funding SNAP benefits (Section 4), replenishes the appropriation contingency fund (\$30 million from the general fund operating reserve), sets contingencies for transfers of operating reserve balances to the Medicaid trust fund, and provides the governor with \$60 million in additional transfer authority for FY25.

FISCAL IMPLICATIONS

In Section 1, from legislative cash balances, House Bill 1 appropriates \$32 thousand for expenses of the House of Representatives, \$26 thousand for expenses of the Senate, and \$17 thousand for expenses of the Legislative Council Service in FY26, with any unexpended balances at the end of FY26 reverting back to legislative cash balances.

In Section 2, House Bill 1 appropriates \$100 thousand in FY26 to the Administrative Office of the Courts (AOC) for enhanced security protocols, equipment, and infrastructure with unexpended balances reverting to the general fund.

In Section 3, House Bill 1 appropriates \$20 million a week, starting with the governor's signature on the bill and through January 19, 2026, from the general fund operating reserve to the Income Support Division of the Health Care Authority (HCA) contingent on expenditure of previous appropriations from the First Special Session, expenditure of balances of previous weekly funding provided in Section 3, and failure of the federal government to provide sufficient funding to pay full SNAP benefits. According to HCA, New Mexico recently received full November SNAP benefits from the federal government, so the first week of potential appropriations needed for lack of federal funding would be in December. Should the federal government not provide funding for December or January benefits, House Bill 1 could provide up to an estimated eight weeks or \$160 million in funding to backfill those benefits if contingencies of House Bill 1 are met. Any unexpended balance at the end of each weekly period will revert to the general fund operating reserve.

In Section 4, House Bill 1 sweeps several balances totaling \$162.5 million from previous appropriations made to the Health Care Authority, its predecessor the Human Services Department, and the Department of Health.

In Section 5, House Bill 1 transfers \$30 million from the general fund operating reserve to the appropriation contingency fund (Subsection A). Additionally, Section 5 implements contingency language to move money from the operating reserve to the Medicaid trust fund. If on January 23, 2026, reversions to the general fund operating reserve from the \$162.5 million in sweeps from Section 4 exceed \$137 million, the excess amount would be transferred to the Medicaid trust fund (Subsection B). Similarly, if between January 24 and May 1, 2026, the balance of the general fund operating reserve exceeds \$137 million, any revenue received by the state from the federal government to repay or reimburse state funds beginning November 1, 2025, for SNAP would be

transferred to the Medicaid trust fund (Subsection C.).

In Section 6, House Bill 1 provides the governor with transfer authority for up to \$60 million from the general fund operating reserve to the general fund appropriation account, contingent on Board of Finance approval, if revenues and transfers to the general fund at the end of FY25 are not sufficient to meet appropriations. The transfer authority adds to existing transfer authority provided in the 2024 General Appropriations Act which provided authority for \$105 million.

SIGNIFICANT ISSUES

Relating to Section 5, Subsection C, regarding federal repayment or reimbursement, the U.S. Department of Agriculture said in a [recent memo](#), “There is no provision or allowance under current law for states to cover the cost of benefits and be reimbursed.” Based on this guidance, it is possible New Mexico will not be repaid or reimbursed for the cost of providing funding for SNAP benefits in lieu of federal funding. As such, the \$30 million in general fund previously issued for SNAP benefits through Executive Order 2025-381 and any future funding issued to fill gaps left by the federal government might not be reimbursed by the federal government.

According to DFA, the requested transfer authority in Section 6 is necessary to ensure constitutional compliance for fiscal year 2025 and avoid an audit finding of an unconstitutional deficit. DFA states the state has sufficient resources to meet appropriations, but transfer authority needs to be increased from the previous level of \$105 million to \$165 million.

Attachment 1: Table of Appropriations and Reversions

Attachment 2: General Fund Financial Summary

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Attachment 1:

2025 2nd Special Session Appropriations Bill			
Bill Section	Type	Purpose	Amount
Sec 1.	Approp	Legislative Special Session Operations	\$75.0
Sec 2.	Approp	Administrative Office of the Courts	\$100.0
Sec 3.	Approp	Backfill Federal SNAP Payments	\$160,000.0
Total Approps			\$160,175.0
Sec 4.	Reversion	FY23 Incurred but Not Reported	\$46,365.3
Sec 4.	Reversion	DDSD FY19-FY21 Fund Balances	\$21,339.4
Sec 4.	Reversion	FY24 Incurred but Not Reported	\$89,743.8
Sec 4.	Reversion	DDSD FY25 Reversion	\$2,990.8
Sec 4.	Reversion	Medicaid FY25 Reversion	\$685.3
Sec 4.	Reversion	Epi Duran Medical Center	\$1,378.2
Total Reversions			\$162,502.8
Sec 5.	Transfer	From General Fund to Appropriation Contingency Fund	\$30,000.0
Sec 5.	Transfer	Excess of Reversions from Section 4 to Medicaid Trust Fund	N/A
Sec 5.	Transfer	Fed SNAP Reimbursements to Medicaid Trust Fund	N/A
Sec 6.	Transfer Authority	FY25 Additional Authority	\$60,000.0
Total Transfers and Authority			\$90,000.0

Attachment 2

General Fund Financial Summary
2025 Second Special Session

(millions of dollars)

November 10, 2025

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	Estimate FY2025	Estimate FY2026	Estimate FY2027
<u>APPROPRIATION ACCOUNT</u>			
REVENUE			
August 2025 Consensus Revenue Estimate	\$ 13,654.8	\$ 13,706.0	\$ 14,109.9
Total Recurring Revenue	\$ 13,654.8	\$ 13,706.0	\$ 14,109.9
Percent Change in Recurring Revenue	4.7%	0.4%	2.9%
Nonrecurring Revenue			
August 2025 Consensus Revenue Estimate	\$ 45.5	\$ -	
Total Nonrecurring Revenue	\$ 45.5	\$ -	\$ -
TOTAL REVENUE	\$ 13,700.3	\$ 13,706.0	\$ 14,109.9
<u>APPROPRIATIONS</u>			
Recurring Appropriations			
2024 Regular Session Recurring Legislation & Feed Bill	\$ 10,219.5		
2025 Regular Session Recurring Legislation & Feed Bill	\$ 15.1	\$ 10,818.4	
Total Recurring Appropriations	\$ 10,234.6	\$ 10,818.4	
Nonrecurring Appropriations			
2024 Regular Session Nonrecurring Legislation	\$ 2,399.6		
2024 Special Session Nonrecurring Legislation	\$ 103.0		
2025 Regular Session Nonrecurring Legislation	\$ 1,056.4	\$ 2,806.6	
2025 1st Special Session Nonrecurring Legislation	\$ -	\$ 144.5	
2025 2nd Special Session Nonrecurring Legislation		\$ 0.1	
Total Nonrecurring Appropriations	\$ 3,559.0	\$ 2,951.2	\$ -
Subtotal Recurring and Nonrecurring Appropriations	\$ 13,793.6	\$ 13,769.7	\$ -
TOTAL APPROPRIATIONS	\$ 13,793.6	\$ 13,769.7	\$ -
TOTAL REVENUE LESS TOTAL APPROPRIATIONS	\$ (93.3)	\$ (63.7)	
<u>GENERAL FUND RESERVES</u>			
Beginning Balances	\$ 3,307.3	\$ 3,220.7	
Transfers from (to) Appropriations Account	\$ (93.3)	\$ (63.7)	
Revenue and Reversions	\$ 708.1	\$ 697.6	
Appropriations, Expenditures and Transfers Out	\$ (701.4)	\$ (366.4)	
Ending Balances	\$ 3,220.7	\$ 3,488.2	
Reserves as a Percent of Recurring Appropriations	31.5%	32.2%	

FY27
Total
Revenue
Less Total
FY26
Approps.:
\$340.2
million, or
2.5
percent

Notes:

1) Many nonrecurring appropriations, including specials and supplementals in the GAA, had authorization to spend in multiple fiscal years - amounts that were not distributed in the first year become encumbrances for the next year.

* Note: totals may not foot due to rounding

**General Fund Financial Summary
2025 Second Special Session**

RESERVE DETAIL

(millions of dollars)

**November 10, 2025
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	Estimate FY2025	Estimate FY2026	Estimate FY2027
OPERATING RESERVE			
Beginning Balance	\$ 606.6	\$ 314.8	\$ 169.6
BOF Emergency Appropriations/Reversions	\$ (4.0)	\$ (4.0)	\$ (4.0)
Transfers from (to) Appropriation Account	\$ (93.3)	\$ (63.7)	\$ -
Disaster Allotments	\$ (194.4)	\$ (170.0)	\$ -
Transfers from tax stabilization reserve to restore balance to 1 percent	\$ -	\$ -	\$ -
Appropriation (to) HCA for SNAP - 2025 Special Session		\$ (160.0)	
Reversions in from HSD, DOH, HCA - 2025 2nd Special Session		\$ 162.5	
Transfer from (to) ACF/Other Appropriations	\$ -	\$ 90.0	\$ -
Audit and Pre-Audit Adjustments	\$ (0.1)	\$ -	\$ -
Ending Balance	\$ 314.8	\$ 169.6	\$ 165.6
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 9.1	\$ 68.4	\$ 30.0
Disaster Allotments	\$ (65.7)	\$ (43.5)	\$ -
Transfers In/(Out)	\$ 150.0	\$ 5.0	\$ -
Appropriations Out	\$ (25.0)	\$ -	\$ -
Ending Balance	\$ 68.4	\$ 30.0	\$ 30.0
STATE SUPPORT FUND			
Beginning Balance	\$ 0.4	\$ 0.4	\$ 0.4
Revenues	\$ 40.0	\$ -	\$ -
Appropriations	\$ (40.0)	\$ -	\$ -
Ending Balance	\$ 0.4	\$ 0.4	\$ 0.4
GOVERNMENT RESULTS AND OPPORTUNITY EXPENDABLE TRUST (GRO)			
Beginning Balance	\$ 512.2	\$ 519.9	\$ -
Revenues/Gains	\$ 7.7	\$ 10.4	\$ -
Transfers from the Operating Reserve	\$ -	\$ -	\$ -
Appropriations to the Government Accountability Expendable Trust	\$ -	\$ 265.3	\$ -
Expenditures	\$ -	\$ (130.0)	\$ -
Ending Balance	\$ 519.9	\$ 665.7	\$ -
BEHAVIORAL HEALTH TRUST FUND			
Beginning Balance		\$ -	\$ 215.2
Revenues/Gains		\$ 115.2	\$ 63.1
Appropriations to (from) BHTF		\$ 100.0	\$ -
Expenditures		\$ -	\$ (10.8)
Ending Balance		\$ 215.2	\$ 267.5
TAX STABILIZATION RESERVE (RAINY DAY FUND)			
Beginning Balance	\$ 2,179.0	\$ 2,317.2	\$ 2,409.9
Revenues from Excess Oil and Gas Emergency School Tax	\$ 412.2	\$ 109.0	\$ 54.5
Gains(Losses)	\$ 138.2	\$ 92.7	\$ 96.4
Transfers In (From Operating Reserve)	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve	\$ -	\$ -	\$ -
Transfer Out to Early Childhood Trust Fund	\$ (412.2)	\$ (109.0)	\$ (54.5)
Ending Balance	\$ 2,317.2	\$ 2,409.9	\$ 2,506.2
Percent of Recurring Appropriations	22.6%	22.3%	
TOTAL GENERAL FUND ENDING BALANCES	\$ 3,220.7	\$ 3,490.7	
Percent of Recurring Appropriations	31.5%	32.3%	

* Note: totals may not foot due to rounding