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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
57th Legislature, 2nd Session, 2026

Bill Number	<u>SB309</u>	Sponsor	<u>Gonzales</u>
Tracking Number	<u>.232974.2</u>	Committee Referrals	<u>SHPAC/SFC</u>
Short Title	<u>Lottery Deposits into Tuition Fund</u>		
Analyst	<u>Estupiñan</u>	Original Date	<u>2/14/2026</u>
		Last Updated	<u></u>

BILL SUMMARY

Synopsis of Bill

Senate Bill 309 (SB309) amends Section 6-24-21 NMSA 1978 to require the New Mexico Lottery Authority (NMLA) to pay out a larger share of revenue in prizes by removing the requirement that the NMLA deposit at least 30 percent of gross revenue generated from lottery ticket sale proceeds into the lottery tuition fund. In its place, the bill inserts new language to require a minimum annual deposit of \$43 million in the lottery tuition fund, which if not met, would require the NMLA to resume depositing at least 30 percent of its gross revenue from lottery ticket sale proceeds into the lottery tuition fund each month. These provisions of SB309 would be applicable from fiscal year 2027 (FY27) through fiscal year 2029 (FY29).

Beginning in FY30, NMLA would be required to transfer \$45 million to the lottery tuition fund, or 30 percent of its gross revenue from lottery ticket sale proceeds in the previous month if the minimum annual deposit is not met.

The bill would be effective July 1, 2026.

FISCAL IMPACT

SB309 does not contain an appropriation.

In fiscal year 2025, the New Mexico Higher Education Department (NMHED) reported \$44.7 million in transfers to the lottery tuition fund. This was a \$6.3 million decrease from the transfer to the lottery tuition fund in FY24.

The NMLA estimates SB309 would increase FY30 revenue by \$49.1 million over budgeted revenue in FY26, with the transfer to the lottery tuition fund in FY30 increasing by \$4.2 million.

SUBSTANTIVE ISSUES

The New Mexico Legislative Lottery Scholarship was created in 1996 and is available to fund up to 100 percent of tuition (up to an undergraduate degree) for all New Mexico students who have graduated from a public school or accredited New Mexico high school, completed requirements as a registered home-school student, or received a high school equivalency credential recognized by the state of New Mexico. Residency in New Mexico is also required. To pay for the legislative lottery program, at least 30 percent of gross revenue from lottery ticket sales proceeds are required to be deposited into the lottery tuition fund each month. The program, along with the Opportunity Scholarship, is also supported by distributions from the \$1 billion higher education trust fund, which distributes about \$50 million each year for the programs.

According to the Higher Education Department (HED), during the 2024-2025 academic year, 15,962 students [received](#) the Legislative Lottery Scholarship.

Shortfall in the Lottery Scholarship Program. According to the Legislative Finance Committee (LFC), the Lottery and Opportunity scholarships are projected to have a shortfall of \$9.9 million in FY27, with the projected shortfall growing to \$35.9 million in FY28. LFC notes the shortfall is largely driven by costs of the lottery scholarship program exceeding revenue, with FY25 costs totaling \$80.5 million, compared with ticket sales of \$44.7 million.

The shortfall in the lottery tuition fund has been paid in recent years by nonrecurring appropriations made to the lottery tuition fund, including a \$130 million non-recurring appropriation in 2022 that was intended to cover the annual deficits in the Legislative Lottery Program. Projections from LFC noted this funding would pay for costs of the program through FY28, but there would be an annual shortfall of \$27 million beginning in FY29.

SOURCES OF INFORMATION

- LESC Files
- Legislative Finance Committee (LFC)
- New Mexico Higher Education Department
- New Mexico Lottery Authority

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