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FISCAL IMPACT REPORT

BILL NUMBER: CS/House Bills 2 and 3/HAFCS/aSFC

SHORT TITLE: General Appropriation Act of 2026

SPONSOR: House Appropriations and Finance Committee

**LAST
UPDATE:** 2/15/2026

**ORIGINAL
DATE:** 2/2/2026

ANALYST: Courtney

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$11,054,102.0	Recurring Section 4	General Fund
	\$6,786,017.6	Recurring	Various Other State Funds
	\$2,194,265.5	Recurring	Internal Service Funds/Transfers
	\$13,451,841.7	Recurring	Federal Funds
\$31,416.2	\$2,206,216.2	Nonrecurring	General Fund
\$12,102.0	\$610,469.2	Nonrecurring	Various Other State Funds
\$17,000.0	\$158,790.4	Nonrecurring	Internal Service Funds/Transfers
	\$14,794.5	Nonrecurring	Federal Funds

*Amounts reflect most recent analysis of this legislation.

Note: As indicated in section preambles and item appropriation language, some appropriations contained in House Bill 2 are available in FY26, FY27 and also through future fiscal years, including but not limited to appropriations from the government results and opportunity fund and the public education reform fund.

Sources of Information

LFC Files

SUMMARY

Synopsis of the SFC Amendment for HAFCS Substitute for House Bills 2 and 3

The Senate Finance Committee (SFC) amendment to the House Appropriations and Finance Committee substitute for House Bills 2 and 3 amends Section 4 through Section 13. The SFC amendment replaces Section 8, Compensation, with a new Section 8, Natural Disasters and Executive Orders Appropriations. See below for an updated listing of sections. See the “Fiscal Implications” and “Significant Issues” sections for more information on the amendment.

- Section 1, Short Title
- Section 2, Definitions
- Section 3, General Provisions
- Section 4, Fiscal Year 2027 Appropriations
- Section 5, Special Appropriations
- Section 6, Supplemental and Deficiency Appropriations

- Section 7, Information Technology Appropriations
- Section 8, Natural Disasters and Executive Orders Appropriations
- Section 9, Government Results and Opportunity Expendable Trust
- Section 10, Special Transportation Appropriations
- Section 11, Fund Transfers
- Section 12, FY26 Additional BAR Authority
- Section 13, FY27 BAR Authority
- Section 14. Transfer Authority
- Section 15, Severability

Synopsis of the HAFC Substitute for House Bills 2 and 3

The House Appropriations and Finance Committee substitute for House Bills 2 and 3 (HB2) would increase recurring general fund spending by \$294.5 million, or 2.7 percent over the current fiscal year budget, and includes over \$2.6 billion in nonrecurring spending fund transfers (all funding sources; including over \$2 billion from the general fund). Totals include the “feed” bill for legislative agencies and session costs. The House Appropriations and Finance Committee (HAFC) substitute for House Bills 2 and 3 (HB2) currently includes 15 sections listed below. Subsequent tables will have information on changes for recurring funding (Sections 4 and 8), and nonrecurring funding, transfers, and reauthorizations (Sections 5, 6, 7, 9, 10, and 11) along with BAR authority (Sections 12 and 13).

- Section 1, Short Title
- Section 2, Definitions
- Section 3, General Provisions
- Section 4, Fiscal Year 2027 Recurring Appropriations
- Section 5, Special Appropriations
- Section 6, Supplemental and Deficiency Appropriations
- Section 7, Information Technology Appropriations
- Section 8, Compensation Appropriations
- Section 9, Government Results and Opportunity Expendable Trust
- Section 10, Special Transportation Appropriations
- Section 11, Fund Transfers
- Section 12, FY26 Additional BAR Authority
- Section 13, FY27 BAR Authority
- Section 14. Transfer Authority
- Section 15, Severability

There is no effective date of this bill; however, a general appropriation act goes into effect on signature of the governor.

FISCAL IMPLICATIONS

The appropriations contained in this bill are summarized as follows:

SFC Amendment for HAFCS Substitute for HB 2 & HB 3 - General Appropriation Act					
	General Fund	Other State Funds	Internal Service Funds/ Interagency Transfers	Federal Funds	Total
Section 4. Recurring Appropriations					
<i>GENERAL APPROPRIATION ACT:</i>					
A. LEGISLATIVE	\$6,559.4	\$0.0	\$0.0	\$0.0	\$6,559.4
B. JUDICIAL	\$495,108.1	\$31,921.6	\$15,903.3	\$5,292.7	\$548,225.7
C. GENERAL CONTROL	\$234,363.1	\$1,662,463.8	\$205,095.5	\$29,884.1	\$2,131,806.5
D. COMMERCE & INDUSTRY	\$115,095.7	\$213,891.5	\$32,783.3	\$2,686.7	\$364,457.2
E. AGRICULTURE, ENERGY & NATURAL RESOURCES	\$146,824.8	\$145,824.9	\$27,909.4	\$171,382.5	\$491,941.6
F. HEALTH, HOSPITALS & HUMAN SERVICES	\$3,082,023.3	\$1,424,272.0	\$1,763,469.0	\$10,988,409.9	\$17,258,174.2
G. PUBLIC SAFETY	\$609,095.8	\$207,278.1	\$30,793.7	\$92,495.8	\$939,663.4
H. TRANSPORTATION	\$0.0	\$836,460.0	\$12,105.5	\$590,151.0	\$1,438,716.5
I. OTHER EDUCATION	\$95,233.4	\$9,240.7	\$9,322.2	\$35,802.6	\$149,598.9
J. HIGHER EDUCATION	\$1,517,951.0	\$2,253,165.0	\$96,883.3	\$956,236.4	\$4,824,235.7
K. PUBLIC SCHOOL SUPPORT	\$4,751,847.4	\$1,500.0	\$0.0	\$579,500.0	\$5,332,847.4
Recurring Grand Total Section 4	\$11,054,102.0	\$6,786,017.6	\$2,194,265.2	\$13,451,841.7	\$33,486,226.5
Sections 5, 6, 7, 8, 9, 10, 11					
Section 5. Special Appropriations	\$1,466,166.2	\$315,600.0	\$20,825.0	\$8,794.5	\$1,811,385.7
Section 6. Supplemental and Deficiency Appropriations	\$31,416.2	\$1,394.2			\$32,810.4
Section 7. Information Technology Appropriations		\$5,773.0	\$46,100.0		\$51,873.0
Section 8. Natural Disasters and Executive Orders Appropriations	\$30,000.0				\$30,000.0
Section 9. Government Results and Opportunity Program Fund		\$55,200.0	\$108,865.4	\$6,000.0	\$170,065.4
Section 10. Transportation	\$204,500.0	\$5,000.0			\$209,500.0
Section 11. Fund Transfers	\$505,550.0	\$239,604.0			\$745,154.0
Non-Recurring Grand Total	\$2,237,632.4	\$622,571.2	\$175,790.4	\$14,794.5	\$3,050,788.5

SIGNIFICANT ISSUES

Summary of the SFC Amendment for House Bills 2 and 3

The Senate Finance Committee amendment for the House Appropriations and Finance Committee substitute for House Bills 2 and 3 increases recurring funding by \$277 million, or 2.6 percent, over the FY26 operating budget in Section 4. The amendment contains over \$3 billion in nonrecurring spending and fund transfers in Sections 5 through 11, leaving reserves at over 28 percent, assuming enactment of natural disaster funding reforms.

Early Childhood and Child Welfare: The SFC amendment fully funds year one of the Early Childhood Education and Care Department’s (ECECD) childcare initiative, including an additional \$105 million over the HAFCS version of HB2 from the early childhood trust fund. ECECD also includes recurring funding for the wage and career ladder for early childhood workers and provides additional resources for the expansion of home visiting. The SFC amendment also includes significant resources in Section 5 for Children, Youth and Families

Department (CYFD) operations, including \$33.5 million for protective services personnel, shelter placement for emergency stays, and multiservice homes.

Health Care: For healthcare, the SFC amendment provides resources to expand the University of New Mexico medical school and provides additional supports for healthcare professionals, including increased funding for the Health Care Authority (HCA) to provide rate increases for personal care professionals (an additional \$5 million); \$20 million for clinical faculty pay and \$2 million for graduate resident and fellow salaries at the UNM Health Sciences Center; \$5 million to HCA to recruit, retain, and provide stipends to behavioral health preceptors; \$3.7 million to HCA to ensure occupational therapist pay parity; and \$24 million to UNM for rural graduate medical education, graduate medical students, and graduate medical education.

Economic Development and Quality of Life: The SFC amendment makes significant investments in communities and economic development, including \$100 million for state fair redevelopment, including \$30 million for housing; an additional \$20 million for affordable housing, transitional housing, and homelessness initiatives; and a \$150 million economic development package, including \$40 million for quantum initiatives and several quantum-related investments at EDD and higher education institutions.

Public Safety: The SFC amendment makes additional investments in recurring funding for the judiciary and Department of Public Safety, including two new judgeships (1st and 2nd district), recurring funding for the Office of the Child Advocate at the Attorney General's office, additional resources for the Organized Crime Commission, the Violence Intervention Program fund, and funding for the DPS intelligence led policing initiative.

Education: The SFC amendment includes an additional investment of \$18 million for evidence-based career and technical education (CTE), bringing the total for CTE programming to about \$50 million. Additional new investments include \$20 million for out-of-school-time programs, an additional \$14.6 million for literacy coaches, and \$2 million for literacy institute operations, along with several three-year pilot programs funded through the Public Education Reform Fund for innovative programming. Higher education investments include resources for Native student education and supports and significant investments in athletics facilities.

General Fund Reserves. HB2 would leave FY27 general fund reserves at 28 percent of recurring appropriations. Compared to last year, reserves are more liquid as the Government Results and Opportunity Trust fund is no longer counted as a part of the reserves as it was in FY26.

PERFORMANCE IMPLICATIONS

HB2 includes multiple performance measures and performance targets for most agencies as part of the Accountability in Government Act, which is a statutory basis to use performance information to inform budget development and monitor results of spending by agencies on outcomes important to agencies, the executive, the Legislature, and the public.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

State agencies, higher education and public schools would not have the authority to budget or expend money necessary for the operation of government.

JC/sgs/hg/ct/dw