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FISCAL IMPACT REPORT

BILL NUMBER: CS/House Bill 332/ec/HTRCS/aSFC

SHORT TITLE: Capital Outlay Reauthorizations

SPONSOR: House Taxation and Revenue Committee

LAST

ORIGINAL

UPDATE: 2/18/2026

DATE: 2/16/2026

ANALYST: Carswell/Ortega

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	See "Fiscal Implications"	Nonrecurring	Various-See "Fiscal Implications"

*Amounts reflect most recent analysis of this legislation.

Relates to House Bills, 8, 247, 248, and the SFC substitute for Senate Bill 240.

Sources of Information

LFC Files

SUMMARY

Synopsis of SFC Amendment to HTRC Substitute for House Bill 332

The Senate Finance Committee amendment to the House Taxation and Revenue Committee substitute for House Bill 332 corrects a drafting error to cite the correct section of law for a reauthorization and inserts four reauthorizations that were submitted and signed by sponsors by the deadline but were inadvertently excluded from the bill.

Synopsis of HTRC Substitute for House Bill 332

The House Tax and Revenue Committee substitute for House Bill 332 reauthorizes 380 capital projects authorized in previous years from various funds. Reauthorizations of capital outlay projects range from changing the administering agency or the original purpose of the project, extending the reversion date, or expanding the purpose of the original project.

This bill contains an emergency clause and would become effective immediately on signature by the governor.

FISCAL IMPLICATIONS

The HTRC substitute for HB332 reauthorizes projects funded with severance tax bonds, the general fund, and other state funds. The reauthorizations of funds contained in the HTRC substitute for HB332 do not require new capacity and are a nonrecurring expense to the general fund, severance tax bonding fund, or other state funds. Any unexpended balances remaining at the end of the fiscal year as designated in the HTRC substitute for HB332 shall revert to the originating Section 3(C) of the HTRC substitute for HB332 provides the balance of appropriations made from the general fund or other state funds to the Indian Affairs Department or the Aging and Long-Term Services Department for a project located on lands of an Indian nation, tribe, or pueblo shall revert to the tribal infrastructure project fund.

SIGNIFICANT ISSUES

Reauthorized projects in the HTRC substitute for HB332 were originally appropriated between 2019 and 2025. Table 1 demonstrates the purpose or purposes for which projects in the HTRC substitute for HB332 are reauthorized:

Table 1. Purpose of Reauthorizations in the HTRC substitute for HB332

Reauthorization Purpose	No. of Projects
Change Agency	8
Change Agency and Extend Time	1
Change Agency; Change/Expand Purpose and Extend Time	6
Change/Expand Purpose	21
Extend Time	283
Change/Expand Purpose and Extend Time	61
TOTAL	380

The number of projects proposed for reauthorization in the HTRC substitute for HB332 is about 10 percent fewer than were included in last year's bill, before gubernatorial vetoes, but exceeds the number reauthorized by the Legislature in 2023 and 2024, when 299 and 253 projects were approved, respectively. The number of reauthorized projects included in the 2023 bill already represented a near doubling of reauthorizations over 2022. Balances on the projects included in the HTRC substitute for HB332 are estimated to total about \$255 million as of the end of the second quarter of FY26. As in past years, the vast majority of reauthorizations were requested for extensions of time. About 43 of the 380 reauthorizations are for statewide projects; the other roughly 337 are for local projects.

The need for expenditure extensions may reflect projects that were not ready to start at the time of appropriation or may have been delayed due to labor and supply shortages and cost escalations. Reauthorization requests from state agencies and higher education institutions require approval by the Department of Finance and Administration before inclusion in the HTRC substitute for HB332. The project sponsor approves local reauthorization requests.

The reauthorization process allowing for a change of purpose or time extension for capital funds without thorough legislative review perpetuates common problems with capital projects, including lack of planning and prioritization, piecemeal funding, and low investment by grantees in

efficiently completing projects.

ADMINISTRATIVE IMPLICATIONS

The state agencies, state institutions, and tribal institutions to which bond proceeds are directed are responsible for monitoring the projects funded within the HTRC substitute for HB332 to ensure compliance with the New Mexico Constitution and laws. The oversight by the agencies includes all financial transactions and reporting

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The HTRC substitute for HB332 relates to House Bill 247, capital outlay changes, and the SFC substitute for SB240, the capital outlay projects bill.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Funds authorized to projects requesting time extensions with 2025 reversion dates would revert to the originating funds. Funds for projects requesting reauthorization for a change of purpose or change of agency are unlikely to proceed and would revert at the date specified in the previous legislative authorization.

CC/AO/hg/dw