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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 114

**SHORT TITLE:** Investment Ownership of Residential Property

**SPONSOR:** Pope

**LAST ORIGINAL**  
**UPDATE:** \_\_\_\_\_ **DATE:** 1/26/2026 **ANALYST:** Ortega

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact		Recurring	Choose an item.

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency or Agencies Providing Analysis

Educational Retirement Board  
Public Employees Retirement Association  
Mortgage Finance Authority

#### Agency or Agencies That Were Asked for Analysis but did not Respond

New Mexico Attorney General

#### Agency or Agencies That Declined to Respond

Administrative Office of the Courts

## SUMMARY

### Synopsis of Senate Bill 114

Senate Bill 114 (SB114) would prohibit single-family residential property from being purchased by hedge funds, private equity firms, corporations, and other businesses.

## FISCAL IMPLICATIONS

This bill does not appropriate state funds or generate revenue for the state. Because the bill does not assign responsibility for monitoring or enforcement to any agency, there is no direct fiscal impact on the operating budgets of the agencies submitting analysis.

The Public Employees Retirement Association (PERA) states:

Currently, PERA's investment portfolio is diversified based on the strategic goals of the board of the Public Employees Retirement Association. The language could potentially impact PERA's investments, however, the intent of the legislation would need to be clarified to determine any potential impact.

## SIGNIFICANT ISSUES

Similar legislation has been proposed in other states. For example, in 2025, New York enacted Assembly Bill A3009C, restricting certain institutional investors from purchasing one- and two-family homes and imposing waiting periods. Additionally, the Protect the Dream Act, introduced by the Georgia legislature would limit additional home purchases by businesses owning more than 25 homes in a county. At the federal level, a January 2026 executive order titled "Stopping Wall Street from Competing with Main Street Homebuyers," directed federal agencies to explore actions to limit large investor participation in the single-family housing market. These measures generally seek to address housing affordability and supply constraints by limiting competition from institutional investors in residential real estate markets.

SB114 does not specify which entity would be responsible for monitoring or enforcing the prohibition on certain purchases of single-family residences. The bill does not identify whether enforcement authority would rest with a particular state agency, local law enforcement, or through a private right of action. It also does not establish what cause of action may be brought for violations, whether civil or criminal penalties would apply, or whether there are limits on liability, damages, or recovery. Additionally, implementation and enforcement could require further statutory or regulatory development.

The bill also does not define key terms, including "corporation," "other business," or "single-family residence." Without definitions, disputes could arise regarding the scope of covered entities and transactions. For example, it is unclear whether affiliated entities acting in concert would be treated as a single purchaser, or whether certain arrangements benefiting individual or family occupants could qualify for exceptions. This ambiguity may increase the likelihood of litigation and complicate compliance determinations.

PERA questions whether SB114 applies to the state's retirement funds and investment agencies. PERA notes it is unclear "whether PERA, PERA's investment managers, or funds, or businesses in which PERA invests are considered a 'hedge fund, private equity firm, corporation or other business.'" Further, PERA anticipates potential enforcement and state and federal constitutional issues:

If the language is intended to apply to PERA, or other investment agencies within New Mexico, PERA is uncertain how this legislation would be enforced on global corporations or hedge funds that are not subject to the law of New Mexico. Further analysis is advisable on whether issues exist under the Interstate Commerce Clause of the United States Constitution.

Additionally, Article XX, Section 22, of the New Mexico Constitution provides in part that the PERA Board is empowered with the "...sole and exclusive fiduciary duty and responsibility for the administration and investment of the trust fund..." If the legislation is intended to regulate the investment decisions of the PERA board, the legislation may face constitutional scrutiny.

According to the Mortgage Finance Authority (MFA), SB114 could limit competition from institutional investors who often outbid individual homebuyers and discourage absentee ownership. The bill could also reduce speculative investment in residential properties which can lead to inflated prices and housing bubbles. However, MFA also identifies potential drawbacks to placing limits on institutional buyers. For example, reduced demand could lead to lower home prices, negatively impacting homeowners looking to sell or refinance. Because institutional buyers often convert purchased homes into rentals and may fund new housing developments, SB114's prohibition might worsen supply issues and potentially increase rental prices. It may also prohibit nonprofit corporations from investing in affordable housing. Determining compliance and identifying prohibited entities may require additional resources and regulatory oversight, which could be a cost to the state.

## **TECHNICAL ISSUES**

There are no definitions, which raise multiple questions of interpretation and scope as indicated in “Significant Issues” above. In particular, SB114 does not indicate who would be responsible for monitoring or enforcing the prohibition.

AO/cf