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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 177/aSTBTC

**SHORT TITLE:** General Fund Transfers to Other Funds

**SPONSOR:** Sen. Muñoz/Rep. Dixon

**LAST ORIGINAL**  
**UPDATE:** 2/17/2026      **DATE:** 2/9/2026      **ANALYST:** Rodriguez/Francis

### APPROPRIATION\* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$1,032,000.0	Nonrecurring	General Fund

\*Amounts reflect most recent analysis of this legislation.

### REVENUE\* (dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
Transfer		(\$120,000.0)	(\$50,000.0)			Nonrecurring	General fund
Transfer		\$9,000.0				Nonrecurring	Outdoor equity grant program fund
Transfer		\$111,000.0				Nonrecurring	Research, development, and deployment fund
Transfer			\$20,000.0			Nonrecurring	Site readiness fund
Transfer			\$10,000.0			Nonrecurring	JTIP fund
Transfer			\$20,000.0			Nonrecurring	LEDA fund

Parentheses indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

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

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EDD/Program Support	No fiscal impact	\$360.0	\$360.0	\$720.0	Recurring	General Fund
EDD/TIO	No fiscal impact	\$429.0	\$429.0	\$858.0	Recurring	General Fund
<b>Total</b>		\$789.0	\$789.0	\$1,578.0		

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriation Act as amended by the Senate

### Sources of Information

LFC Files

Agency or Agencies Providing Analysis

State Investment Council  
 Economic Development Department  
 Higher Education Department  
 University of New Mexico

Agency or Agencies That Were Asked for Analysis but did not Respond  
 Department of Finance and Administration

## SUMMARY

### Synopsis of STBTC Amendment to Senate Bill 177

The Senate, Tax, Business and Transportation Committee (STBTC) amendment to Senate Bill 177 (SB177) removes an appropriation of \$60 million from the general fund to the Department Finance and Administration (DFA) for expenditure in FY27 through FY29 for public safety initiatives.

The removal of the \$60 million appropriation reduces the total appropriation amount in SB177 to \$1.032 billion.

### Synopsis of Original Senate Bill 177

Senate Bill 177 (SB177) appropriates \$1.092 billion from the general fund to various agencies for various economic development expenditures. Appropriations are for a three-year period, FY27 through FY29, and any unexpended funds after FY29 revert to the general fund.

SB177 also transfers \$170 million from the general fund to various funds—split between \$120 million in FY26 and \$50 million in FY27.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

#### Appropriations in SB177

Purpose	Amount (in thousands)	Agency
Advanced energy industry innovation hub and studio	25,000.0	EDD
Grants for advanced energy startups, trade advocacy, federal grant matching funds, workforce training, recruitment/retention, national laboratory opportunities	37,500.0	EDD
Defense technology, bioscience, and aerospace innovation hub and venture studio	30,900.0	EDD
National security research and infrastructure: Wireless technology hub	9,000.0	NMIMT
National security research and infrastructure: Energetic materials research and testing center	7,000.0	NMIMT
National security research and infrastructure: Robots and three-dimensional printing	2,000.0	UNM
National security research and infrastructure: Advanced lab equipment and cryogenic infrastructure	8,000.0	UNM
National security research and infrastructure: Advanced biomedical research equipment	5,000.0	UNM
National security research and infrastructure: AI and quantum computing upgrades	5,000.0	UNM
National security research and infrastructure: Physical sciences laboratory and	16,000.0	NMSU

equipment		
Federal genesis mission opportunities for AI and quantum	118,000.0	EDD
Quantum benchmarking initiative: Federal matching funds for DARPA	49,300.0	EDD
Quantum computing testbed: Federal matching funds for testbed	114,000.0	EDD
Encourage quantum related startups, advocacy, matching grants, workforce training, national laboratory opportunities, recruitment, and retention	37,500.0	EDD
Grants for science and technology small businesses	34,800.0	EDD
Innovation hub for entrepreneur work and laboratory space	60,000.0	EDD
Technology innovation prizes	21,000.0	EDD
Healthy food financing program	6,000.0	EDD
Trails+ grant program	30,000.0	EDD
Indigenous film festival	9,000.0	EDD
Quantum and advanced energy faculty endowments: Faculty endowments for quantum and advanced energy	60,000.0	EDD
Quantum and advanced energy faculty endowments: Research teams and labs for endowments for quantum	45,000.0	EDD
Quantum and advanced energy faculty endowments: Research teams and labs for endowments for advanced energy	24,000.0	EDD
Research assistant positions at the Center for Quantum Information and Control	3,000.0	EDD
Advanced technology workforce training	9,000.0	EDD
Advanced energy pilot project grants	20,000.0	EDD
Account manager positions for target sectors	6,000.0	EDD
Quantum New Mexico Institute at UNM	135,000.0	EDD
Science, technology, engineering, art, and mathematics initiatives	18,000.0	EDD
Marketing and promotion	75,000.0	EDD
New Mexico Partnership	6,000.0	EDD
New Mexico Bioscience Authority	6,000.0	UNM
Public safety initiatives	60,000.0	DFA
<b>Total Appropriations</b>	<b>1,092,000.0</b>	

**General Fund Transfers in SB177**

<b>Fund</b>	<b>Amount (in thousands)</b>
Outdoor Equity grant program fund	9,000.0
Research, development and deployment fund	111,000.0
Site readiness fund	20,000.0
Development training fund (Job Training Incentive Program)	10,000.0
Local Economic Development Fund	20,000.0
<b>Total Transfers</b>	<b>170,000.0</b>

**FISCAL IMPLICATIONS**

The appropriations totaling \$1.032 billion contained in this bill are considered a nonrecurring expense to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services and those services perform well, create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

The transfer of \$170 million contained in the bill is a nonrecurring reduction in general fund revenue and a corresponding increase in other funds.

The analysis anticipates the Economic Development Department (EDD) requiring additional procurement and financial staff to administer the appropriations. The analysis estimates an additional three FTE at a cost of \$120 thousand each, including salary and benefits. EDD would also require additional staff in the Technology and Innovation Division (TIO) to oversee the additional programming, grant administration, and general administration of the funding proposed in SB177. The analysis estimates an additional 3 FTE at TIO at a cost of \$143 thousand each, including salary and benefits.

## SIGNIFICANT ISSUES

**Best Practices for Economic Development Funding.** Economic development research offers insights into what are the most effective strategies to support sustainable development. More effective programs are those that provide high quality public services that support business development, such as small business advice, customized training, and workforce development programs. Further, successful economic development tends to avoid focusing on a single industry.

**Strategic Vision.** While funding in SB177 is not directly tied to any specific plan, many of the appropriations are tied to EDD’s strategic plan from 2021. However, the State Investment Council (SIC) notes that distributing funds across multiple entities may increase the risk of misalignment with the overall strategy and long-term vision, as there may be no single director or authority coordinating all state efforts in this technology “moonshot.” They also state an expectation that some entities may perform less effectively than others in executing certain aspects of the initiative.

**Change in Executive Administrations.** SIC states “there is an unavoidable risk” that spreading funding across three fiscal years, which will occur across two executive administrations, differing visions in leadership, could lead to a lack of coordination.

**Reporting.** Except for funding appropriated to existing programs that have reporting requirements, SB177 does not include reporting requirements. The Higher Education Department (HED) also notes that clear reporting expectations, particularly related to workforce outcomes, enrollment impacts, research capacity, and credential attainment, may be necessary to support legislative oversight and evaluation of return on investment.

**Quality Control and Safeguards.** Except for funding appropriation to existing programs, SB177 does not include quality control or safeguards. As noted by SIC, the large amount of funding proposed in SB177 will result in a wide variety of entities receiving funding. It therefore may be likely that some funding may be awarded to unqualified and ineffective groups. SIC notes:

As with start-up ecosystems, high profile failures or ineffectual investments can actually be damaging to long-term prospects for the success of the broader effort, from both financial and reputational perspectives. For this reason, we would emphasize the importance that EDD and the various boards of regents ensure proper quality controls and

safeguards be established to ensure dollars are deployed effectively for targeted, maximum impact.

**Capacity to Handle Funding.** As noted by the University of New Mexico (UNM), many institutions cannot handle such large investments. UNM notes that although there are existing processes to handle the additional funding proposed in SB177, the institution would still need to develop additional mechanisms to expedite funding for rapid execution.

**Faculty Endowments.** A 2024 LFC evaluation on endowment programs found that HED struggled to fully deploy endowment funding to hire more faculty and expand programs. The evaluation found that endowment appropriations take longer to implement than direct appropriations. Higher education institutions note it takes a year to set up, generate investment earnings, and support newly recruited faculty. Although endowments cannot immediately boost capacity, the envisioned capacity growth from these endowment appropriations has not yet materialized three years after the first round of endowment funding was appropriated (July 2022). This ultimately means delayed benefits to New Mexico’s faculty, students, and labor market.

Additionally, faculty endowment funding is appropriated to EDD in SB177, who, in recent years, has not overseen or administered endowment funding. It is unclear if the agency has the institutional knowledge to effectively administer endowment funding.

**Higher Education Funding Oversight.** HED notes that many appropriations in SB177 are appropriated to EDD that normally fall under the preview of HED. For example, funding for faculty endowments, research assistant positions, advanced technology workforce training, and the Quantum New Mexico Institute are typically appropriated to HED. HED notes these initiatives are closely tied to higher education governance, academic workforce development, and institutional research capacity, which are areas in which HED has stated “they have statutory expertise and existing administrative capability”. Assigning these responsibilities to HED may create misalignment with established higher education oversight and coordination functions.

HED also notes that SB177 directs substantial appropriations to various higher education institutions without an explicit coordination mechanism among institutions or with a statewide higher education strategy. While higher education institutions retain autonomy over their programs, HED argues the absence of consultative language may limit opportunities to reduce duplication, align workforce training efforts, and ensure consistency with statewide goals.

HED also notes the agency could provide value in a limited advisory or coordinating capacity. HED’s involvement could help support alignment across institutions, reduce duplication of effort, and ensure consistency and accountability with existing statewide higher education and workforce strategies. HED notes that inclusion of consultative language recognizing HED’s role could strengthen statewide alignment while preserving institutional autonomy and existing fiscal control structures.

**Research Positions.** As noted by UNM, the hiring timeline for research assistants could be inconsistent with the expenditure requirements in SB177. For example, UNM notes that most hires negotiated in FY27 would have a start date beginning in FY28. Funding for those hires and the related start-up packages would normally be spent over three years, which would extend funding beyond FY29. Additionally, UNM notes that start-up funds for new hires normally have

fewer restrictions than the ones proposed in SB177. UNM notes that broadening the use of such funding is important for attracting candidates and for being able to spend the funds in the three-year window.

**Construction Costs.** UNM notes SB177 could benefit from additional language clarifying if funds can be used for planning. The institution notes that planning for large renovations, new facilities, and major pieces of equipment typically costs around 2 percent of the final costs. UNM notes SB177 could benefit from language clarifying if appropriations could be used for such purposes.

**Operational and Personnel Expenses.** UNM notes SB177 would benefit from language clarifying if funds can be used for operational and personnel expenses. The institution notes that massive statewide efforts require an investment in personnel to manage the projects, coordinate partners, operate facilities, and maintain them. SB177 does not explicitly allow receiving entities to utilize funding for operational expenses.

## ADMINISTRATIVE IMPLICATIONS

As noted in the Fiscal Impact, SB177 would increase the administrative responsibilities at EDD, who would be responsible for overseeing many of the appropriations and transfers in SB177. EDD analysis states the agency would need at least six additional FTE, including three FTE at the Technology and Innovation Division and three FTE in program support to oversee the additional financial responsibilities.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB177 relates to many appropriations in the General Appropriation Act as amended by Senate. Related appropriations in the GAA include:

Related Nonrecurring Appropriations in the 2026 General Appropriation Act (in thousands)		
EDD	TIO account managers	\$500.0
	Time on the cloud for quantum computing	\$10,000.0
	DARPA quantum benchmarking initiative	\$49,300.0
	Grants for small businesses, entrepreneurs, start-ups, and research and development	\$11,600.0
	Endowed faculty positions	\$10,000.0
	Innovation hubs	\$15,000.0
	Open user facility for applied quantum information science research	\$38,000.0
	Quantum New Mexico Institute	\$3,000.0
	Research, development, and deployment fund	\$110,000.0
	Space commission working group	\$200.0
	Technology innovation prize program	\$1,000.0
	Healthy food financing program	\$2,000.0
	Trails+ grant program	\$10,000.0
	New Mexico Partnership	\$2,000.0
Outdoor Equity grant program	\$3,500.0	
PED	STEAM initiatives	\$3,000.0
	STEAM network	\$3,000.0
UNM	High-performance computing and AI/quantum bioscience expansion	\$5,000.0
	Advanced biosensing, neurotech, and genomics	\$5,000.0

	equipment	
	Quantum materials and cryogenics infrastructure	\$8,000.0
	Robotics and 3D-printing training facility upgrades	\$2,000.0
NMSU	Equipment for the Physical Sciences Laboratory	\$16,000.0
	Munitions aging and reliability testing facility	\$7,000.0
NM Tech	Supercomputing challenge	\$210.0
	Wireless technology hub	\$9,000.0
CNM	Related workforce training	\$6,000.0
<b>Total</b>		<b>\$330,310.0</b>

## TECHNICAL ISSUES

**SIC Coordination.** As noted by SIC, Sections 6-8, 10-13, and 15 of SB177 could benefit from language clarifying that appropriations should be “coordinated with the state investment council’s venture capital investments.”

**Advanced Energy Definition.** As noted by SIC, SB177 could benefit from a more thorough definition of “advanced energy”. SIC notes the definition should include a reference to greenhouse gas emissions, as opposed to its current definition of “technologies for cleaner and more efficient energy production than fossil fuel technology”. Defining “advanced energy” in terms of greenhouse gas emissions keeps the focus on what many deem to be most important.

## OTHER SUBSTANTIVE ISSUES

**Quantum Information Science and Engineering.** UNM’s analysis highlights the opportunity of quantum development in New Mexico. UNM notes the institution and New Mexico’s national laboratories have built nationally leading expertise and facilities in quantum science, advanced materials, fusion, and aerospace defense, supported by over 300 specialists and unique research centers. Advances in quantum computing, artificial intelligence, and high-performance computing are enabling breakthroughs in materials, energy, security, medicine, and industry, with quantum technologies offering faster, more efficient solutions and new sensing and communication capabilities. UNM argues that with growing federal investment, industry relocation to New Mexico, strong technician training programs, and state venture funding, New Mexico is well positioned to diversify and grow its high-tech economy.

**Bioscience Authority.** UNM’s analysis includes a summary of the New Mexico Bioscience Authority. UNM notes the authority was created in 2017 as a public-private partnership and established to help the state capture more economic benefits from its growing bioscience sector. UNM notes that nationally, bioscience is a major economic driver, contributing about \$3.2 trillion to the U.S. economy, with employment growing more than twice as fast as the overall private sector and wages nearly double the national average. However, despite the state having the foundational assets to grow and attract bioscience companies, New Mexico lags behind peer states in bioscience commercialization, company formation, and industry scale.

UNM notes that the Bioscience Authority does not consistently receive stable and ongoing funding, which impacts its ability to deliver meaningful, statewide programming. UNM argues SB177 would provide the authority with funding to expand programming to support bioscience companies.

**State Investment Council and Venture Capital.** As noted by SIC, since 2022, SIC has

committed \$1.8 billion to venture capital managers, who are focused on investments in deep-tech strategies emerging in our state. SIC notes SB177 could result in positive growth if there is good alignment with our existing and ongoing investments and partnerships that have been created with truly experienced and qualified groups with established domain expertise and long track records of proven success.

JR/dw/hg/sgs/cf