

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment
Correction Substitute

Date 1/24/2024

Bill No: HB 188

Sponsor: K. Ortez
Short
Title: LAND GRANT REVIVING

Agency Name
and Code
Number: Department of Finance and
Administration-341

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	\$8,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 188 (HB188) amends the Land Grant Support Act, amends the Land Grant-Merced Assistance Fund and appropriates \$8 million to create a new Land Grant-Merced Revolving Land Fund (land fund), which will make loans to qualified land grant-merced for the purchase of real property. The bill defines real property as land, improvements, water rights, mineral rights and right-of-way easements. The land fund will be administered by the Land Grant Council (Council) which is administratively attached to the Department of Finance and Administration (DFA).

HB188 requires the Council to create a rule to establish an application process, terms, conditions, and interest rates for loans made from the fund. The bill provides the Council will establish interest rates no less than 2 percent per year or no more than 4 percent per year. The Council will also establish a loan repayment schedule of no less than 10 years or no more than 40 years with no penalty for early repayment of a loan. The bill allows the Council to accept capital outlay appropriations towards repayment of the loan.

HB188 states that the total of unpaid loans from the land fund shall not exceed 25 percent of the total amount of money appropriated or accrued to the land fund. Further, a land grant shall not be eligible for a loan from the fund when its resulting total debt service to the land fund exceeds 45 percent of its annual budget averaged over the previous 5 fiscal years.

HB188 specifies that land purchased in whole or in part with the funds from the land fund will be perpetually held in trust by the board of trustees of the land grant purchaser for the benefit of the land grant heirs. The bill indicates the land shall be held as a non-transferrable asset; however, the land may be exchanged for land of other government entities.

HB188 requires the Council to notify the state treasurer and DFA of any payments in arrears. The state treasurer shall subtract the lessor of 45 percent of the distribution, or the amount of payment owed from that land grant-merced from the distribution and distribute the subtracted amount.

The bill also amends the reversion language of the assistance fund to revert to the land fund rather than the general fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted

FISCAL IMPLICATIONS

HB188 appropriates \$8 million from the general fund to a land grant land fund for expenditure in fiscal year 2025 and subsequent fiscal years. Any unexpected or unencumbered balance remaining at the end of the fiscal year shall not revert to the general fund. This appropriation does not have an expiration date.

SIGNIFICANT ISSUES

HB188 creates a loan-based fund specific to land grant-mercedes. It is unknown how the number of land grant-mercedes could qualify for a loan as determined by the Council. Further, it is unclear if the qualified land grant-mercedes have the capability of receiving and managing a long-term loan and accounting for such funds per generally accepted accounting principles and procedures.

DFA continues to gain experience in implementing similar programs and manage fund proposed under HB 188 based on distributing loans to “jump-start the rebuilding of public infrastructure such as roads, bridges, and acequias, and are not available to individuals who are covered under the Hermit’s Peak Calf Canyon Assistance Act” through SB6-Hermits Peak-Calf Canyon Fire Recovery Funds passed during the 2023 legislative session.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

HB188 requires the Council to develop and implement new rules to administer and manage the land fund. Since the Council is administratively attached to DFA, DFA in concert with the Attorney General’s Office will have a large role in developing and implementing rules for the land fund. Further, DFA will be charged with managing all long-term loans approved by the Council.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS