

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{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 1/22/2024

Bill No: SB 116

Sponsor: M. Hickey Agency Name and Code: Department of Finance and Administration-341
Short Title: TOBACCO FUND IS NOT A RESERVE FUND Person Writing: Delgado L.
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(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

Synopsis: Senate Bill 116 (SB 116) amends Section 6-4-9 NMSA 1978 to read as follows: “The "tobacco settlement permanent fund" is created in the state treasury. The fund is not a reserve fund of the state.”

SB 116 changes the Tobacco Settlement Permanent Fund to a non-reserve fund.

FISCAL IMPLICATIONS

Under current law, the Tobacco Settlement Permanent Fund (TSPF) is considered a reserve fund of the state. The audited financial ending balance for the TSPF for FY23 is \$330.8 million. FY23 total general fund reserve ending balances as a percent of recurring appropriations were 47.3% or \$3 billion. Removing TSPF as a reserve fund in FY23 would have reduced total general fund ending reserve balances from 47.3% to approximately 43.4%. This is a 4% reduction in reserve balances. DFA estimates that for FY25, SB116 would also have an approximate 4% reduction in reserves.

Additionally, if the TSPF is not considered a reserve fund, the State Investment Council (SIC) may be able to adjust its investment strategy and earn a higher rate of return for the fund.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS