

LFC Requester:	Jorgensen
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**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 January 24, 2024
Bill No: SB 159

Sponsor: Campos
Short Title: Higher Education Trust Fund

Agency Name and Code NMICC - 994
Number: _____
Person Writing Vanessa K. Hawker
Phone: _____ **Email** vhawker@hawkerhynson.com

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$959,000.0		N	TSRF

(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 159 (SB 159) creates the higher education trust fund, a nonreverting fund. Any

income derived from the fund is to be credited to the fund. Money in the fund can only be expended as stipulated in SB 159. SB 159 provides that funds must be invested using the Uniform Prudent Investor Act. Quarterly reporting on the investments is required with an annual report to be provided to the legislative finance committee, the revenue stabilization and tax policy committee and any other appropriate interim legislative committee.

SB 159 establishes the distribution rates and frequency. Money in the trust can be expended in the event the any authorized general fund appropriations are insufficient to meet the level of appropriations in the fiscal year. SB 159 establishes the legislative procedures required to expend the trust fund so as to avoid an unconstitutional deficit.

SB 159 creates a higher education program fund to provide money for scholarships for tuition and fees as provided by statute. Any unexpended or unencumbered balance shall revert to the higher education trust fund.

SB 159 amends Section 6-5-2.2 NMSA 1978, the general fund tax stabilization reserve, transferring \$959,000 million from the tax stabilization reserve to the higher education trust fund.

FISCAL IMPLICATIONS

SB 159 appropriates \$959,000 from the tax stabilization reserve fund to the higher education trust fund.

SIGNIFICANT ISSUES

New Mexico has established the legislative lottery scholarship and the opportunity scholarship. The legislative lottery scholarship was created to be funded by a transfer of lottery proceeds. When lottery proceeds have not kept pace with the cost of the legislative lottery scholarship costs, either the legislature has appropriated additional funds to the legislative lottery program or the scholarships themselves have been reduced.

Upon its inception, the opportunity scholarship has been funded with general fund appropriations. As the opportunity scholarship has been implemented, the cost of awarding tuition and fee scholarships to the students who qualify has been funded by the general fund.

Establishing a higher education trust fund which can be used to provide money for scholarships for tuition and fees as stipulated in statute can relieve pressure from the general fund, potentially resulting in more stable funding streams.