

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 2.1.2024

Bill No: SB 259

Sponsor: Gerald Ortiz y Pino Agency Name and Code: 41900 Economic Development Department
Short Title: FUNDS FOR NONPROFITS FOR CAPITAL OUTLAY Number: _____
Person Writing: Sam Collins
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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 259 (SB259) amends the Statewide Economic Development Finance Act to enable the New Mexico Finance Authority to provide loans and grants to nonprofit organizations for capital outlay projects.

The bill also creates the Capital Outlay Trust Fund (fund) and specifies that a distribution of one million dollars (\$1,000,000) shall be made every fiscal year on July 1, beginning July 1, 2025, from the fund to the Economic Development Revolving Fund. The bill amends statute to allow funds in the Economic Development Revolving Fund to be used to make loans and grants for capital outlay projects.

FISCAL IMPLICATIONS

No fiscal implications for the Economic Development Department.

SIGNIFICANT ISSUES

EDD understands that capital outlay has a significant economic impact in the state but that many projects are never completed, and the funds not spent.

The primary issue with the proposed legislation is that it inserts nonprofits into the middle of the capital outlay process. These nonprofits are not state or municipal entities and therefore do not necessarily have critical controls (e.g. financial audits) in place to protect public funds. The bill would allow the nonprofit to hold title to any real property purchased which creates a risk that public funds are being used to fund impermissible purchases. Additionally, this bill would seem to violate the New Mexico anti-donation clause of the New Mexico Constitution.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

No administrative implications for the Economic Development Department.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS