FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 48

SHORT TITLE: State Fairgrounds District Bonds

SPONSOR: Stewart

LAST UPDATE: ______ **ORIGINAL DATE:** 1/24/26 **ANALYST:** Torres

REVENUE*
(dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
Bond Proceeds	$92,000.0					Nonrecurring	State Fairgrounds District Funds
Debt Service Payment		About ($6,700.0)	About ($6,700.0)	About ($6,700.0)	About ($6,700.0)	Recurring	State Fairgrounds District Funds

Parentheses indicate revenue decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
New Mexico Attorney General
State Board of Finance
New Mexico Finance Authority
Expo New Mexico

SUMMARY

Synopsis of Senate Bill 48

Senate Bill 48 (SB48) authorizes and approves the issuance of revenue bonds by the State Fairgrounds District pursuant to the State Fairgrounds District Act. The bill permits the district to issue bonds up to $92 million in net proceeds.

The bonds are to be secured by all or a portion of the state gross receipts tax (GRT) distribution and the gaming tax distribution attributable to economic activity within the State Fairgrounds District and distributed pursuant to Section 7-1-6.73 NMSA 1978. The pledged revenues are dedicated to repayment of principal and interest on the bonds issued by the district.

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.

FISCAL IMPLICATIONS

SB48 does not appropriate funds directly from the general fund; however, it authorizes bonding against the long-term dedication and diversion of state-levied gross receipts and gaming tax revenues that would otherwise flow to the general. These revenues were diverted to the district in the 2025 legislation, Senate Bill 481.

The pledge of state-imposed taxes creates an implicit fiscal exposure. In the event pledged revenues underperform, the district may need to extend the repayment period, pledge a higher share of future increments, or limit distributions back to the general fund for an extended duration.

Estimates of proceeds and debt service within the FIR are from the State Board of Finance and cash flow analysis provided to the State Board of Finance by the district. Specifically, the Board of Finance notes:

> The District estimates annual expenditures of about $1.6 million for the Series 2026A bonds, covering debt service and administrative costs, and approximately $5.1 million for the 2026B bonds, totaling $6.7 million in debt service each year.

- The District also projected short-term financing, estimated in December at $1.3 million annually, utilizing tax revenues that will not be committed to debt service.
- These revenues represent sufficient debt service coverage to repay $92 million in bonds
  authorized under SB48.
  - The District estimates a 1.25x debt service coverage ratio for the $92 million bond issuance. Generally, a 1.0x debt service coverage ratio means the issuer (the District) has sufficient revenue to cover debt service payments.

SIGNIFICANT ISSUES

The District may issue bonds only after the following approvals are obtained: (1) the State Board of Finance approves the proposed bond issuance and the district development plan prepared pursuant to Section 6-35-10 of the Act; (2) the State Board of Finance determines the bond proceeds will be used for projects consistent with the development plan and the Act; (3) the State Board of Finance determines the projects will generate sufficient revenues to repay the bonds; (4) the New Mexico Finance Authority approves the Master Indenture and any amendments; and (5) the Legislature approves the bond issuance. SB 48 satisfies the final approval requirement.

Issuance of the bonds will reduce the district’s remaining bonding authority to $408 million. Revenues received pursuant to Section 7-1-6.3 will be irrevocably pledged to repayment of the bonds until they are fully retired and will not be available for any other authorized district purposes.

The New Mexico Finance Authority (NMFA) adds: “the Act tasks the NMFA with reviewing and approving the Master Indenture prior to the Issuance of the Bonds. The NMFA has reviewed the draft Master Indenture and NMFA’s comments have been incorporated into the final form of the Master Indenture. The NMFA will confirm prior to any bond closing that no substantive changes have been made to the approved form of the Master Indenture.”

On December 9, 2025, and December 16, 2025, the State Board of Finance approved the proposed issuance of the Series 2026A bonds ($22,345,000) and the Series 2026B bonds ($67,358,225) and determined the proposed issuance was in furtherance of the approved Phase A and Phase B plans issued by the District and would generate sufficient revenue to repay the bonds.

IT/sgs/dw/sgs