

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 70

SHORT TITLE: Universal Basic Income Pilot Project

SPONSOR: Sen. Soules/Rep. Gurrola

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/2/2026 **ANALYST:** Hilla

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$80,000.0	Nonrecurring	General Fund

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DOH	No fiscal impact	\$330.0	\$330.0	\$660.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Attorney General
 Early Childhood Education and Care Department
 Health Care Authority
 Public Education Department
 Department of Health

SUMMARY

Synopsis of Senate Bill 70

Senate Bill 70 (SB70) appropriates \$80 million from the general fund to the Department of Health (DOH) for a two-year pilot of a universal basic income program. DOH would evaluate the impact of a universal basic income from pregnancy through the first year of life of an infant.

The voluntary program, starting on July 1, 2026, and ending June 30, 2028, will have a control group and a test group for people meeting the qualifications of being pregnant during the time of the program as well as having an income at or below 150 percent of the federal poverty level.

For the test group:

- DOH shall distribute \$1,500/month to each participant throughout the duration of the program,
- Participants will receive home visits from the Early Childhood Education and Care Department (ECECD),
- Participants shall complete surveys and research forms throughout the program, and
- Participants shall attend prenatal care appointments with a health care provider.

Should participants in the test group fail to comply with ECECD's home visitations, DOH's surveys and research forms, or maintain prenatal care appointments, participant will be placed in the control group.

DOH shall report findings on the pilot program to the Legislative Education Study Committee (LESC) no later than December 1, 2028.

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

The appropriation of \$80 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY28 shall revert to the general fund.

This appropriation is not included in the House Appropriations and Finance Committee substitute for the General Appropriation Act.

Additionally, DOH notes a nonrecurring impact to its operating budget of \$330 thousand per fiscal year, for a total three-year cost of \$660 thousand in general fund revenue.

SIGNIFICANT ISSUES

In its analysis, DOH notes, as of 2026, New Mexico was rated as the third-most impoverished state in the nation based on data from the U.S. Census Bureau. The department adds that the state consistently has higher than national average rates of childhood poverty. Approximately 25 percent of New Mexican residents live at or below the federal poverty level, with rural areas in particular lacking adequate healthcare services, which can contribute to limited prenatal care. DOH's *2023 New Mexico Selected Health Statistics*, published in 2025, showed that the proportion of births to residents who received no prenatal care increased to 3.7 percent, the highest since 2019. Residents under age 20 received the lowest levels of prenatal care, followed by those over 40. Low-level prenatal care is defined as care that begins in the third trimester, and includes fewer than five prenatal care visits, or when no prenatal care is received.¹ At the same time, infant mortality in New Mexico reached a record low of 4.6 per 1,000 live births in 2023, a 22 percent decrease from the prior year.¹ This is below the national rate of 5.6 per 1,000 live births in 2022.¹

¹ <https://www.nmhealth.org/data/view/report/3144/>

DOH adds that 33 percent of counties in the state are classified as maternity deserts, or areas with limited or no access to maternal care services, noting that 23.3 percent of birthing individuals in the state receive inadequate prenatal care, compared to the national average of 14.8 percent. The department adds that the New Mexico Maternal Mortality Review Committee found that unemployment was an environmental stressor present for 61 percent of pregnancy-related deaths that occurred between 2015 and 2020. DOH's *2023 Selected Health Statistics Report* shows the maternal mortality rate was 28.1 per 100,000 live births between 2020-2023, though it is important to note that due the relatively small number of maternal deaths in the state each year, even when data is combined over a four-year period, these rates should be interpreted with caution.¹

DOH notes compulsory participation in health services or home visiting can create regulatory and ethical considerations for participants and service providers. As written, SB70 requires subjective, provider-based interpretations of recommended prenatal care for each participating individual. The department notes that evidence nationally and internationally indicates that cash payments during pregnancy have causal impacts on short- and long-term outcomes throughout infancy, childhood, and adulthood.

ECECD notes it may be difficult to coordinate services with all early childhood programs because SB70 prescribes responsibility to DOH. These early childhood programs include exiting home visiting, early intervention services provided by ECECD's Family, Infant, Toddler Program, and infant-toddler childcare. Additionally, ECECD notes, while SB70 requires prenatal care appointments, well-child checks are not required by the bill even though the pilot program would continue for the first year of the child's life.

The Health Care Authority (HCA) mentions that participants with incomes at or below 150 percent of the federal poverty level who are randomly assigned to the test group may lose or lower their eligibility for means-based assistance like Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance For Needy Families (TANF). HCA notes eligibility for some programs could be retained depending on how the universal basic income pilot program is structured. Participants may see their benefits reduced or eliminated for SNAP and TANF depending on household size and number of dependent children. Benefits like the Low-Income Home Energy Assistance Program (LIHEAP) may not be affected if the state were to exercise its statutory discretion to exclude universal basic income when determining LIHEAP eligibility. HCA adds that participants in the pilot program eligible for extended or continuous Medicaid benefits during pregnancy and 12 months after would likely maintain that health insurance eligibility; however, participants not eligible for extended or continuous Medicaid may be deemed eligible if the pilot program were designed so that the monthly payments did not represent compensation for participating in the experiment, such as the required home visits, pre- and post-natal exams, and completion of surveys and interviews.

The Attorney General (NMAG) notes the tax repercussions on participants are unclear, stating it is unknown if they would be classified as contractors, vendors, or employees. Depending on the employee classification, there may be additional tax liabilities that participants would have to pay. To this point, HCA adds that generally for Medicaid benefits, the U.S. Internal Revenue Services has consistently concluded that payments to individuals by government units under legislatively provided social benefit programs for the promotion of the general welfare are not included in a recipient's gross income. For participants to qualify for the general welfare exclusion, payments must be made from a governmental fund, be for the promotion of the

general welfare, and not represent compensation for services. This applies only to governmental payments out of a welfare fund based on the recipient's need and not as compensation for services. ECECD adds it is unclear what happens to participants in the test group if their income changes during the pilot.

Similarly noted by DOH, the Public Education Department (PED) references research showing that early life conditions and socioeconomic status are associated with later academic outcomes in kindergarten through 12th grade settings. PED highlights the link of early interventions like a universal basic income pilot on addressing long-term educational outcomes. Both DOH and PED reference similar pilots in other states in which the pilots evidenced positive affects for educational and strengthened employment and housing. PED states that maternal, infant, and early childhood home visits have the potential to improve the overall health of mothers and children.

HCA notes part of the plan created by DOH should include provisions for if a participant has a miscarriage.

PERFORMANCE IMPLICATIONS

SB70 may improve screening and treatment of early syphilis and prevent congenital syphilis, aligned with DOH's FY25-FY27 strategic plan to reduce early and congenital syphilis.

TECHNICAL ISSUES

NMAG notes, as written, SB70 is unclear on the control group, specifically whether the control group will be paid and how much or will receive home visitation, adding it is unclear what the consequences would be for a testing group participant failing to comply. NMAG adds, while SB70 provides for the start and end of the bill, it does not specify the active pilot program period and what might be required for DOH to establish the pilot. NMAG says, "There are no guardrails on timing for DOH, and it seems possible that payment to the participants may occur for less than even a single year."

NMAG adds the use of "limitations" in Section 1. (D) is confusing, suggesting that phrasing could be changed to "the program shall be subject to the following provisions" as opposed to limitations.

ECECD adds the duration of the program is unclear; the program shall start on July 1, 2026, and end June 30, 2028, and participants shall receive payment for two years, which limits the number of people eligible to enroll in the program. If a pregnant person were to join the study in late 2027 or early 2028, they may not receive the full benefit of the pilot for their pregnancy or the first year of their child's life.

EH/hg/sgs