

LFC Requester:

AGENCY BILL ANALYSIS
2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
[AgencyAnalysis.nmlegis.gov](https://www.legis.state.nm.us/AgencyAnalysis) and email to billanalysis@dfa.nm.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 Prepared 1/17/2025

Bill Number: HOUSE BILL 113

Sponsor: Lujan;
Short Title: ANIMAL WELFARE
PROGRAM AND TRUST

Agency Name
and Code DFA-341
Number:

Person Writing Jeannette Gallegos
Phone: 505-827-4787 Email Jeannette.Gallegos@dfa.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY29	FY30		
(10,000.0)		Nonrecurring	General Fund
10,000.0			Animal Welfare Trust Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		141.4	138.6	280.0	R	GF

(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

House Bill 113 creates the Animal Welfare Program Fund and the Animal Welfare Trust Fund. It allocates \$10 million from the general fund to the Animal Welfare Trust Fund. Starting July 1, 2028, and on July 1 each year thereafter, a distribution shall be made from the Trust Fund to the Animal Welfare Program Fund in the amount equal to five percent (5%) of the average year-end market values of the trust fund for the preceding three calendar years. Starting in FY28, the DFA will start awarding funding to municipalities, counties, or eligible entities for projects that support the welfare of domestic cats and dogs.

Key Provisions:

- Establishes the Animal Welfare Program to fund projects for the welfare of domestic cats and dogs.
- Creates the Animal Welfare Trust Fund and the Animal Welfare Program Fund.
- Allocates \$10 million from the general fund to the Animal Welfare Trust Fund.
- Grants and contracts can be awarded to municipalities, counties, or eligible entities (nonprofits) for projects such as:
 - Controlling stray animals
 - Enforcing animal cruelty laws
 - Reducing shelter intake and euthanasia rates
 - Providing spay and neuter services
 - Caring for animals seized by law enforcement
 - Developing animal welfare education and outreach materials for the public
 - Providing essential resources for animal care to low-income households
- Applications for grants must include project descriptions, expected costs, and completion dates.
- Funds must be spent within two years, with unspent funds reverted to the program fund.
- Annual reports on the program's progress and financials will be submitted to the legislative finance committee.
- The Animal Welfare Trust Fund will be invested, with annual distributions to the program fund starting July 1, 2028.

Duties and Responsibilities:

- **Department of Finance and Administration:**
 - Oversee the Animal Welfare Program, including the competitive review process for project approval.

- Administer the Animal Welfare Program Fund.
- Promulgate rules to administer the program, including procedures for application review, evaluation, and approval.
- Create reporting mechanisms for grantees
- Ensure priority is given to areas with the greatest need for animal welfare projects.
- Evaluate the ability and competence of applicants to complete proposed projects.
- Report annually to the legislative finance committee on the program's progress, including funded projects, funding amounts, and administrative costs.
- Manage the investment of the Animal Welfare Trust Fund in consultation with the state investment officer.
- Ensure funds are spent within two years and manage the return of unspent funds to the program fund.

FISCAL IMPLICATIONS

- Administrative Costs: DFA will incur administrative costs to manage the animal welfare program and provide annual reporting. DFA has not included any administrative cost burden within its base budget for FY26.
- An estimated cost of \$141,362 would be needed to hire one program coordinator at pay band 80, as detailed below.

FTE Cost Detail	
Salary (80)	101,920
Benefits	34,811
ISD Rate	864
HCM Assessment Fee	350
Telecom rate	616
On-Boarding Equipment	2,800
Total FTE Cost	141,362

- Initial Transfer: The bill provides an initial transfer of \$10 million from the general fund to the Animal Welfare Trust Fund, with investment distributions of 5% to the Animal Welfare Program Fund after FY 28.

SIGNIFICANT ISSUES

- HB113 requires DFA to start awarding funding to municipalities, counties, or eligible entities for projects that support the welfare of domestic cats and dogs starting in FY28.
 - Under Article IX Section 14 of the New Mexico State Constitution (Anti-Donation Clause), the state is prohibited from directly or indirectly lending or pledging its credit or making any donation to or in aid of any person, association, or public or private corporation without an explicit exemption.

- Under HB113, non-profit entities are eligible for grants and contracts. However, due to the Anti-Donation Clause, DFA is prohibited from directly or indirectly making grants to non-profit entities.
- Moreover, Article 4 Section 31 of the New Mexico Constitution prohibits appropriations for charitable, educational, or other benevolent purposes to any person, corporation, association, institution or community, not under the absolute control of the state.
- Under HB113, non-profit entities are directly eligible for grants and contracts. It is unclear whether HB113's direct allowance of appropriations from the trust fund to non-profit entities violates Article IV Section 31's prohibition on appropriations for benevolent purposes to entities not under the absolute control of the state.

PERFORMANCE IMPLICATIONS

N/A.

ADMINISTRATIVE IMPLICATIONS

- DFA will have to consult animal welfare experts, as well as develop the knowledge base and expertise at the agency to administer a program related to controlling strays, enforcing cruelty laws, reducing shelter intake and euthanasia, providing spay/neuter services, caring for seized animals, educating the public, and supporting low-income pet owners with essential resources.
- DFA will have to develop a standard grant agreement and application process to administer Animal Welfare Program Fund grants.
- DFA will have to develop rules for allowable expenditures and reporting in accordance with the bill's requirements.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A.

TECHNICAL ISSUES

N/A.

OTHER SUBSTANTIVE ISSUES

N/A.

ALTERNATIVES

Based on the SIC assessment, the return on the investment will be roughly \$500 thousand per year beginning in FY28. An alternative to starting a new trust fund would be an allocation of \$10 million

in GRO funding (\$5 million per year) to pilot a funding model for a statewide Animal Welfare Program. There are roughly 60 animal welfare providers in the state. This would provide approximately \$166 thousand for these entities for animal welfare services.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

N/A.

AMENDMENTS

N/A.