



State of New Mexico

Michelle Lujan Grisham
Governor

September 3, 2025

RE: 2026 Capital Outlay Requests to the Office of the Governor

Dear Tribal and Local Leaders:

I am writing to provide guidance on the process for submitting capital outlay funding request to the New Mexico Governor's Office for consideration during the 2026 legislative session.

Currently, there is approximately \$2.7 billion in outstanding capital outlay funding authorized by the Legislature in 2024 or earlier. This is an increase of \$800M to the balance compared to last year. A majority of these projects received only a portion of what is needed to complete a phase or the entire project. We are committed to working with you to reverse these trends by using available capital funding to support projects that Tribal and local entities are well-positioned to complete.

For my last session as Governor of the great State of New Mexico, my focus is on fully funding existing projects that are submitted to my office with endorsement by the relevant governing body.

The Governor's Office will prioritize funding during the 2026 Legislative Session on project proposals that align with the following criteria:

1. The requested project is included as a top three priority on the entity's ICIP list as a current fiscal year (FY26) or following fiscal year priority (FY27).
2. The requested funding completes the project or completes a useable phase¹ of the project. Planning and design should be complete prior to requesting capital outlay funding.
3. The cost estimate is provided by a certified professional² to ensure that the request is based on reliable information. The entity's request should demonstrate how the estimated project cost was determined and include supporting documentation.
4. Entities requesting funding should clearly demonstrate that they have exhausted all other possible sources of funding for the project. This includes other State funds for which the project is eligible, as well as any applicable federal funding sources.³

¹ "Useable Phase" means a distinct portion of a capital project that, once completed, will meet all applicable safety, operational, and regulatory requirements such that it can be safely and effectively occupied, operated, or used for its intended purpose, even if other phases of the overall project are still to be initiated or completed.

² Prior to requesting capital outlay from the Governor, the local entity needs to work with a qualified professional to determine the cost estimate.

³ The federal government and the State of New Mexico provide many different sources of funding for tribal and local entities to assist with the development and execution of projects. The Department of Finance and Administration (DFA) provides technical assistance and funding navigation services that can assist your entity in receiving necessary assistance and applying for applicable funding for your project. Visit <https://tinyurl.com/4pk37xew> to request this type of assistance from DFA.

5. The entity requesting the capital outlay should demonstrate commitment to the project by contributing the entity's own funding where possible. Capital outlay is not a substitute funding source for local contributions, but rather a source of supplemental funding to advance projects.
6. Renovation and construction project funding request must be at least \$100,000.

For projects that align with the above criteria, further priority consideration will be offered to requests that would:

- a. Increase the affordable or public housing inventory in New Mexico, including housing specifically available to public sector employees
- b. Develop the infrastructure necessary for economic growth, with a preference for project needs identified through the site readiness program at Economic Development Department.
- c. Increase the availability of healthcare services in New Mexico, particularly in rural areas.
- d. Improve facility compliance with state and federal environmental and human health protection requirements, such as drinking water and wastewater facilities.
- e. Improve performance measures and outcomes utilized to rank New Mexico among other states in the areas of public safety, housing, healthcare, and road infrastructure.
- f. Reduce violence and crime and/or increase the availability or effectiveness of public safety personnel in New Mexico.
- g. Increase wildfire and flood resilience and/or support post-disaster recovery efforts that protect communities and infrastructure.
- h. Advance the goals and priorities of the 50-Year Water Action Plan, available at <https://www.nm.gov/water-security-in-new-mexico/>
- i. Enhance the visual beauty of New Mexico while reducing trash and litter; or
- j. Prevent failure of an existing asset or potential liability issues, such as health or safety hazards.

All projects submitted to me for consideration for the 2026 Legislative Session must have a Legislative Council Service (LCS) Web ID number that is generated after submitting the request to the LCS at <https://www.nmlegis.gov/CapitalOutlayWeb/Default>. The LCS will have their request page available until Friday, December 12, 2025.

The form to request capital outlay from me will be available at <https://www.governor.state.nm.us/request-capital-outlay/> from Saturday, November 1 through Monday, December 15.

Thank you for your assistance as my office works to organize and streamline the process to request capital outlay. If you have questions about capital outlay, please reach out to Jesse Guillen, Infrastructure Policy Coordinator, at jesse.guillen@dfa.nm.gov, 505-538-5114.

Sincerely,


Governor Michelle Lujan Grisham

cc: Secretary Wayne Propst, Department of Finance and Administration
Secretary Josett Monette, Department of Indian Affairs
Director Charles Sallee, Legislative Finance Committee