New Mexico
Department of Finance
and Administration

Infrastructure Planning
and Development Division

Michelle Lujan Grisham
Governor

Wayne Propst
Cabinet Secretary

Wesley Billingsley
Division Director

August 26, 2026

Dear State Agency / Local Entity,

The New Mexico Department of Finance and Administration (DFA) is writing to notify state agencies and local entities of an important deadline affecting capital outlay appropriation(s) which is set to revert on **June 30, 2027**.

Under House Bill 247 (2026), capital outlay appropriations that are set to expire June 30, 2027, will be frozen and unavailable if (1) the entity has not encumbered at least 10% of the appropriation amount through an approved NOO by January 1, 2027, and (2) the appropriation is not eligible for reauthorization. Appropriations are only eligible for reauthorization if they have not already been reauthorized and have encumbered at least 10% of the appropriation by January 1, 2027.

Please bear in mind that if the local entity has not encumbered/expended the minimum 10%, the local entity is currently not in compliance with the terms of their grant agreement, which requires the expenditure of 5% of the appropriation within six months and 85% within six months of the reversion date.

The **spreadsheet attached to this email** can be filtered by the state agency or local entity to see which appropriations are affected.

Grantee Responsibilities

If Seeking Reauthorization

What You Need to Do: To qualify for reauthorization, the local entity must submit a Notice of Obligation demonstrating *at least 10% encumbrance* of the total appropriation amount for each project listed in the attached spreadsheet. The entity should work with their oversight agency to determine the date by which the encumbrance must be submitted in order for the oversight agency to properly log the encumbrance.

If the 10% encumbrance threshold is not met, the appropriation *will not be eligible for reauthorization* and the account will be frozen. If the account is frozen, the state agency or local entity will be unable to encumber any funds or receive reimbursement for any expenditures.

You must ensure that a valid encumbrance is in place and submitted on time in order to be fully documented by the oversight agency by January 1, 2027.

If Not Seeking Reauthorization

If the state agency or local entity will not be seeking a reauthorization and expect to expend the appropriation prior to the **June 30, 2027** reversion date, an encumbrance or expenditure of *any amount* must be made on the appropriation by **January 1, 2027**, or the account will be frozen. If the account is frozen, the state agency or local entity will be unable to encumber any funds or receive reimbursement for any expenditures.

If the local entity is not seeking a reauthorization and does not expect to encumber the required 10% of the funds before the reversion date, the entity should inform the oversight agency of this intention by January 1 of the reversion year so that the available funds can be reappropriated by the legislature.

DFA strongly encourages the entity to begin the encumbrance and Notice of Obligation submission process as soon as possible to avoid losing access to these funds. If you have questions about how to submit a Notice of Obligation, or about what qualifies as an eligible encumbrance under HB 247, please don't hesitate to reach out.

Oversight Agency Responsibilities

Oversight agencies should forward this letter and the spreadsheet to all affected entities for which the agency issues grant agreements.

The oversight agency(ies) must receive the valid encumbrance by December 15, 2026, or earlier, as determined by the oversight agency, to enter the encumbrance in SHARE before the January 1, 2027, deadline. Higher education institutions that don't utilize SHARE shall submit a valid contract to the Higher Education Department that shows the minimum encumbrance percentage has been met.

For more information about House Bill 247 (2026), please see the bill text. Recordings of informational sessions held by DFA on the impacts of House Bill 247 can be found here.

These notifications will be sent on the 1st and 15th of every month beginning September 15, 2026, through the end of the year as long as any reverting appropriations remain without sufficient encumbrances/expenditures. If you have any questions about the appropriations included, please contact Jesse Guillen, Bureau Chief for Capital Planning and Policy (Jesse.Guillen@dfa.nm.gov, 505-538-5114)

Sincerely,

Wesley Billingsley

Wesley Billingsley
Division Director – Infrastructure Planning and Development Division
New Mexico Department of Finance and Administration