



State of New Mexico

Michelle Lujan Grisham
Governor

September 20, 2024

RE: 2025 Capital Outlay Requests to the Office of the Governor

Dear Local and Tribal Entities,

We are reaching out to provide guidance on the process for requesting capital outlay funding from the Governor's Office for the 2025 legislative session.

As you may be aware, approximately \$1.9 billion in outstanding capital outlay funding is from funding authorized by the Legislature in 2023 or earlier. A majority of these projects received only a portion of what they needed for a project or a complete phase of a project. We are committed to working with you to reverse this trend by using available capital funding to support projects that Tribal and local entities are well-positioned to complete.

The Governor's Office will carefully consider the following aspects of proposals submitted for the 2025 Legislative Session:

1. The requested project is included as a top three priority on the entity's ICIP list as a current fiscal year or following fiscal year priority.
2. Entities requesting funding should 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. The entity requesting the capital outlay should demonstrate commitment to the project by contributing the entity's own funding to the project where possible. Capital outlay is not a substitute funding source for local contributions.
4. Funding requests of at least \$100 thousand.

Priority consideration will be offered to requests that:

- a. Complete a project or a phase of a project;
- b. Increase the affordable or public housing inventory in New Mexico, including housing specifically available to public sector employees;
- c. Increase 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. Reduce violence and crime and/or increase the availability or effectiveness of public safety personnel in New Mexico; or
- f. Enhance the visual beauty of New Mexico while reducing the creation and accumulation of trash and litter.

In the 2024 Legislative Session I signed two new funding streams into law, both of which provide additional sources of state funding that tribal and local entities can explore as you work to fully fund projects. The first, the Capital Development Program Fund, was established through [HB 253](#) and provides construction funding for projects with a total cost of less than \$5 million and for planning and design of any project. This fund, with up to \$24 million in funding for the first year, will be available beginning January 1, 2025.

The second, the NM Match Fund, was established through [HB 177](#) and provides a new source for matching grants to leverage federal funding for a wide range of projects, including capital projects. We encourage you to fully explore federal grant and low-interest loan programs to fund your project, along with the NM Match Fund if applicable. For more details and to apply for a matching grant, visit <https://www.nmdfa.state.nm.us/nmmatchfund/>.

Tribal and local entities seeking funding for capital projects should look to existing federal and state funding programs, including these two new state funds, if applicable, before seeking capital outlay.

All projects submitted to me for consideration for the 2025 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 13.

The form to request capital outlay from me will be available at <https://www.governor.state.nm.us/request-capital-outlay/> from Thursday, October 17 through Friday, December 20.

Thank you for your assistance as my office works to organize and simplify the process to request capital outlay. My staff listed below are available to provide guidance and assistance with this process as needed. Please don't hesitate to reach out to them.

For questions related to capital outlay and the Capital Development Program Fund:

Jesse Guillen, Legislative Liaison
jesse.guillen@exec.nm.gov, 505-695-5793

For questions related to the New Mexico Match Fund:

Denise Gonzales, Infrastructure Program Coordinator
denise.gonzales@exec.nm.gov, 505-470-4438

Sincerely,


Governor Michelle Lujan Grisham

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