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HOUSE BILL

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

INTRODUCED BY

DISCUSSION DRAFT

FOR THE NEW MEXICO FINANCE AUTHORITY

OVERSIGHT COMMITTEE

AN ACT

RELATING TO FINANCE; ALLOWING THE NEW MEXICO FINANCE AUTHORITY TO FUND WATER PROJECTS FROM THE WATER PROJECT FUND WITHOUT RECEIVING THE APPROVAL OF THE LEGISLATURE UNTIL DECEMBER 31, 2030.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 72-4A-6 NMSA 1978 (being Laws 2001, Chapter 164, Section 6, as amended) is amended to read:

"72-4A-6. AUTHORITY--DUTIES.--The authority shall:

A. provide staff support for the board;

B. develop application procedures and forms for qualifying entities to apply for grants and loans from the water project fund; and

C. make loans or grants to qualifying entities for qualifying water projects [~~authorized by the legislature~~]

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1 pursuant to the Water Project Finance Act; provided that the  
2 service area for the project is wholly within the boundaries of  
3 the state or the project is an interstate project that directly  
4 benefits New Mexico."

5 SECTION 2. Section 72-4A-9 NMSA 1978 (being Laws 2001,  
6 Chapter 164, Section 9, as amended) is amended to read:

7 "72-4A-9. WATER PROJECT FUND--CREATED--PURPOSE.--

8 A. The "water project fund" is created in the  
9 authority and shall consist of distributions made to the fund  
10 from the water trust fund and payments of principal of and  
11 interest on loans for approved water projects. The fund shall  
12 also consist of any other money appropriated, distributed or  
13 otherwise allocated to the fund for the purpose of supporting  
14 water projects pursuant to provisions of the Water Project  
15 Finance Act. The fund shall be administered by the authority.  
16 Income from investment of the water project fund shall be  
17 credited to the fund. Balances in the fund at the end of any  
18 fiscal year shall not revert to the general fund. The water  
19 project fund may consist of such subaccounts as the authority  
20 deems necessary to carry out the purposes of the fund. The  
21 authority may establish procedures and adopt rules as required  
22 to administer the fund and to recover from the fund costs of  
23 administering the fund and originating grants and loans. Ten  
24 percent of all water project funds shall be dedicated to the  
25 state engineer for water rights adjudications, and twenty

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1 percent of the money dedicated for water rights adjudications  
2 shall be allocated to the administrative office of the courts  
3 for the courts' costs associated with water rights  
4 adjudications; provided that from July 1, 2024 through June 30,  
5 2029, the lesser of four million dollars (\$4,000,000) or eight  
6 percent of all water project funds shall be dedicated to the  
7 state engineer for water rights adjudications and two percent  
8 of all water project funds shall be dedicated to the  
9 administrative office of the courts for the courts' costs  
10 associated with water rights adjudications.

11 B. Money in the water project fund may be used by  
12 the authority to:

13 (1) make loans or grants to qualified entities  
14 for projects and water rights adjudications; provided that  
15 projects shall require legislative approval after December 31,  
16 2030; and

17 (2) hire contractors to provide financial and  
18 administrative capacity development and direct technical  
19 assistance on water projects.

20 C. The authority is authorized to issue revenue  
21 bonds payable from the proceeds of loan repayments made into  
22 the water project fund upon a determination by the authority  
23 that issuance of the bonds is necessary to replenish the  
24 principal balance of the fund. The net proceeds from the sale  
25 of the bonds shall be deposited in the water project fund. The

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1 bonds shall be authorized and issued by the authority in  
2 accordance with the provisions of the New Mexico Finance  
3 Authority Act."

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