

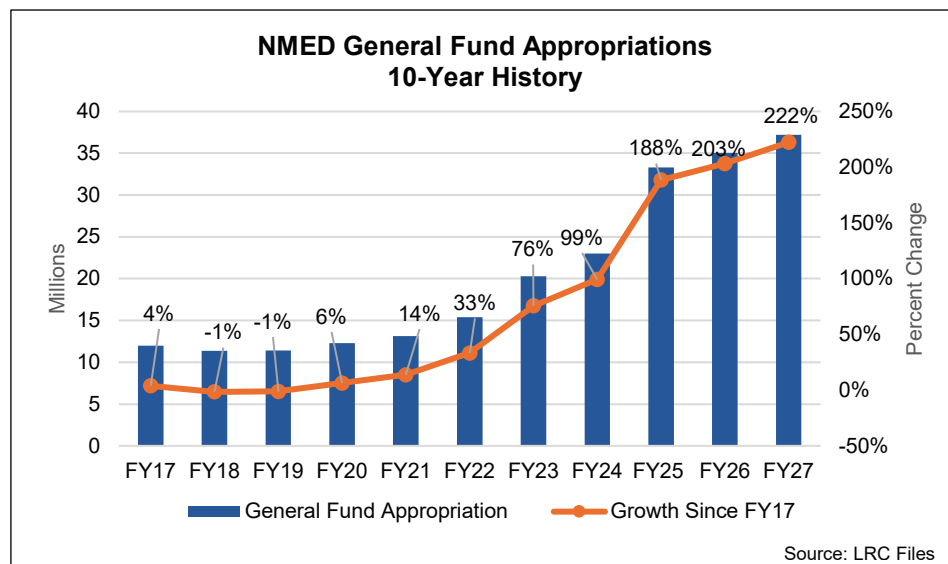
# Natural Resources

The General Appropriation Act of 2026 increased FY27 recurring general fund appropriations for key natural resources agencies—the Energy, Minerals and Natural Resources Department, the Office of the State Engineer, and the Environment Department—by \$8.6 million. Nonrecurring general fund appropriations to these agencies and others that support natural resources policy totaled \$297.6 million.

Targeted investments within the \$297.6 million in nonrecurring appropriations included \$22.5 million for implementation of the Texas v. New Mexico water lawsuit settlement, \$15 million for Indian water rights settlements, \$13 million to the strategic water reserve, \$10 million for geothermal development, \$25 million for community energy project completion, \$70 million for public land restoration and purchase, \$35 million for the strategic water supply, \$25 million for uranium and contaminated site cleanup, and \$10 million for the river stewardship program.

## Environment Department

The General Appropriation Act of 2026 (GAA) increased the recurring general fund appropriations to the Environment Department (NMED) by \$2.2 million, or 6.2 percent. The Legislature prioritized covering the increases to health insurance premiums, as well as the projected risk insurance and Department of Information Technology (DOIT) rate increases. The Legislature funded the health insurance increases through increased general fund appropriations and funded the increased risk insurance and DOIT rates through corrective action fund utilization.

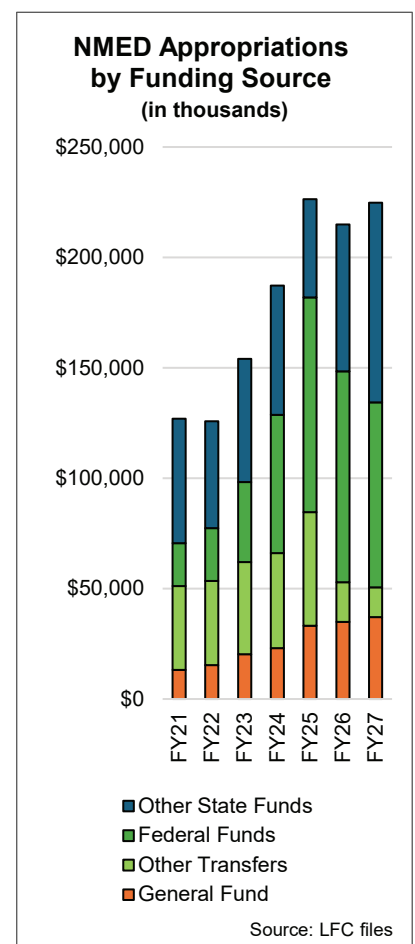


## Energy, Minerals and Natural Resources Department

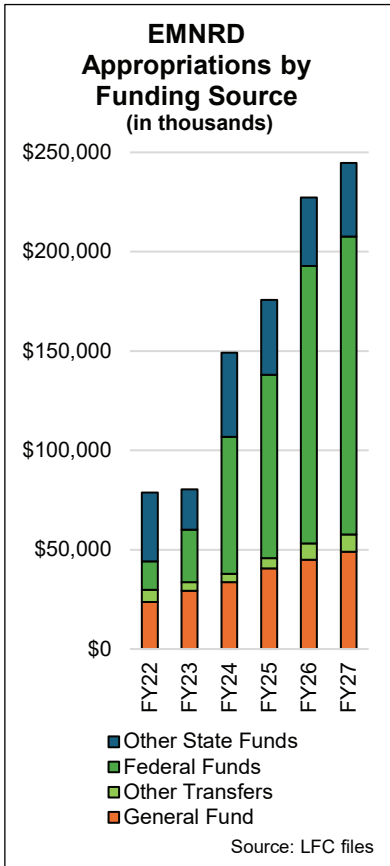
Recurring general fund appropriations to the Energy, Minerals and Natural Resources Department (EMNRD) increased by \$4.1 million in FY27, or 9.1 percent compared with FY26. The increase funded increased health and risk

### Land of Enchantment Legacy Fund Changes (House Bill 184)

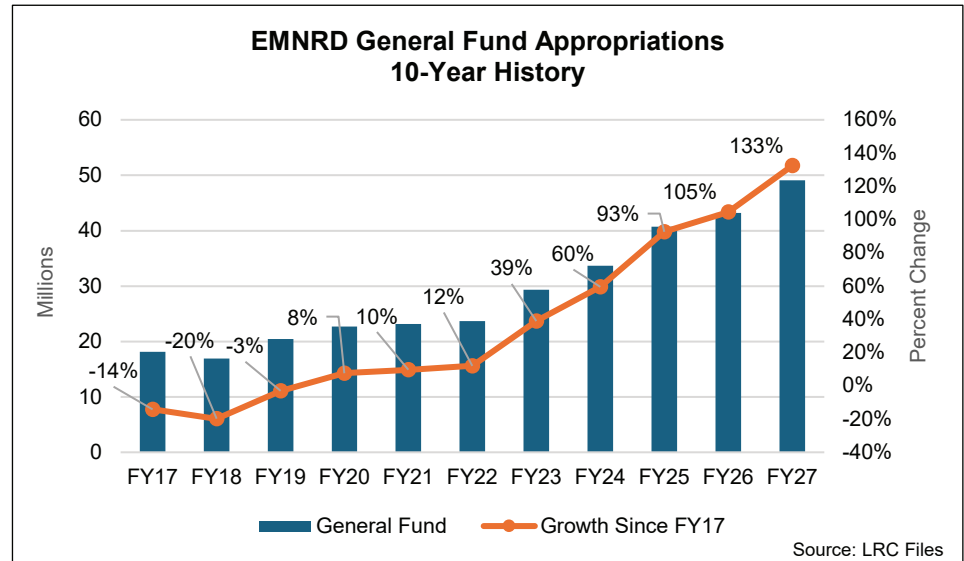
Chapter 37 (House Bill 184) made several technical fixes to the funding and distribution structures of the conservation legacy permanent fund and the land of enchantment legacy fund. The bill streamlined the movement of revenue and distribution between the two funds and mirrored the structure of other permanent and program funds (such as the early childhood program and permanent funds) so that the funds could be aligned with state best practices. The result is increased revenue for the recipient natural resource agencies and a fund grown at a competitive rate.



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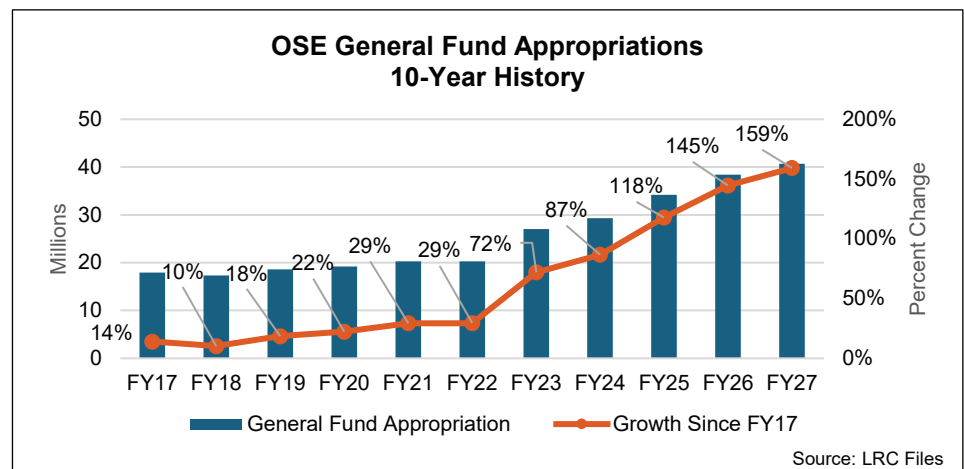
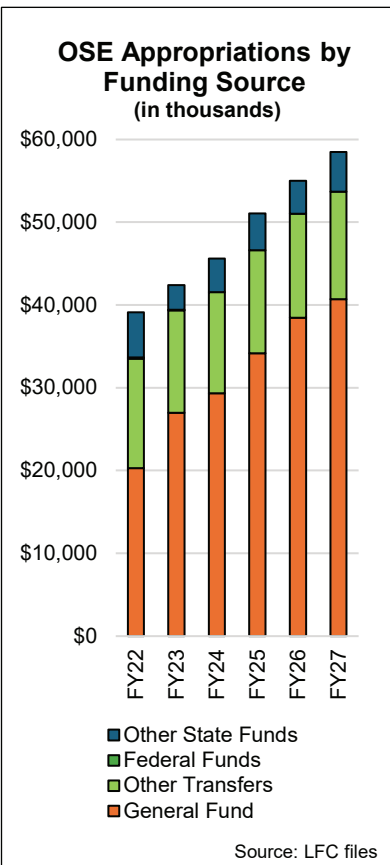


insurance premiums as well as DOIT rate increases. The increased funding also included \$2 million to the State Parks program for additional contract and personnel support, as well as \$560.8 thousand for implementation of the Wildfire prepared and Timber Grading Acts.



## Office of the State Engineer

The GAA increased recurring general fund appropriations to the Office of the State Engineer (OSE) by \$2.3 million, or 5.9 percent. The budget increases will support district office leases increases, contract work for implementation of the 50-year water plan, additional Indian Water Rights settlement staff as well as staff for management of the Middle Rio Grande and funding for increased health and risk insurance premiums and DOIT rate increases.



## Nonrecurring Appropriations

EMNRD will receive a total of \$41 million in nonrecurring appropriations in the 2026 GAA, while OSE will receive \$57 million, and NMED will receive \$111.4 million. In total, the three agencies will receive \$209.4 million in nonrecurring

appropriations, \$33.2 more than they received from the 2025 GAA. NMED will receive \$56 million than they received in the 2025 GAA and the Office of the Natural Resource Trustee (ONRT) will receive \$70 million to land restoration and purchasing, the largest appropriation it has ever received.

**Energy Growth and Modernization**

The GAA continues the state’s investment into the development of geothermal energy projects in the state, as well as reauthorizing prior nonrecurring investments made. The 2026 GAA appropriates \$10 million for geothermal, as well as \$25 million for community energy project completion and \$25 million to circular economy and industrial decarbonizations initiatives. The GAA also tasks NMED with conducting a study that explores potential pollution reduction and cost-saving opportunities that can be found from the diversion of organic waste from the solid waste stream. The GAA provides NMED with \$130 thousand for the study.

**Land Restoration and Purchase**

ONRT will receive \$70 million from the GAA for land creation, restoration, or expansion, with the option to target land that qualifying political subdivisions of the state have been approved for federal assistance funding due to natural disasters. ONRT has worked to develop a criteria for which lands can be restored, expanded, or purchased, weighing projects based on metrics, such as a willing seller, public access, availability for immediate acquisition, recreational and public access value, and administrative feasibility, in addition to other criteria. Another key point is landscape connectivity and location, with the land damaged by the fires and flooding in Lincoln County sited as potential land to be purchased, in addition to federal matching funding tied to that land. In the governor’s signed GAA the section of the \$70 million appropriation targeting funding for such lands was vetoed.

**Water Futures**

A total of \$116.5 million, spread across OSE and NMED, was targeted to the state’s water supply, protection, and infrastructure needs. This continues the consistent investment the Legislature has made into the state’s water, with over \$1 billion appropriated to water projects over the past three years. Most of the nonrecurring funding within OSE’s budget was targeted at implementation of the *Texas v. New Mexico* settlement, which tasks the state with decreasing the use of groundwater in the Lower Rio Grande below Caballo Reservoir by 18,200 acre-feet, or roughly one-tenth of the state’s average yearly groundwater usage. The state must complete this level of depletion within 10 years. To do so, a groundwater purchase plan is being developed by OSE and ISC, with some flexibility regarding purchasing. For instance, groundwater rights sold by a farmer can be parceled out across their property and the purchase program will prioritize not purchasing the land with the groundwater rights, allowing for the landowner to potentially cede additional water rights they have judiciously across their land. A total of \$45.5 million within the GAA was appropriated for implementation related work.

NMED will receive \$35 million to continue to fund the strategic water supply. This funding will continue to support brackish water desalination projects which could potentially bolster the state’s endangered water supply. NMED also will receive \$10 million for its river stewardship program and \$4 million to support

**Oil Reclamation Tax Usage  
(House Bill 80)**

Chapter 60 (House Bill 80) increases and phases in the share of the oil and gas conservation tax receipts distributed to the oil and gas reclamation fund. The law also defines the fund and adds an additional use, allowing for up to \$250 thousand to support statewide education on general energy and the sources and impacts of energy-related emissions. By increasing the percentage of oil and gas conservation tax receipts distributed to the oil and gas reclamation fund, the bill reduces the share of those tax revenues that would otherwise be distributed to the general fund under existing distribution statutes.

**Removal of Wildlife Commission  
Members (Senate Bill 104)**

The law, enacted without the governor’s signature because she did not act within the statutory timeline, amends statute governing the state Wildlife Commission, adding language allowing for proceedings to be held by the governor for the removal of a commissioner. The new language states the commissioner will be given notice of the hearing and the opportunity to be heard before the hearing and grants the New Mexico Supreme Court exclusive jurisdiction over the removal proceedings of commissioners.

private well testing and treatment. NMED also will receive \$1.5 million for its surface water permitting program, funding to be used to roll out its National Pollutant Discharge Elimination System permit program, a permit program it now holds primacy over.

### **Wildfire and Natural Disaster Preparation and Response**

The GAA provided additional recurring funding to the Healthy Forests Program for implementation of the Wild Prepared Program and the Timber Grading acts, two bills passed in the previous legislative session that provided additional tools for the state to prevent wildfires through utilization of timber and for more flexibility for interaction between the state and private property owners. Additionally, the Legislature reauthorized the \$20 million for forest management it had appropriated in the previous session.

The largest proposed change to the state's ability to respond to natural disasters was through House Bill 180. Passed unanimously through the Legislature, the bill proposed to restructure the current funding mechanisms for executive orders and provide more transparency and oversight to the process. The bill would have clarified the use of the general fund operating reserve, the tax stabilization reserve, and the natural disaster revolving fund; specified the use of the appropriation contingency fund (ACF) for disasters that are not environmental; renamed and repurposed the federal reimbursement revolving fund as the executive order for disasters fund; and added additional financial triggers allowing for use of two other funds for natural disaster emergencies if balances in the executive orders for natural disaster fund are depleted.

The governor vetoed the bill, leaving in place a financial natural disaster response framework which lacks necessary oversight and fiscal prudence and potentially infringes on the constitutional obligations of the Legislature. Since 2020, the governor has issued hundreds of executive orders allocating hundreds of millions of dollars to handle emergencies. In FY25, the governor issued 359 executive orders and authorized \$258 million in emergency spending. So far in FY26, the governor has issued 174 executive orders and authorized \$125.5 million in emergency funding, overspending the ACF and impacting the funding for the Legislature to appropriate.