



NEW MEXICO  
LEGISLATIVE  
FINANCE  
COMMITTEE

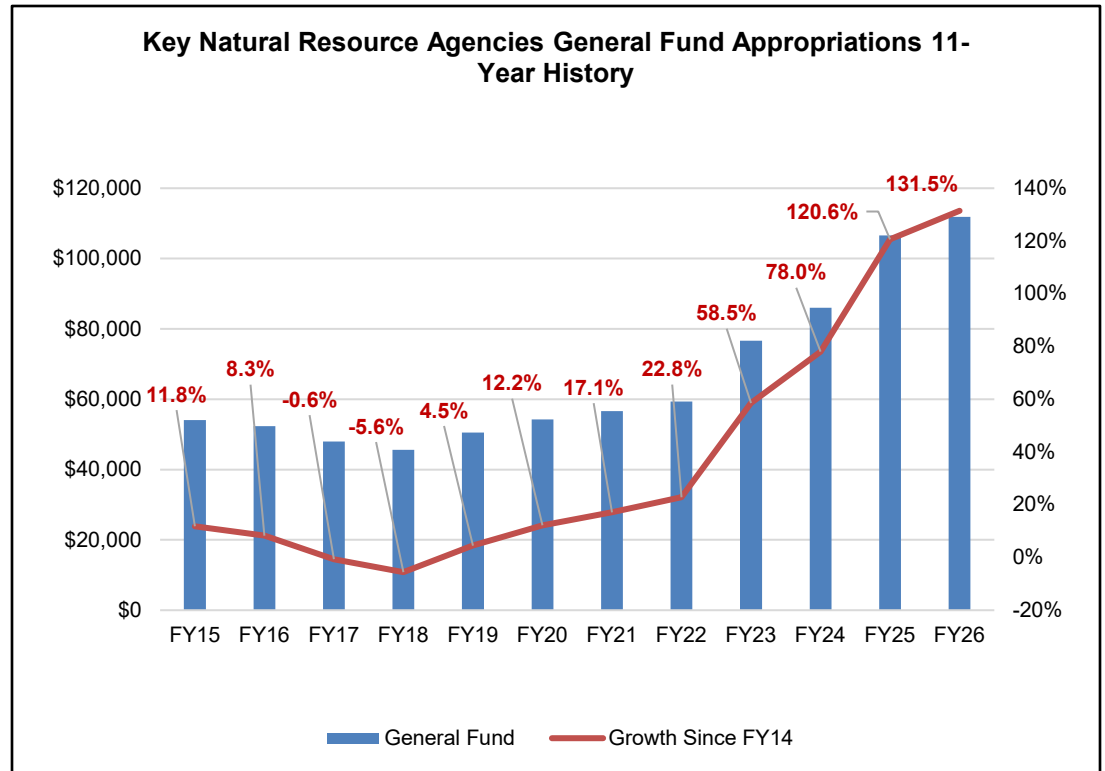
# Natural Resources Post Session Review

Presented to the Water and Natural Resources Interim  
Committee-Legislation, Recurring and Nonrecurring  
highlights from 2025 Legislative Session

Austin Davidson, Fiscal Analyst, LFC  
June 3<sup>rd</sup>, 2025

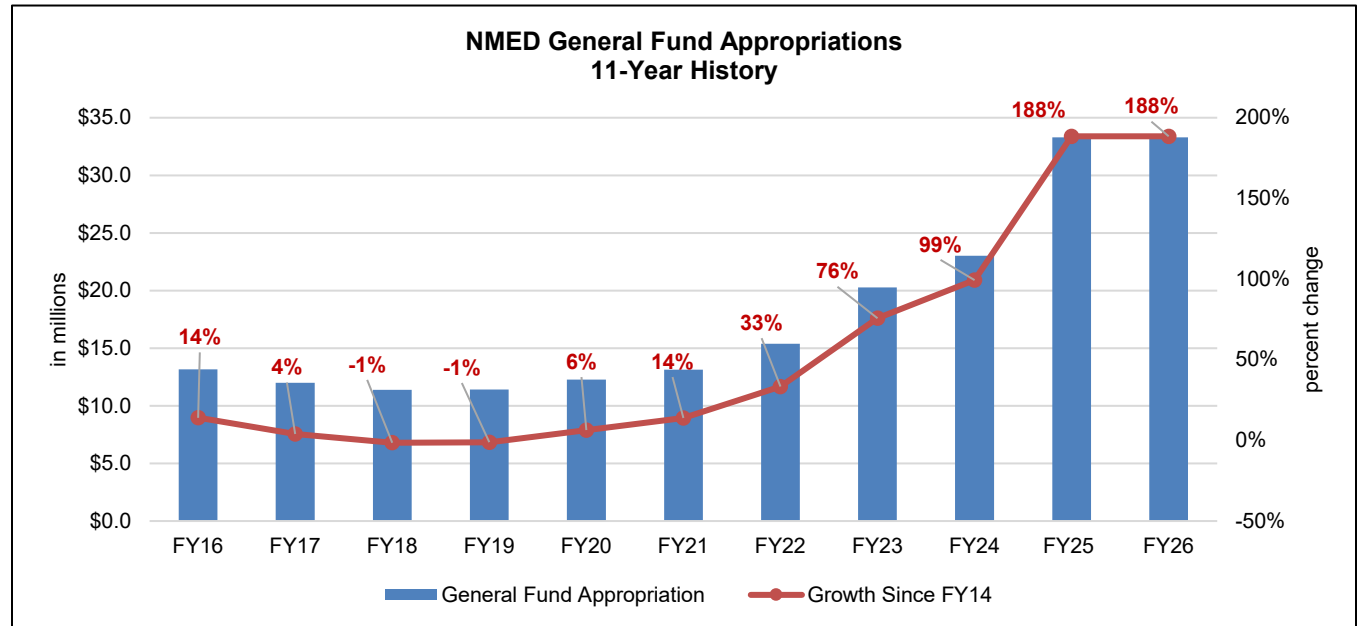
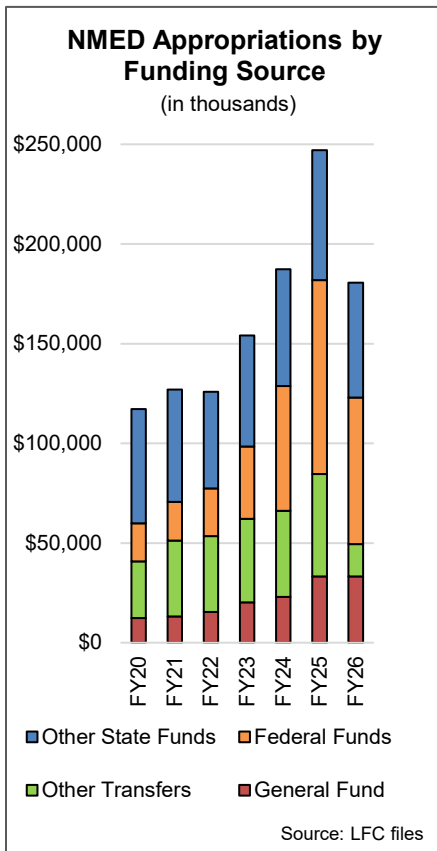
# Recurring Highlights

The General Appropriation Act of 2025 increased FY26 recurring general fund appropriations for the key natural resource agencies—the Energy, Minerals and Natural Resources Department, the Office of the State Engineer, and the Environment Department—by a total of **\$3.7 million**.



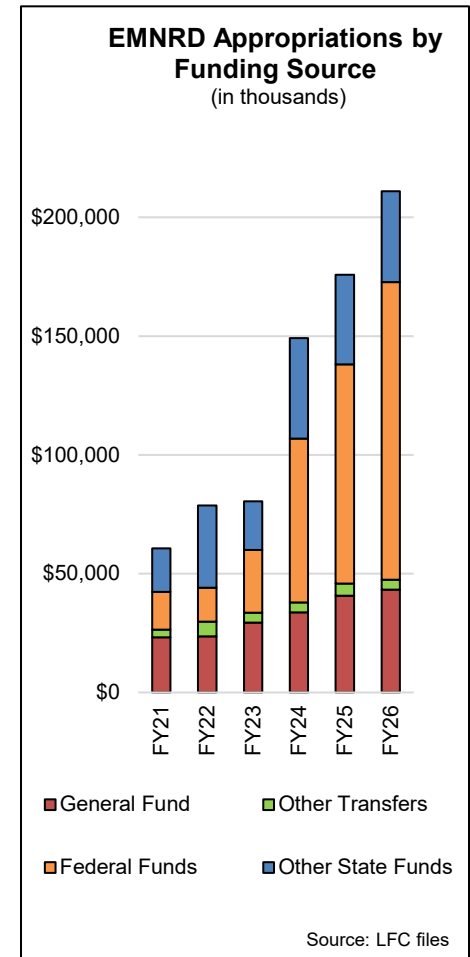
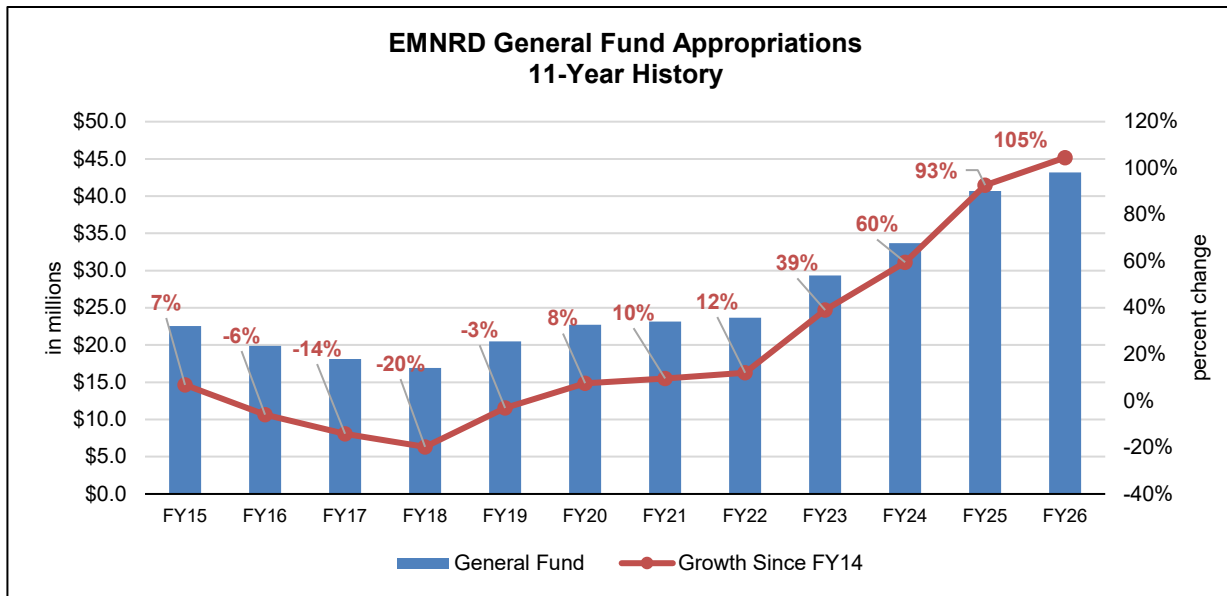
# Environment Department

- Flat recurring budget
- Creation of the Compliance and Enforcement Division (CED)
- Dismantling of the Special Revenues Division- budget the agencies special revenues specifically in the division which utilizes them.

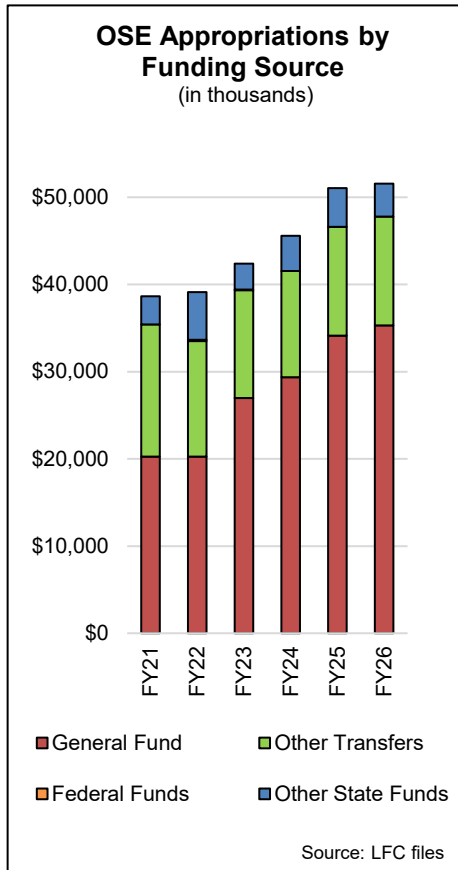


# Energy, Minerals, & Natural Resources Department

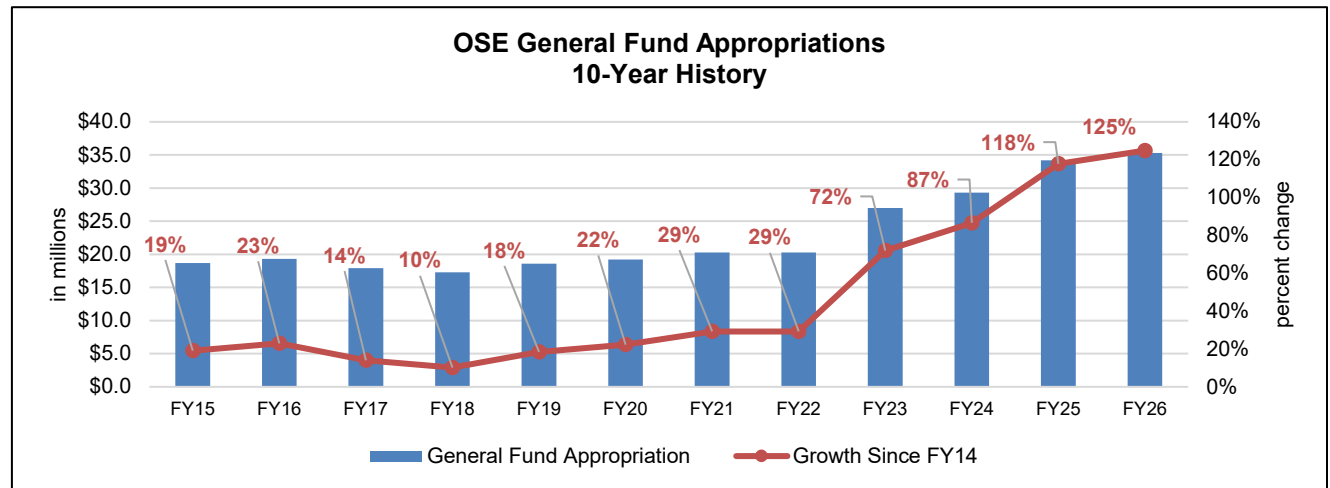
- Recurring general fund appropriations increased by **\$2.6 million** in FY26, or **6.1 percent** compared with FY25.
- **\$1.2 million** for hot shot crew operations costs
- Personnel increases for the Program Support, Energy Conservation and Management, Mine Reclamation, and State Parks divisions.



# Office of the State Engineer



- Recurring general fund appropriations to the Office of the State Engineer (OSE) by **\$1.2 million**, or **3.4 percent**.
- Support district office leases increases, contract work for implementation of the 50-year water plan, and fuel and field work cost increases.
- OSE also received, in addition to the 4 percent salary increase all state employees received, **\$1.5 million** for agency wide pay raises to support appropriate placement.



# Energy Growth and Modernization

---

- **\$10 million** was appropriated for development of and investment in geothermal projects in the state.
- **\$5 million** to support community energy efficiency block grants
- **\$2 million** to develop a state -specific quadrennial energy review and transition plan.
- **\$10 million** to administer low-interest loan programs for weatherization and adoption of renewable energy technologies in low-income communities, a mirrored appropriation from the 2024 GAA which is projected to be fully utilized in FY25.
- Passage of Senate Bill 83 created the **Innovation in State Government Fund**, which will provide agencies with funds to create master plans and increase agency capacity to achieve net-zero emissions, implement sustainable economic policies, provide technical support to entities applying for grants and other funding that seek to address climate change, and implement, enable, or reduce the barriers to implementing climate change policy. **The Legislature appropriated \$13.5 million into the fund.**
- EMNRD's received **\$2.5 million** while NMED received **\$5 million**.



# Water Conservation, Protection and Infrastructure

---

- **\$25 million** to OSE to **support Indian water rights settlement projects** through FY28.
- **\$5 million** for continued work on the interstate water litigation.
- **\$1 million** for state regional water planning.
- **\$5 million** to aid in implementation of the Water Security Planning Act and the 50-Year water plan.
- **\$200 million** was appropriated to the Water Project Fund.
- Passage of **House Bill 137** created the Strategic Water Supply Fund, with **\$40 million** placed into it for brackish water desalination projects.
- Passage of **Senate Bill 21** gave the New Mexico Environment Department **primacy**, giving the state's water regulatory agency the ability to fully regulate its surface and groundwater discharge.
- Passage of **House Bill 212** created the Per-& Poly-Flouroakyl Protection Act, which defines which consumer or non-consumer goods (such as certain types of firefighting foam) containing PFAS will be removed or phased out from sale. The act also outline exceptions to the act.



# Community Benefit Fund

---

- Passage of **Senate Bill 48** establishes the **Community Benefit Fund**, managed by the Department of Finance and Administration with the Energy, Minerals and Natural Resources Department (EMNRD), to support projects reducing reliance on extractive industries, specifically in overburdened communities. **The Legislature allocated \$209.8 million to the fund**, distributing it to multiple agencies, including Economic Development, Workforce Solutions, Public School Facilities, Higher Education, EMNRD, and energy-related grant programs.
- **EMNRD's portion of the fund, \$30 million**, is aimed at competitive grants to enhance energy efficiency and renewable technologies, grid modernization, and low interest loans. These funds can go towards technologies like wind, solar, and geothermal.





# Wildfire and Natural Disaster Preparation and Response Pt. 1

---

- Passage of Senate Bill 33 created the **Wildfire Prepared Program** and the **Fire Planning Task Force**. The law gives State Forestry the ability to provide technical assistance and training regarding how to help structures and properties in high wildfire risk areas. The law also creates the **Wildfire Prepared Fund**, a fund which will enable enactment of the law in addition to providing grants to political subdivisions and qualified entities to make structures wildfire prepared.
- Passage of House Bill 553 created the **Timber Grading Act**, which allows EMNRD to create and administer a **certification program for the grading of structural timbers** used in construction.
- **A total of \$30 million was directed towards wildfire mitigation and thinning work.**



# Wildfire and Natural Disaster Preparation and Response Pt.2

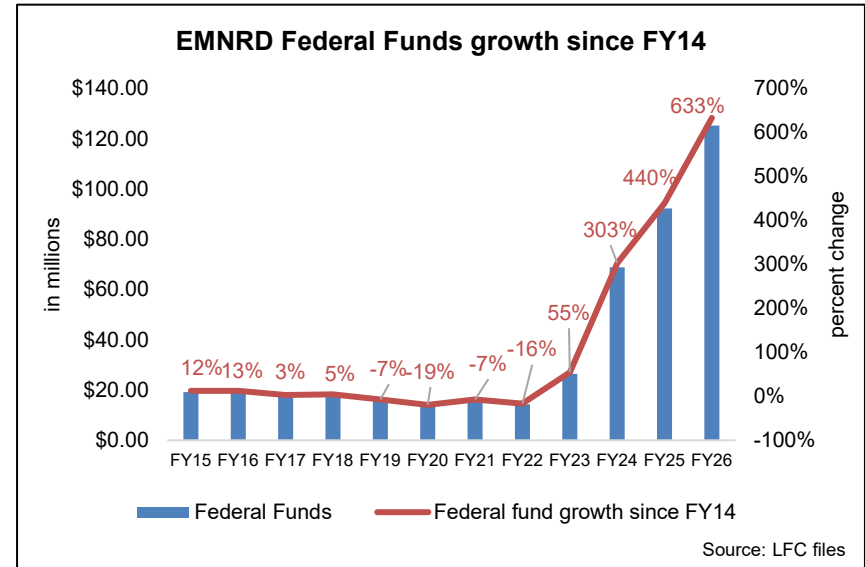
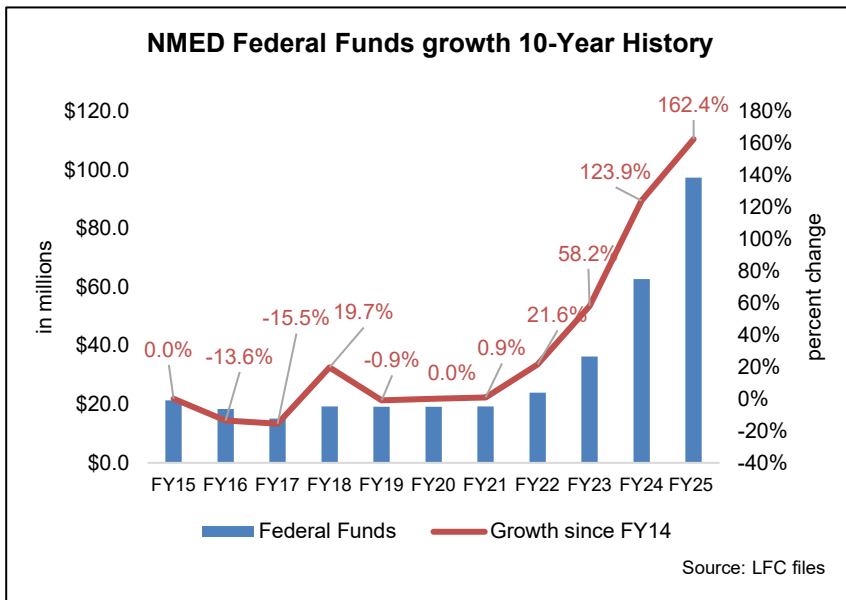
---

- Passage of Senate Bill 31 created the **Natural Disaster Revolving Loan Fund**, which provides zero-interest loans to qualifying political subdivisions following a federally declared natural disaster. The law specifies **\$50 million** to be transferred from the Appropriation Contingency Fund to the Natural Disaster Revolving Loan Fund each year and the law directs the Department of Finance and Administration to administer the loan program in consultation with the Department of Homeland Security and Emergency Management.
- **The Legislature passed HB 191**, which would have created the post wildfire and wildfire suppression funds. These funds would have acted as clearing houses for funds and reimbursements State Forestry receives for wildfire work, in addition to **\$12 million** directed to the post wildfire fund. **HB 191 was vetoed by the governor.**



# Federal Funds

- The past 4 years have seen exponential growth in the amount of federal dollars EMNRD and NMED have had access to.
- Federal funding for NMED jumped from **\$19 million**, or 15.2 percent, of the agency's total budget to **\$74 million**, or 41 percent, in FY26.
- For EMNRD, the increase was even greater, from **\$15.8 million**, or 26.1 percent, of the agency's total budget, to **\$125.3 million**, or 59.4 percent.



- The majority of these increases came from two acts from the previous federal administration, the Bipartisan Infrastructure Law and the Inflation Reduction Act.
- The current House Reconciliation mainly affected federal funds related to the Inflation Reduction Act.

# Thank you!

---

- Questions?

