

SENATE BILL 31

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

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This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO PUBLIC FINANCE; PROVIDING ZERO-INTEREST LOANS TO POLITICAL SUBDIVISIONS OF THE STATE AND ELECTRIC COOPERATIVES THAT HAVE BEEN APPROVED FOR FEDERAL PUBLIC ASSISTANCE FUNDING FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY FOR A FEDERALLY DECLARED NATURAL DISASTER; REQUIRING REIMBURSEMENT CONTRACTS; PROVIDING FOR ENFORCEMENT OF THE TERMS OF THE LOAN CONTRACTS; CREATING THE NATURAL DISASTER REVOLVING FUND; PROVIDING AN ANNUAL TRANSFER FROM THE APPROPRIATION CONTINGENCY FUND TO THE NATURAL DISASTER REVOLVING FUND; PROVIDING THAT THE STATE

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RESERVES SHALL CONSIST OF CERTAIN FUNDS; CREATING THE FEDERAL REIMBURSEMENT REVOLVING FUND; MAKING SFC→~~APPROPRIATIONS~~←SFC SFC→AN APPROPRIATION←SFC ; DECLARING AN EMERGENCY.

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

SECTION 1. [NEW MATERIAL] NATURAL DISASTER LOAN PROGRAM.--

A. The department of finance and administration, in consultation with the homeland security and emergency management department, shall provide zero-interest reimbursable loans to political subdivisions of the state and electric cooperatives that have been approved for funding from the federal emergency management agency for a federally declared natural disaster. The department of finance and administration shall require a contract for reimbursement from a political subdivision of the state or an electric cooperative to receive a loan pursuant to this section. The contract shall specify:

(1) that the political subdivision or electric cooperative shall pay the loan by providing a release to the homeland security and emergency management department to transfer directly to the department of finance and administration money received from the approved funding from the federal emergency management agency that serves as the basis for the loan;

(2) that the political subdivision or electric cooperative shall repay the loan within thirty days of becoming

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eligible for reimbursement under the approved funding from the federal emergency management agency;

(3) such notice or reporting requirements that the department of finance and administration deems necessary to be sufficiently informed regarding compliance with Paragraphs (1) and (2) of this subsection;

(4) a reasonably prompt deadline, determined on a case-by-case basis by the department of finance and administration, by which date the political subdivision or electric cooperative shall be required to expend the loan for natural disaster recovery purposes and that if the political subdivision or electric cooperative does not expend the loan by this deadline, the political subdivision or electric cooperative shall pay an interest penalty on the loan, at a fair current market interest rate or federal interest rate, as determined by the department of finance and administration;

(5) that upon failure to meet a requirement of this subsection, the loan shall be repaid at a fair current market interest rate or federal interest rate, as determined by the department of finance and administration; and

(6) that the political subdivision or electric cooperative remit to the department of finance and administration, which shall deposit in the natural disaster revolving fund, all income from investment of money from the loan.

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B. All loan repayments and interest penalty payments made pursuant to this section shall be deposited into the natural disaster revolving fund.

C. The secretary of finance and administration shall take any and all legal actions necessary to enforce the terms of contracts entered into pursuant to this section.

D. On or before June 1, 2025 and every six months thereafter, the department of finance and administration shall provide a report to the legislative finance committee and the governor regarding the loans made pursuant to this section, including:

- (1) projects for which loan contracts have been made;
- (2) the dollar amounts of and repayments made pursuant to those contracts; and
- (3) any breaches of those contracts, subsequent enforcement actions and results of the enforcement actions, including applicable interest rates for contract breaches and the determination of those interest rates.

**SECTION 2. [NEW MATERIAL] NATURAL DISASTER REVOLVING FUND.--**

A. The "natural disaster revolving fund" is created in the state treasury. The purpose of the fund is to provide loans to political subdivisions of the state and electric cooperatives that have been approved for funding from the

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federal emergency management agency for a federally declared natural disaster. The fund consists of distributions, transfers, appropriations, gifts, grants, donations and income from investment of the fund. Money in the fund shall be invested by the state treasurer.

B. Money in the natural disaster revolving fund is appropriated to the department of finance and administration for:

(1) the purposes of the natural disaster loan program pursuant to Section 1 of this 2025 act; and

(2) administration of the natural disaster loan program and enforcement of loan contracts; provided that no more than STBTC ~~two hundred fifty thousand dollars~~ ~~(\$250,000)~~ STBTC **four hundred thousand dollars** **(\$400,000)** STBTC annually shall be used for these purposes.

C. Money in the natural disaster revolving fund is appropriated to the homeland security and emergency management department for the compliance management of programs administered by the federal emergency management agency that serve as the basis for a natural disaster loan; provided that no more than one hundred fifty thousand dollars (\$150,000) annually shall be used for these purposes.

D. The department of finance and administration shall administer the fund, and expenditures from the fund shall be by warrant of the secretary of finance and administration

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pursuant to vouchers signed by the secretary or the secretary's authorized representative or vouchers signed by the secretary of homeland security and emergency management or that secretary's authorized representative.

E. Any unexpended or unencumbered balance exceeding HAFC→~~one hundred fifty million dollars (\$150,000,000)~~←HAFC HAFC→**fifty million dollars (\$50,000,000)**←HAFC and remaining at the end of a fiscal year shall revert to the appropriation contingency fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall be included in the calculation of state reserves.

F. Any money repaid or reimbursed to the state pursuant to Laws 2023, Chapter 2, Section 1 or Laws 2024 (1st S.S.), Chapter 1, Section 2 shall be deposited in the natural disaster revolving fund.

**SECTION 3. [NEW MATERIAL] TRANSFER--APPROPRIATION CONTINGENCY FUND TO NATURAL DISASTER REVOLVING FUND.--**Within thirty days after August 1 of each year through 2028, the secretary of finance and administration shall calculate the unexpended and unencumbered balance of the natural disaster revolving fund and, subject to availability of funds, transfer from the appropriation contingency fund to the natural disaster revolving fund an amount HAFC→~~equal to~~←HAFC HAFC→**not greater than**←HAFC HAFC→~~one hundred fifty million dollars (\$150,000,000)~~←HAFC HAFC→**fifty million dollars**

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**(\$50,000,000)**←HAFC less the balance of the natural disaster revolving fund. If the unexpended and unencumbered balance of the natural disaster revolving fund is equal to or greater than HAFC→~~one hundred fifty million dollars (\$150,000,000)~~←HAFC HAFC→**fifty million dollars (\$50,000,000)**←HAFC , no transfer shall be made.

SECTION 4. Section 6-4-2.3 NMSA 1978 (being Laws 1991, Chapter 10, Section 7) is amended to read:

"6-4-2.3. APPROPRIATION CONTINGENCY FUND.--There is created within the general fund the "appropriation contingency fund". [A.] The appropriation contingency fund may be expended only:

A. upon specific authorization by the legislature;  
[or]

B. as provided in Sections [~~6-7-1 through 6-7-3~~] 12-11-23 through 12-11-25 NMSA 1978 in the event there is no surplus of unappropriated money in the general fund and in the amount authorized by the legislature

[~~B. Notwithstanding Section 6-4-4 NMSA 1978, for the seventy-ninth fiscal year, if the revenues of the general fund exceed the total appropriations from the general fund, the excess revenue shall be transferred to the appropriation contingency fund.~~

~~C. Five million dollars (\$5,000,000) is transferred from the operating reserve fund to the public school state-~~

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~~support reserve fund in the eightieth fiscal year.~~

~~D. If revenues and transfers to the general fund, excluding transfers to the operating reserve, appropriation contingency fund and public school state support reserve, as of the end of the seventy-ninth fiscal year, are not sufficient to meet appropriations, the governor, with state board of finance approval, may transfer at the end of that year the amount necessary to meet the year's obligations from the unencumbered balance remaining in the general fund operating reserve in a total not to exceed sixty million dollars (\$60,000,000)]; or~~

C. as provided in Section 3 of this 2025 act."

SECTION 5. A new section of Chapter 6, Article 4 NMSA 1978 is enacted to read:

"[NEW MATERIAL] STATE RESERVES.--The state reserves consist of the:

- A. appropriation contingency fund;
- B. general fund operating reserve;
- C. government results and opportunity expendable trust;
- D. state-support reserve fund;
- E. tax stabilization reserve;
- F. natural disaster revolving fund; and
- G. federal reimbursement revolving fund."

SECTION 6. [NEW MATERIAL] FEDERAL REIMBURSEMENT REVOLVING FUND.--

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A. The "federal reimbursement revolving fund" is created as a nonreverting fund in the state treasury. The purpose of the fund is to use reimbursements from the federal government for claims created by the state's response to declared emergencies to ensure recovery for local communities affected by such emergencies and respond to future emergencies in New Mexico. The fund consists of reimbursed claims from the federal government, gifts, grants, transfers, distributions, donations and income from investment of the fund.

B. Money in the fund is appropriated to the department of finance and administration to make appropriations, pursuant to Sections 12-11-24 and 12-11-25 NMSA 1978, for disaster relief after the governor declares an emergency.

C. The department of finance and administration shall administer the fund. Expenditures from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by that secretary or that secretary's authorized representative.

D. Any money reimbursed to the state or otherwise received by the state for emergency expenditures from the federal government, including money the state receives through the federal Hermit's Peak/Calf Canyon Fire Assistance Act, unless otherwise obligated under an agreement with the federal government, shall be deposited in the federal reimbursement

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revolving fund.

SFC→~~SECTION 7. APPROPRIATION.--One hundred fifty million dollars (\$150,000,000) is appropriated from the general fund to the natural disaster revolving fund for expenditure in fiscal year 2025 and subsequent fiscal years for the purposes of the fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.~~←SFC

SECTION SFC→8.←SFC SFC→7.←SFC EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.