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

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

SECTION 1. 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

1 cooperative to receive a loan pursuant to this section. The
2 contract shall specify:

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

10 (2) that the political subdivision or
11 electric cooperative shall repay the loan within thirty days
12 of becoming eligible for reimbursement under the approved
13 funding from the federal emergency management agency;

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

18 (4) a reasonably prompt deadline, determined
19 on a case-by-case basis by the department of finance and
20 administration, by which date the political subdivision or
21 electric cooperative shall be required to expend the loan for
22 natural disaster recovery purposes and that if the political
23 subdivision or electric cooperative does not expend the loan
24 by this deadline, the political subdivision or electric
25 cooperative shall pay an interest penalty on the loan, at a

1 fair current market interest rate or federal interest rate,
2 as determined by the department of finance and
3 administration;

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

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

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

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

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

25 (1) projects for which loan contracts have

1 been made;

2 (2) the dollar amounts of and repayments
3 made pursuant to those contracts; and

4 (3) any breaches of those contracts,
5 subsequent enforcement actions and results of the enforcement
6 actions, including applicable interest rates for contract
7 breaches and the determination of those interest rates.

8 SECTION 2. NATURAL DISASTER REVOLVING FUND.--

9 A. The "natural disaster revolving fund" is
10 created in the state treasury. The purpose of the fund is to
11 provide loans to political subdivisions of the state and
12 electric cooperatives that have been approved for funding
13 from the federal emergency management agency for a federally
14 declared natural disaster. The fund consists of
15 distributions, transfers, appropriations, gifts, grants,
16 donations and income from investment of the fund. Money in
17 the fund shall be invested by the state treasurer.

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

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

23 (2) administration of the natural disaster
24 loan program and enforcement of loan contracts; provided that
25 no more than four hundred thousand dollars (\$400,000)

1 annually shall be used for these purposes.

2 C. Money in the natural disaster revolving fund is
3 appropriated to the homeland security and emergency
4 management department for the compliance management of
5 programs administered by the federal emergency management
6 agency that serve as the basis for a natural disaster loan;
7 provided that no more than one hundred fifty thousand dollars
8 (\$150,000) annually shall be used for these purposes.

9 D. The department of finance and administration
10 shall administer the fund, and expenditures from the fund
11 shall be by warrant of the secretary of finance and
12 administration pursuant to vouchers signed by the secretary
13 or the secretary's authorized representative or vouchers
14 signed by the secretary of homeland security and emergency
15 management or that secretary's authorized representative.

16 E. Any unexpended or unencumbered balance
17 exceeding fifty million dollars (\$50,000,000) and remaining
18 at the end of a fiscal year shall revert to the appropriation
19 contingency fund. Any unexpended or unencumbered balance
20 remaining at the end of a fiscal year shall be included in
21 the calculation of state reserves.

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

1 SECTION 3. TRANSFER--APPROPRIATION CONTINGENCY FUND TO
2 NATURAL DISASTER REVOLVING FUND.--Within thirty days after
3 August 1 of each year through 2028, the secretary of finance
4 and administration shall calculate the unexpended and
5 unencumbered balance of the natural disaster revolving fund
6 and, subject to availability of funds, transfer from the
7 appropriation contingency fund to the natural disaster
8 revolving fund an amount not greater than fifty million
9 dollars (\$50,000,000) less the balance of the natural
10 disaster revolving fund. If the unexpended and unencumbered
11 balance of the natural disaster revolving fund is equal to or
12 greater than fifty million dollars (\$50,000,000), no transfer
13 shall be made.

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

16 "6-4-2.3. APPROPRIATION CONTINGENCY FUND.--There is
17 created within the general fund the "appropriation
18 contingency fund". The appropriation contingency fund may be
19 expended only:

- 20 A. upon specific authorization by the legislature;
21 B. as provided in Sections 12-11-23 through
22 12-11-25 NMSA 1978 in the event there is no surplus of
23 unappropriated money in the general fund and in the amount
24 authorized by the legislature; or
25 C. as provided in Section 3 of this 2025 act."

1 SECTION 5. ~~A new section of Chapter 6, Article 4 NMSA~~
2 ~~1978 is enacted to read:~~

3 ~~"STATE RESERVES.--The state reserves consist of the:~~
4 ~~A. appropriation contingency fund;~~
5 ~~B. general fund operating reserve;~~
6 ~~C. government results and opportunity expendable~~
7 ~~trust;~~
8 ~~D. state-support reserve fund;~~
9 ~~E. tax stabilization reserve;~~
10 ~~F. natural disaster revolving fund; and~~
11 ~~G. federal reimbursement revolving fund."~~

12 SECTION 6. FEDERAL REIMBURSEMENT REVOLVING FUND.--

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

23 B. Money in the fund is appropriated to the
24 department of finance and administration to make
25 appropriations, pursuant to Sections 12-11-24 and 12-11-25

1 NMSA 1978, for disaster relief after the governor declares an
2 emergency.

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

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

15 SECTION 7. EMERGENCY.--It is necessary for the
16 public peace, health and safety that this act take effect
17 immediately. _____

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