

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:
Original **Amendment** _____
Correction **Substitute** _____

Date 1/28/26
Bill No: HB 108

Sponsor: Rep. Dow
 Rep. Herrera
Short Title: Watershed District Taxes and Directors
Agency Name and Code EMNRD 521
Number: _____
Person Writing Ben Bajema
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB 108 amends the Watershed District Act to clarify the governance structure, authorities, and financial powers of watershed districts and soil and water conservation districts (SWCDs). The bill updates the definitions of “directors,” “board of directors,” “supervisors,” and “board of supervisors”; expands and clarifies the procedures for appointing watershed district directors; establishes processes for borrowing money and repaying loans; requires annual itemized budgets; sets limits on tax assessments; and requires preparation of landowner assessment lists. The bill also requires SWCDs to levy taxes when requested by a watershed district.

FISCAL IMPLICATIONS

None for EMNRD.

SIGNIFICANT ISSUES

HB 108 restores watershed districts and SWCDs with the ability to obtain more reliable and predictable funding to carry out the purposes of the Watershed District Act, including “the conservation, development, utilization, flood prevention and disposal of water” to protect New Mexico’s land and water resources [73-20-3 NMSA 1978]. By re-enabling districts to generate matching funds, the bill increases their ability to leverage federal and state grants and undertake locally driven watershed restoration, wildfire-risk reduction, and post-fire flood-mitigation projects.

The bill also addresses several long-standing structural challenges in watershed district governance and funding that have hindered effective watershed management. Many watershed districts currently operate under outdated or unclear governance rules, leading to inconsistent board composition, appointment processes, and administrative practices. HB 108 modernizes these provisions, clarifies appointment authority, and strengthens board functionality, making watershed districts more effective partners for state agencies engaged in forest and watershed restoration.

Finally, the bill resolves a persistent barrier in current law: SWCDs may refuse or delay tax-levy requests from watershed districts, limiting local capacity to implement critical projects. HB 108 removes this barrier by requiring SWCDs to levy taxes when requested, within statutory limits.

In the 2025 legislative session, HB 431 amended the Watershed District Act, so that watershed district directors are now appointed by the board of supervisors of the supervising SWCD(s). This change has caused unintended legal issues related to watershed districts’ ability to collect a mill levy. Per Article VIII, Section 9 of the New Mexico State Constitution, political subdivisions of the state must be elected to have mill levy authority: “No tax or assessment of any kind shall be levied by any political subdivision whose enabling legislation does not provide for an elected governing authority.” HB 108 intends to correct this issue by putting the watershed district mill levy authority under the special powers of the elected board of supervisors for the SWCD(s).

PERFORMANCE IMPLICATIONS

Re-establishing the capacity of SWCDs to access funding and improve their governance structure

will make them better wildfire mitigation and forest treatment partners, allowing the Forestry division to more effectively achieve its goals. The SWCDs and Forestry division frequently collaborate on project planning and implementation in watersheds with high risk of wildfire and important as water sources for local and downstream users. The division routinely sends funding to a number of SWCDs throughout the state to perform forest and watershed restoration work.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 108 is not enacted, watershed districts will continue to rely on SWCD approval or local elections to levy taxes, allowing SWCDs to refuse or delay requests and limiting the ability of watershed districts to fund critical projects. Outdated governance provisions will remain in place, potentially reducing the effectiveness of watershed districts as partners in statewide watershed restoration, wildfire-mitigation, and post-fire recovery efforts. Without the bill, districts will also have reduced ability to leverage federal and state grants due to limited access to matching funds.

AMENDMENTS