

LFC Requester:

Austin Davidson

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.state.nm.us/AgencyAnalysis) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*Date Prepared: 1/22/2026

Check all that apply:

Bill Number: HB 109Original  Correction Amendment  Substitute Sponsor: Rep. Joy GarrattShort Water Project Fund Changes

Title:

Agency Name  
and CodeOffice of the State Engineer  
550

Number:

Person Writing

Sara FoxPhone: 505-469-6340Email Sara.fox@ose.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
NA	NA	NA	NA

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
NA	NA	NA	NA	NA

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NA	NA	NA	NA	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None

Duplicates/Relates to Appropriation in the General Appropriation Act: None

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

#### Synopsis:

This bill would amend the Water Project Finance Act by adding a new section that (1) lists criteria the Water Trust Board (WTB) shall use to prioritize projects, (2) designates the types of projects that shall receive higher priority, and (3) requires the WTB to develop and use a weighted scoring system to evaluate and rank applications for loans and grants. Additionally, the bill would allow the WTB to authorize qualifying loans and grants without legislative approval until December 31, 2028. After that date, legislative approval would once again be required. The bill also would prevent the legislature from changing that date except by a two thirds majority vote by both houses of the legislature.

Among the criteria that the bill would add for water project funding is a criterion for “urgency of need, as identified in a regional water planning area with a completed regional water plan accepted by the interstate stream commission.”

### **FISCAL IMPLICATIONS**

N/A

### **SIGNIFICANT ISSUES**

Water Trust Board (WTB) funding, as directed by the Water Project Finance Act, should align with prioritization for water projects set out by any accepted regional water plan. Regional water planning necessarily includes significant input from local communities and stakeholders, and plan recommendations reflect areas of greatest need. Over the next decade, the New Mexico Interstate Stream Commission will be working to convene regional planning councils as called for by the 2023 Water Security Planning Act, which replaced the original 1987 statute. Future Water Security Plans will include prioritization of projects for funding, as required by the Act. In the meantime, the WTB can review the most recent regional plans approved in 2016 and 2017 to assist with prioritization of WTB funding.

The phrasing of this criterion may be problematic, however. The term “urgency of need” associated with section 1.A.(1) suggests that this funding should go to projects that have an urgent or emergent need. But part of the benefit of regional planning is to also identify and prioritize those projects that may provide greater benefit over the long-term. Discretion to fund projects that are either urgent or most in alignment with long-term goals as outlined in a regional water plan would be beneficial. To fix this problem, “priority of need” would be a better phrase than “urgency of need.”

By temporarily suspending legislative approval of Water Trust Board funding awards, through 2028, projects are likely to be able to be implemented more quickly.

### **PERFORMANCE IMPLICATIONS**

None

### **ADMINISTRATIVE IMPLICATIONS**

None

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None

**TECHNICAL ISSUES**

On page 3, line 4, the bill would direct the water trust board to give a “ten-point score increase” for emergency situations. The new material does not specify, however, the overall scoring scale for projects, which would be necessary in order to determine how significant a ten-point increase would be.

**OTHER SUBSTANTIVE ISSUES**

None

**ALTERNATIVES**

None

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The consequences of not enacting this bill will result in prioritization and authorization guided by the original language of Section 2.A.

**AMENDMENTS**

None