

LFC Requester:**Austin Davidson****AGENCY BILL ANALYSIS - 2026 REGULAR SESSION****WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to 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:** 01/21/2026*Check all that apply:***Bill Number:** HB 109Original ☒ Correction ☐Amendment ☐ Substitute ☐**Sponsor:** Joy Garratt**Short** Water Project Fund Changes**Agency Name****and Code**NMED - 667**Number:****Person Writing**Jonas Armstrong**Email** Jonas.Armstrong2@en**Phone:** 505-670-9050 : v.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
	None		

Duplicates/Conflicts with/Companion to/Relates to:

SECTION III: NARRATIVE**BILL SUMMARY**Synopsis:

House Bill 109 (HB109) removes and replaces existing prioritization criteria for projects funded from the Water Project Fund and requires the Water Trust Board (WTB) to develop a weighted scoring system incorporating the criteria to evaluate and rank all applications for loans and grants pursuant to the Water Project Finance Act. Additionally, the bill amends the Act to provide that loans and grants made prior to December 31, 2028, do not require legislative authorization, and that any extension of that date requires a two-thirds majority in both houses of the Legislature.

FISCAL IMPLICATIONS

No fiscal impacts to NMED.

SIGNIFICANT ISSUES

Currently, the Act directs WTB to prioritize projects that (1) are urgent to address public health and safety issues, (2) have matching contributions from federal or local sources, and (3) have obtained all required state and federal permits and other authorizations to initiate the project. HB109 moves those directives to a new section of the Act and provides additional statutory guidelines for WTB project prioritization, including, regional impacts, efforts to mitigate or alleviate a project's potential human health and safety concerns, the level of planning and design, improvements to water quality or quantity, and other goals established for each project type pursuant to rules adopted by the Board. HB109 directs WTB to give higher priority to projects that (1) have completed planning and design, (2) provide regional impacts, (3) mitigate or alleviate human health and safety concerns, and (4) improve water quality or quantity and advance project-type specific goals.

PERFORMANCE IMPLICATIONS

Vetting funding applications based on clear and consistent criteria is the best practice to ensure public dollars are awarded to projects that are ready to succeed. This includes those proposals with a defined scope, completed planning and design, and resolved permitting pathways, which reduces schedule slippage, cost escalation, and stalled awards. A transparent weighted scoring system also promotes fairness and public trust by making decisions replicable and defensible across funding cycles, improving applicant submissions, and reducing administrative friction. HB109's approach should help the Water Trust Board consistently select projects with higher readiness and clearer outcomes, which is typically associated with stronger project delivery performance.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

In Section 1(C), HB109 directs WTB to award a ten-point score increase in the event of an emergency situation; however, it is unclear how influential ten-points will be without knowing the total points available under the to-be-adopted weighted scoring system. Further, the bill does not define an "emergency situation" and WTB's annual application cycle may not be the best fit in an emergency. The phrase "regional impacts" in Section 1(A)(4) and Section 1(B)(2) is also undefined and could be ambiguous in this context. NMED suggests relating this phrase to the regional water planning process included in the criteria identified in Section 1(A)(1) regarding urgency of need.

Lastly, in Section 1(A)(5), NMED suggests clarifying the language to direct WTB to include "a project's potential to mitigate or alleviate actual or potential human health and safety concerns" in its prioritization criteria rather than the language as drafted, which could be interpreted as encouraging WTB to prioritize projects that pose health and safety concerns.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

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