

LFC Requester:

Austin Davidson

## AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

### SECTION I: GENERAL INFORMATION

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 1/23/2026

*Check all that apply:*

**Bill Number:** HB 111

Original  Correction   
Amendment  Substitute

**Sponsor:** Reps. Kristina Ortez, Andrea Romero, Sens. Elizabeth "Liz" Stefanics, James G. Townsend, Mimi Stewart

**Agency Name and Code Number:** 305 – New Mexico Department of Justice

**Short Title:** Water Law Violation Maximum Penalty

**Person Writing Analysis:** Marianne Bowers

**Phone:** 505-645-5980

**Email:** Fir.request@nmdoj.gov

### SECTION II: FISCAL IMPACT

#### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis ( ) indicate expenditure decreases)

#### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis ( ) indicate revenue decreases)

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

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

(Parenthesis ( ) Indicate Expenditure Decreases)

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

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

Synopsis: House Bill (HB) 111 amends sections of NMSA Chapter 72 (Water Law) to increase maximum penalties for violations, providing some guidance to the state engineer in determining the amount of the penalty in some instances and changing the accrual date for penalties. HB 111 also makes some non-substantive changes throughout to update the language in the statutory sections affected.

Section 1 amends NMSA 1978, Section 72-2-18 to clarify how the service of a compliance order is to be made and to provide other means for service. The section adds that the state engineer shall not pursue a civil penalty for an over-diversion of a water right and that the subsection on over-diversion shall not alter or affect stream adjudication court orders in place prior to the effective date of the act. Section 1 also requires the state engineer to issue a written notice of violation before issuing a compliance order, and increases the amount of the civil penalty from \$100 per day to \$3,400 per day. The section adds that if the water is sold without a permit to do so, the maximum penalty shall be double the economic benefit to the violator or \$25 per barrel of water sold, whichever is greater. The state engineer shall take into consideration the seriousness of the violation, good faith efforts to comply and other relevant factors when determining the amount of the civil penalty. This Section provides that penalties may accrue from the date of a written notice of violation, rather than after a compliance order becomes final, as is currently provided. The penalty would not be enforceable, however, until the compliance order is final. Finally, Section 1 provides where a civil enforcement action may be filed.

Section 2 amends NMSA 1978, Section 72-5A-12 to increase the civil penalty for violation of the Ground Water Storage and Recovery Act or a permit issued or rules adopted pursuant to the Act, from \$100 per day to \$3,400 per day for violations not directly related to the illegal recovery or use of stored water.

Section 3 amends NMSA 1978, Section 72-12-14 to increase the maximum penalty for violating the conditions of a bond maintained as a prerequisite for a license to drill water from an underground source from \$1,000 to \$10,000, and also allows for suspension or revocation of the license for violating conditions of the bond.

**FISCAL IMPLICATIONS**

N/A

**SIGNIFICANT ISSUES**

N/A

**PERFORMANCE IMPLICATIONS**

N/A

**ADMINISTRATIVE IMPLICATIONS**

N/A

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The amendment to Section 1 providing for the service of a compliance order by means other than certified mail may contradict NMSA 1978, Section 72-2-16, which only allows service by certified mail of a decision made by the state engineer.

**TECHNICAL ISSUES**

N/A

**OTHER SUBSTANTIVE ISSUES**

N/A

**ALTERNATIVES**

N/A

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

Status quo.

**AMENDMENTS**

N/A