

LFC Requester:

Austin Davidson

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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: January 29, 2026 *Check all that apply:*
Bill Number: HB 171 Original Correction
 Amendment Substitute

Sponsor: Rep. Linda Serrato **Agency Name and Code** 430 – Public Regulation Commission
Short Title: Wildfire Fund Act **Number:** _____
Title: _____ **Person Writing** Alejandro Rettig y Martinez
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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
	\$2,500.	Nonrecurring	General Fund

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)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$2,600.	\$2,600.	Recurring	GF

(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:

Section 1 of the Bill establishes the short title as the “Wildfire Fund Act.”

Section 2 contains definitions.

Section 3 requires the Commission to establish a “wildfire fund” and appoint a third-party administrator to administer the fund. The administrator will reimburse participating utilities for claims for damages resulting from wildfires.

Section 4 establishes eligibility criteria. To receive a disbursement, the utility must have: an approved wildfire mitigation plan and be in substantial compliance with the plan, agree to collect a surcharge to add to the fund, and have been a participating electric utility for a minimum of three consecutive years prior to the disbursement.

Section 5 establishes requirements for Commission rulemaking to establish standards for wildfire mitigation plans and guidelines for the administrator’s calculation of risk for the purpose of surcharge calculation.

Section 6 establishes that the administrator shall approve wildfire mitigation plans and standards for that approval.

Section 7 establishes additional criteria for disbursements from the fund, including limits based on the fund’s remaining balance.

Section 8 requires the Commission to appoint a “service infrastructure safety engineer” and other personnel necessary to implement the Wildfire Fund Act.

Section 9 establishes mandatory obligations for a “service infrastructure safety bureau” within the Commission.

Section 10 requires the administrator to provide a report to the Commission and Legislature regarding the status of the fund.

Section 11 establishes the “service infrastructure safety bureau” as a new organizational unit within the Commission.

Section 12 appropriates \$2,500,000 for the Commission in fiscal year 2027 to hire a service infrastructure safety engineer and staff. Unspent balance reverts to the general fund.

Section 13 establishes the effective date of the act as July 1, 2026.

FISCAL IMPLICATIONS

The Bill increases the Commission’s administrative responsibilities, including overseeing a

contracted administrator, engaging in at least one rulemaking, hiring required personnel, and creating a new division with new responsibilities.

The surcharge created by the bill is limited to funding claims and the third-party administrator but not staff or administration of the newly contemplated service infrastructure safety bureau.

The bill only appropriates financing for the newly contemplated service infrastructure safety bureau for FY27, and it's unclear how continued implementation would be achieved.

SIGNIFICANT ISSUES

The Bill's surcharge—calculated by a third-party administrator and collected by participating utilities—is inconsistent with existing law. No utility can impose a new rate or charge without notice to the Commission and a hearing if deemed necessary by the Commission. *See* NMSA 1978, § 62-8-7.

The Bill's disbursement mechanism—at the discretion of a third-party administrator—is inconsistent with existing law. *See* Section 7. In general, the Commission has the authority to allow a utility to recover reasonable costs from ratepayers. *See* NMSA 1978, § 62-8-1. This allows the Commission to prevent utilities from recovering imprudently imposed costs from ratepayers. By allowing the administrator to establish surcharge rates and determine disbursement, the Bill minimizes the Commission's ability to protect ratepayers from imprudently imposed costs.

The Bill mitigates utilities' wildfire liability risk through a surcharge to ratepayers. The costs associated with these risks have increased annually, and the Bill does not establish a defined mechanism to limit the level of risk borne by utilities.

The wildfire fund would be funded solely by participating utility ratepayers, but utilities may make claims against the fund to recover loss for claims made by residents in non-participating utility service areas.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

Section 3 requires the Commission to establish a wildfire fund and contract with a third-party administrator.

Section 5 requires the Commission to conduct a rulemaking.

Section 8 requires the Commission to appoint a "service infrastructure safety engineer" and other personnel necessary to implement the Wildfire Fund Act.

Section 11 establishes the "service infrastructure safety bureau" as a new organizational unit within the Commission, and Section 9 establishes mandatory obligations for this new unit.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB 161 which creates an alternative scheme for wildfire mitigation plans. These plans

have different requirements, approval mechanisms, and distinct consequences when adopted.

Conflicts with HB 70 which repeals Section 62-19-12 NMSA 1978, eliminating organizational units in Section 11 of HB 171.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

Section 4 contains circular eligibility criteria. To be eligible for disbursement, a utility must be a “participating electric utility for a minimum of three consecutive years.” To be a participating electric utility, a utility must be “eligible for disbursement from the fund.”

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

AMENDMENTS

None