

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: 1.28.26

Check all that apply:

Bill Number: HB 180Original Correction Amendment Substitute

Sponsor:	Harlan Vincent; Susan K.	Agency Name and Code Number:	NM Department of Homeland Security & Emergency Management-79500
	<u>Herrera</u>		
Short Title:	<u>Use of Emergency Funds & Disasters</u>	Person Writing	<u>Ashley Saulcy</u>
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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0	\$0		
\$0	\$0		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0	\$0	\$0		
\$0	\$0	\$0		

(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						

(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: HB180 changes the structure and access to the general operating reserve fund and tax stabilization fund as it relates to the use of said funds for executive orders. It also changes the two funds established under SB31, including by changing the natural disaster revolving loan fund into a non-reverting fund and changing the federal reimbursement revolving fund into the executive order for disasters fund. Finally, it significantly reduces and changes the source funding for the adjutant general fund.

FISCAL IMPLICATIONS

The change to the executive order for disasters fund to allow access by all state disasters, martial law declarations, and associated emergencies will reduce the total expected value of the fund significantly (presently expecting \$229,641,449.10 in reimbursements for DHSEM over the next calendar year).

Additionally, without additional appropriations for disaster events, the State of New Mexico will be in a deficit of \$98,458,730.00 based on current annual executive orders needed to respond to ongoing flood events projected off the Hermit's Peak Calf Canyon burn scar and the South Fork Fire and Salt Fire burn scars.

SIGNIFICANT ISSUES

See ADMINISTRATIVE IMPLICATIONS.

PERFORMANCE IMPLICATIONS

The changes proposed in HB 180 will affect the state's ability to respond efficiently to disasters and emergencies by limiting the availability and predictability of funding for response and recovery operations.

ADMINISTRATIVE IMPLICATIONS

The Tax Stabilization Reserve is capped at 1% of the state's operating budget, which would currently allow for an appropriation of approximately \$106 million. This amount represents less than half of the funding required for FY2025 disaster response operations. Maintaining this cap in future years would materially constrain the State's ability to execute time-sensitive and life-saving emergency operations, including swift-water rescue, emergency debris removal, and other immediate response actions.

Changing the Federal Reimbursement Revolving Fund into the Executive Order for Disasters Fund and changing the fund to include non-federally declared disasters will position the fund to be fully exhausted, eliminating the revolving nature of the fund, and undermining long-term response and recovery capacity. Under the current Federal Reimbursement Revolving Fund structure, federal disaster reimbursements replenish the fund, allowing it to function as a sustainable mechanism for response and recovery (i.e., funds are used for response/recovery, reimbursed by FEMA, returned to the fund). The proposed revisions in HB180 fundamentally alter this model by authorizing expenditures for state-only disasters and martial law declarations without any corresponding federal reimbursement.

HB 180 removes a dedicated funding source for the New Mexico National Guard by making Guard

declaration response funding contingent on draws from the Executive Order for Disasters Fund, eliminating a critical funding stream and replacing it with a shared, ad hoc mechanism. This structure creates significant budgetary uncertainty, as it is unclear how the National Guard would be funded without an established and appropriated budget line, particularly when limited disaster-response funds must be shared across multiple agencies and purposes. It also risks placing the Adjutant General and DHSEM in direct competition for the same funds if the TAG does not oversee DHSEM.

Furthermore, changing the Natural Disaster Revolving Loan Fund to a non-reverting fund is a positive policy adjustment that supports continuity and predictability in disaster recovery financing. Important to note is that this revolving fund anchors on the reimbursement of subrecipient (and not state) federal recovery Public Assistance projects.

The Natural Disaster Revolving Loan Fund is funded through the Appropriations Contingency Fund, which is now also proposed to support all non-disaster-related executive orders. As a result, funds intended for community disaster recovery would be placed in direct competition with urgent public safety and public health emergencies, increasing the risk that recovery resources will be depleted or unavailable when disasters occur.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
TECHNICAL ISSUES**

Relates to funds established or amended under prior legislation, including SB 31 (2025).

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS