

LFC Requester:	
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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: 1.30.26 *Check all that apply:*
Bill Number: HB237 Original Correction
 Amendment Substitute

Sponsor: <u>Anita Gonzales</u>	Agency Name and Code Number: <u>Economic Development Department 41900</u>
Short Title: <u>Small Business Disaster Grant Relief Program</u>	Person Writing: <u>Jennifer Myers</u>
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
	1,000.0	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						

(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: House Bill 237 creates the Small Business Disaster Relief Program within the Economic Development Department (EDD) to provide state-funded grants to small businesses located in areas declared a disaster by the Governor when federal emergency assistance or insurance proceeds are not available.

Beginning on July 1, 2026, EDD may award grants to eligible small businesses to cover operating expenses such as payroll, rent or mortgage, utilities, and insurance; to repair or replace business-owned property; and to address other disaster-related business costs. Applicants must submit information describing the disaster's impact on operations, the number of employees, existing financial resources, and the amount of grant assistance requested.

EDD will award grants through a competitive review process established by rule and may adjust award amounts based on reasonable costs. The Bill requires that EDD prioritize businesses demonstrating the greatest financial need and offer grants promptly once applications are approved and funding is available.

The Bill establishes the Small Business Disaster Relief Fund as a nonreverting fund in the state treasury. The fund will consist of appropriations and other contributions, and the Economic Development Department will administer the fund and disburse grants.

The Bill appropriates \$1 million from the general fund to the Small Business Disaster Relief Fund for fiscal year 2027 and subsequent fiscal years. Any unexpended balance will not revert to the general fund.

EDD must report annually to the Legislative Finance Committee by December 1, beginning in 2026, on grant activity, award amounts, employment supported, and the types of businesses receiving assistance.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

In recent years, New Mexico has experienced multiple large-scale disasters, including wildfires, flooding, and severe storms, that have caused widespread economic disruption. Major events include the Hermits Peak–Calf Canyon Fire (2022), the Ruidoso-area wildfires and post-fire flooding (2024), and repeated monsoon flooding and severe storms affecting multiple counties. The economic impact of these events has reached tens to hundreds of millions of dollars per disaster, with losses spread across hundreds of small businesses. Even when federal disaster declarations occur, assistance is often delayed, limited in scope, or unavailable for certain types of business losses, leaving significant unmet needs.

Against this backdrop, the Bill's \$1 million nonrecurring appropriation for statewide Small Business Disaster Relief would provide only limited assistance relative to the scale and frequency

of recent disasters. If multiple disasters occur in a single year or if one large event affects an entire region, available funds would likely be exhausted quickly, resulting in small individual awards or the inability to assist all eligible businesses.

As disaster events increase in frequency and severity, this appropriation may function as gap funding for a small number of businesses, rather than a comprehensive recovery tool, and may prompt future requests for additional funding to meet demonstrated need.

The promulgation of rules requiring public input can take up to six-months or longer and it will be unlikely to have the program established by the time the first report is due to the Legislature.

In previous years, EDD leveraged some other state funds available to provide similar type grants totaling approximately \$900 thousand. The grants were made to support small businesses facing natural disaster as some relief. EDD anticipates those funds be potentially refunded by FEMA at some point in the future.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

House Bill 237 requires the EDD to establish and run the Small Business Disaster Relief Program. EDD must create rules, accept and review applications, award grants, and monitor compliance. EDD will manage the nonreverting fund and disburse payments, and report annually to the Legislative Finance Committee. Staff time and resources for these tasks may limit the amount available for grants and could increase unpredictability with regards to administration of the fund during multiple or large disasters.

Establishing a new program is resource intensive related to staff time and the Bill does not contemplate additional FTE. A similar program to this within EDD is the Healthy Foods Financing Initiative and in the current Fiscal Year received \$2 million for its grant program. This program has two FTE dedicated to it. Likewise, the Small Business Disaster Relief Program will require at least one dedicated FTE to ensure success.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 237 and House Bill 180 (HB180) must operate in coordination to ensure effective disaster response and grant administration. HB180 governs the State's broader emergency fund authority and disaster spending. The EDD should align the timing and eligibility of grants under HB 237 with the disaster declarations and fund provisions under HB 180 to avoid delays or gaps in assistance. Reporting should be consolidated, showing how HB 237 grant disbursements relate to HB 180 fund usage, reducing duplication and ensuring proper oversight. Administrative procedures, including application review, fund management, and compliance monitoring, should also be coordinated so staff resources are used efficiently and grant funding is maximized.

TECHNICAL ISSUES

HB 237 leaves several technical details unclear. The Bill depends on a Governor-declared disaster but does not define which disasters qualify or how federal declarations impact or relate to State declared disasters. The Bill does not address overlap with federal or other state programs, which

could cause conflicts or inefficiencies.

EDD recommends including “income from interest earned” from investment of the fund as a revenue source. This creates additional funds to deploy for the program.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS