

LFC Requester:	Scott Sanchez
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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: 2.3.26 *Check all that apply:*
Bill Number: SB 215 Original Correction
 Amendment Substitute

Sponsor: <u>George Munoz</u>	Agency Name and Code Number: <u>NM Department of Homeland Security & Emergency Management-79500</u>
Short Title: <u>LOANED PROGRAM MONEY IN DIASTER FUND</u>	Person Writing Phone: <u>Amber Gonzales</u> <u>505-487-6692</u> Email: <u>Amber.gonzales@dhsem.nm.gov</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

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: Senate Bill 215 amends NMSA 1978, Section 6-4-2.7 to require that program income earned by a political subdivision, as a result of money loaned pursuant to Laws 2023, Chapter 2, Section 1, or Laws 2024 (1st S.S.), Chapter 1, Section 2, be deposited into the Natural Disaster Revolving Fund. The bill defines “program income” to include gross income directly generated by supported activities or earned from loaned funds, including fees for services, rental or use of property, sales of items produced with loan funds, license fees, royalties, and interest earned.

The bill removes provisions requiring unexpended or unencumbered balances exceeding fifty million dollars (\$50,000,000) to revert to the appropriation contingency fund, thereby retaining these funds within the Natural Disaster Revolving Fund. SB 215 includes an emergency clause and takes effect immediately.

FISCAL IMPLICATIONS

By directing program income generated from disaster-related loans to be returned to the Natural Disaster Revolving Fund, SB 215 may increase the fund’s available balance and improve its long-term sustainability. The bill does not authorize new spending but addresses the use and retention of loan-related income to ensure funds are applied to their intended disaster recovery purposes. The fiscal impact will vary based on loan activity and program income generated by participating political subdivisions and electric cooperatives.

SIGNIFICANT ISSUES

SB 215 reinforces the revolving nature of the Natural Disaster Revolving Fund by ensuring that income generated from disaster-related loans is returned to the fund rather than reverting to other state funds. This approach may strengthen the fund’s capacity to support future disaster response and recovery efforts.

The removal of the reversion threshold allows larger fund balances to be retained, which may improve the state’s ability to respond to large-scale or multiple disaster events. However, this change also reduces transfers to the appropriation contingency fund and may affect overall reserve calculations.

PERFORMANCE IMPLICATIONS

SB 215 does not directly affect performance measures for DHSEM. By improving the stability and replenishment of the Natural Disaster Revolving Fund, the bill may indirectly support more timely and effective disaster response and recovery operations.

ADMINISTRATIVE IMPLICATIONS

DHSEM’s role under current law includes compliance management of FEMA-administered programs that serve as the basis for natural disaster loans. SB 215 does not change DHSEM’s administrative authority or responsibilities but clarifies fund management practices related to program income, which will continue to be administered under existing processes.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 215 relates to SB 31 (2025), which created the Natural Disaster Revolving Fund and established the framework for providing zero-interest loans to political subdivisions and electric cooperatives approved for federal disaster assistance. SB 215 builds upon this framework by clarifying that program income generated from loans authorized under SB 31 and subsequent related legislation is returned to the Natural Disaster Revolving Fund, thereby reinforcing the fund's revolving structure and long-term sustainability.

TECHNICAL ISSUES

The bill provides a detailed definition of "program income," which may require clear guidance for political subdivisions to ensure consistent reporting and deposits into the Natural Disaster Revolving Fund.

OTHER SUBSTANTIVE ISSUES

SB 215 maintains statutory caps on administrative expenditures from the fund for DFA and DHSEM. The bill does not alter eligibility criteria for loans or the underlying disaster declaration requirements.

Furthermore, SB 215 is intended to clean up and align statutory language related to prior disaster loan legislation, including SB 6 (2023), HB 1 (2024), and SB 31 (2025). The bill directly addresses issues associated with loan funds being retained in interest-bearing accounts rather than applied to approved disaster recovery projects.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS