

HOUSE BILL 21

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

INTRODUCED BY

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This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

FOR THE LAND GRANT COMMITTEE

AN ACT

RELATING TO INFRASTRUCTURE; ENACTING THE LAND GRANT-MERCED AND ACEQUIA INFRASTRUCTURE ACT; CREATING THE LAND GRANT-MERCED AND ACEQUIA INFRASTRUCTURE TRUST FUND; CREATING THE LAND GRANT-MERCED INFRASTRUCTURE PROJECT FUND AND THE ACEQUIA INFRASTRUCTURE PROJECT FUND HRDLC→; ~~PROVIDING FOR A DELAYED REPEAL FOR CERTAIN PROVISIONS OF THIS ACT~~→HRDLC ; MAKING APPROPRIATIONS.

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** [NEW MATERIAL] SHORT TITLE.--Sections 1 through 8 of this act may be cited as the "Land Grant-Merced and Acequia Infrastructure Act".

**SECTION 2.** [NEW MATERIAL] DEFINITIONS.--As used in the Land Grant-Merced and Acequia Infrastructure Act:

A. "acequia" means an acequia or community ditch organized as a political subdivision pursuant to Chapter 73, Article 2 or 3 NMSA 1978;

B. "commission" means the interstate stream commission;

C. "council" means the land grant council;

D. "department" means the department of finance and administration;

E. "infrastructure assistance" means the provision of grants to land grants-mercedes on terms and conditions approved by the council or to acequias on terms and conditions approved by the commission;

F. "land grant-merced" means a land grant that is designated as a political subdivision pursuant to Section 49-1-2 NMSA 1978 or Chapter 49, Article 4 NMSA 1978;

G. "qualified project" means an infrastructure assistance project selected for infrastructure assistance pursuant to the Land Grant-Merced and Acequia Infrastructure Act; and

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H. "trust fund" means the land grant-merced and acequia infrastructure trust fund.

**SECTION 3. [NEW MATERIAL] COUNCIL--POWERS--DUTIES.--**The council shall:

A. HRDLC→**by July 1, 2027,** ←HRDLC in consultation with the department, promulgate rules governing terms, conditions and priorities for providing infrastructure assistance to land grants-mercedes, including developing application and evaluation procedures and forms and qualifications for applicants and for qualified projects;

B. provide infrastructure assistance to land grants-mercedes for qualified projects on terms and conditions established by the council; and

C. authorize funding for qualified projects, including:

(1) planning, designing, constructing, improving, expanding or equipping HRDLC→**water and wastewater** ←HRDLC facilities, HRDLC→**major water systems, electrical power lines, communications infrastructure, roads, health infrastructure, emergency response facilities** ←HRDLC and infrastructure needed to encourage economic HRDLC→**and community** ←HRDLC development;

(2) developing engineering feasibility reports for infrastructure projects;

(3) providing special engineering services;

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(4) completing environmental assessments or archaeological clearances and other surveys for infrastructure projects;

(5) acquiring land, easements or rights of way; and

(6) purchasing durable equipment.

#### SECTION 4. [NEW MATERIAL] COMMISSION--POWERS--DUTIES.--

The commission shall:

A. HRDLC→**by July 1, 2027**, ←HRDLC in consultation with the department, promulgate rules governing terms, conditions and priorities for providing infrastructure assistance to acequias, including application and evaluation procedures and forms and qualifications for applicants and for qualified projects;

B. provide infrastructure assistance to acequias for qualified projects on terms and conditions established by the commission; and

C. authorize funding for qualified projects, including HRDLC→**for** ←HRDLC HRDLC→:

(1) ←HRDLC planning, engineering design or construction of irrigation works and infrastructure projects, including dams, reservoirs, diversions, ditches, flumes or other appurtenances for the purposes of restoration, repair, HRDLC→**disaster response recovery and hazard mitigation**, ←HRDLC improvement of irrigation efficiency and protection from floods

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HRDLC→(2) planning, designing, constructing  
and equipping facilities;

(3) acquiring land, easements or rights of  
way; and

(4) purchasing durable equipment.←HRDLC

SECTION 5. [NEW MATERIAL] LAND GRANT-MERCED AND ACEQUIA  
INFRASTRUCTURE TRUST FUND--CREATED--INVESTMENT--DISTRIBUTION---

A. The "land grant-merced and acequia  
infrastructure trust fund" is created as a nonreverting fund in  
the state treasury. The trust fund consists of distributions,  
appropriations, gifts, grants and donations. Income from  
investment of the trust fund shall be credited to the trust  
fund. Money in the trust fund shall be expended only as  
provided in this section.

B. The state investment officer, subject to the  
approval of the state investment council, shall invest money in  
the trust fund:

- (1) in accordance with the prudent investor  
rule set forth in the Uniform Prudent Investor Act; and
- (2) in consultation with the commission and  
the council.

C. Income from investment of the trust fund shall  
be credited to the trust fund. Money in the trust fund shall  
not be expended for any purpose, but annual distributions from

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the trust fund shall be made to the land grant-merced infrastructure project fund and the acequia infrastructure project fund pursuant to this section.

D. Except as provided in Subsection E of this section, if, as of the end of a fiscal year, the balance in the trust fund is over five million dollars (\$5,000,000), three percent of the balance in the trust fund shall be divided into equal distributions to the land grant-merced infrastructure project fund and the acequia infrastructure project fund.

E. If, on July 1 of any year, four and seven-tenths percent of the average of the year-end market value of the balance in the trust fund for the immediately preceding five calendar years exceeds five million dollars (\$5,000,000), four and seven-tenths percent of the balance in the trust fund shall be divided into equal distributions to the land grant-merced infrastructure project fund and the acequia infrastructure project fund.

**SECTION 6. [NEW MATERIAL] LAND GRANT-MERCED INFRASTRUCTURE PROJECT FUND--CREATED--PURPOSE-- APPROPRIATIONS.--**

A. The "land grant-merced infrastructure project fund" is created in the state treasury and shall be administered by the department in consultation with the council.

B. The land grant-merced infrastructure project

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fund consists of:

- (1) distributions from the trust fund;
- (2) payments of principal and interest on loans for qualified projects; and
- (3) other money appropriated by the legislature or distributed or otherwise allocated to the land grant-merced infrastructure project fund for the purpose of supporting qualified projects.

C. Except for severance tax bond proceeds required to revert to the severance tax bonding fund, balances in the land grant-merced infrastructure project fund at the end of a fiscal year shall revert to the trust fund.

D. The department, in consultation with the council, may establish procedures and promulgate rules as required to:

- (1) administer the land grant-merced infrastructure project fund;
- (2) originate grants or loans for qualified projects recommended by the council; and
- (3) govern the process through which qualified entities may apply for financial assistance from the land grant-merced infrastructure project fund.

E. Disbursements from the land grant-merced infrastructure project fund shall be made by warrant of the secretary of finance and administration pursuant to vouchers

signed by the chair of the council.

F. A land grant-merced shall apply to the HRDLC→**department**←HRDLC HRDLC→**council**←HRDLC for funding from the land grant-merced infrastructure project fund for an infrastructure project prior to submitting a request for a legislative capital outlay appropriation for that project. When requesting legislative appropriations for a qualified project, a land grant-merced shall provide evidence of a funding need, including proof that an application for funding for the qualified project was submitted to the HRDLC→**department**←HRDLC HRDLC→**council**←HRDLC .

SECTION 7. [NEW MATERIAL] ACEQUIA INFRASTRUCTURE PROJECT FUND--CREATED--PURPOSE--APPROPRIATIONS.--

A. The "acequia infrastructure project fund" is created in the state treasury and shall be administered by the department in consultation with the commission.

B. The acequia infrastructure project fund consists of:

(1) distributions from the trust fund;  
(2) payments of principal and interest on loans for qualified projects; and

(3) other money appropriated by the legislature or distributed or otherwise allocated to the acequia infrastructure project fund for the purpose of supporting qualified projects.

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C. Except for severance tax bond proceeds required to revert to the severance tax bonding fund, balances in the acequia infrastructure project fund at the end of a fiscal year shall revert to the trust fund.

D. The department, in consultation with the commission, may establish procedures and promulgate rules as required to:

- (1) administer the acequia infrastructure project fund;
- (2) originate grants or loans for qualified projects recommended by the commission; and
- (3) govern the process through which qualified entities may apply for financial assistance from the acequia infrastructure project fund.

E. Disbursements from the acequia infrastructure project fund shall be made by warrant of the secretary of finance and administration pursuant to vouchers signed by the chair of the commission.

F. An acequia shall apply to the commission for funding from the acequia infrastructure project fund for an infrastructure project prior to submitting a request for a legislative capital outlay appropriation for that project. When requesting legislative appropriations for a qualified project, an acequia shall provide evidence of a funding need, including proof that an application for funding for the

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qualified project was submitted to the commission.

**SECTION 8. [NEW MATERIAL] REPORTS.--**

A. The council shall provide a report to the appropriate legislative interim committee tasked with examining land grant-merced issues no later than November 1 of each year regarding the total expenditures from the land grant-merced infrastructure project fund for the previous fiscal year, the purposes for which expenditures were made, an analysis of the progress of the projects funded and recommendations for improvement of the Land Grant-Merced and Acequia Infrastructure Act.

B. The commission shall provide a report to the appropriate legislative interim committee tasked with examining acequia issues no later than October 1 of each year regarding the total expenditures from the acequia infrastructure project fund for the previous fiscal year, the purposes for which expenditures were made, an analysis of the progress of the projects funded and proposals for improvement of the Land Grant-Merced and Acequia Infrastructure Act.

**SECTION 9.** Section 7-27-10.1 NMSA 1978 (being Laws 2003, Chapter 134, Section 1, as amended) is amended to read:

"7-27-10.1. TRANSFER TO SEVERANCE TAX PERMANENT FUND BEFORE DETERMINING BONDING CAPACITY--AUTHORIZATION FOR SEVERANCE TAX BONDS--PRIORITY FOR WATER [PROJECTS] AND TRIBAL INFRASTRUCTURE AND LAND GRANT-MERCED AND ACEQUIA INFRASTRUCTURE

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PROJECTS.--

A. On December 31 of each year from 2019 through 2028, the division shall transfer twenty-three million six hundred ninety thousand dollars (\$23,690,000) from the severance tax bonding fund to the severance tax permanent fund, unless the state board of finance determines that a lesser transfer amount is necessary pursuant to Section 7-27-8 NMSA 1978 to avoid a potential shortfall in debt service obligations.

B. By January 15 of each year, the division shall estimate the amount of bonding capacity available for severance tax bonds to be authorized by the legislature based on the lesser of the following estimates:

(1) an estimate that provides for equal annual issuances over the expected term of bonds with terms greater than one year anticipated to be issued by the state board of finance in the fiscal year in compliance with the requirements of Section 7-27-14 NMSA 1978; and

(2) an estimate that provides that issuances for each year of that term shall be projected to result in stable levels of state tax supported debt relative to the median state debt ratios published by the national municipal bond rating agencies.

C. The division shall allocate nine percent of the estimated bonding capacity each year for water projects, and

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the legislature authorizes the state board of finance to issue severance tax bonds in the annually allocated amount for use by the water trust board to fund water projects statewide. The water trust board shall certify to the state board of finance the need for issuance of bonds for water projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in this subsection. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the water project fund in the New Mexico finance authority for the purposes certified by the water trust board to the state board of finance.

D. The division shall allocate four and one-half percent of the estimated bonding capacity for tribal infrastructure projects.

HRDLC→E. Beginning July 1, 2027 and prior to July

1, 2032, the division shall allocate:

(1) one and one-tenth percent of the estimated bonding capacity for land grant-merced infrastructure projects; and

(2) one and one-tenth percent of the estimated bonding capacity for acequia infrastructure projects. ←HRDLC

HRDLC→E. ←HRDLC HRDLC→F. ←HRDLC The legislature

authorizes the state board of finance to issue severance tax bonds in the amount provided for in this section for use by the tribal infrastructure board to fund tribal infrastructure projects. The tribal infrastructure board shall certify to the state board of finance the need for issuance of bonds for tribal infrastructure projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in this section. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the tribal infrastructure project fund for the purposes certified by the tribal infrastructure board to the state board of finance.

**HRDLC→F.←HRDLC HRDLC→G.←HRDLC** The legislature  
authorizes the state board of finance to issue severance tax  
bonds in the amount provided for in this section for use by the  
land grant council to fund land grant-merced infrastructure  
projects. The land grant council shall certify to the state  
board of finance the need for issuance of bonds for land grant-  
merced infrastructure projects. The state board of finance may  
issue and sell the bonds in the same manner as other severance  
tax bonds in an amount not to exceed the authorized amount  
provided for in this section. If necessary, the state board of  
finance shall take the appropriate steps to comply with the

federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the land grant-merced infrastructure project fund for the purposes certified by the land grant council for land grant-merced infrastructure projects to the state board of finance.

HRDLC→**G.**←HRDLC HRDLC→**H.**←HRDLC The legislature authorizes the state board of finance to issue severance tax bonds in the amount provided for in this section for use by the interstate stream commission to fund acequia infrastructure projects. The interstate stream commission shall certify to the state board of finance the need for issuance of bonds for acequia infrastructure projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in this section. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended.

Proceeds from the sale of the bonds are appropriated to the acequia infrastructure project fund for the purposes certified by the interstate stream commission for acequia infrastructure projects to the state board of finance.

[F.] HRDLC→**H.**←HRDLC HRDLC→**I.**←HRDLC Money from the severance tax bonds provided for in this section shall not be used to pay indirect project costs. Any unexpended balance from proceeds of severance tax bonds issued for a water,

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~~[project or a]~~ tribal infrastructure, acequia infrastructure or land grant-merced infrastructure project shall revert to the severance tax bonding fund within six months of completion of the project. The New Mexico finance authority shall monitor and ensure proper reversions of the bond proceeds appropriated for water projects, and the department of finance and administration shall monitor and ensure proper reversions of the bond proceeds appropriated for acequia infrastructure, tribal infrastructure and land grant-merced infrastructure projects.

[6.] HRDLC→~~I.~~←HRDLC HRDLC→~~J.~~←HRDLC As used in this section:

(1) "acequia infrastructure project" means a qualified project approved by the interstate stream commission pursuant to the Land Grant-Merced and Acequia Infrastructure Act;

[+1] (2) "division" means the board of finance division of the department of finance and administration;

(3) "land grant-merced infrastructure project" means a qualified project approved by the land grant council pursuant to the Land Grant-Merced and Acequia Infrastructure Act;

[+2] (4) "tribal infrastructure project" means a qualified project under the Tribal Infrastructure Act;

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and

[~~(3)~~] (5) "water project" means a capital outlay project for:

- (a) the storage, conveyance or delivery of water to end users;
- (b) the implementation of federal Endangered Species Act of 1973 collaborative programs;
- (c) the restoration and management of watersheds;
- (d) flood prevention; or
- (e) conservation, recycling, treatment or reuse of water."

HRDLC→~~SECTION 10. A new section of the Severance Tax~~

~~Bonding Act, Section 7-27-10.3 NMSA 1978, is enacted to read:~~

~~"7-27-10.3. [NEW MATERIAL] ALLOCATION OF BONDING CAPACITY~~

~~FOR LAND GRANT-MERCED AND ACEQUIA INFRASTRUCTURE PROJECTS. --~~

~~A. The division shall allocate one and one-tenth percent of the estimated bonding capacity for land grant-merced infrastructure projects.~~

~~B. The division shall allocate one and one-tenth percent of the estimated bonding capacity for acequia infrastructure projects.~~

~~C. As used in this section, "division" means the board of finance division of the department of finance and administration."~~

~~SECTION 11. DELAYED REPEAL.--Section 10 of this act is repealed effective July 1, 2032.~~ ←HRDLC

SECTION HRDLC→**12.**←HRDLC HRDLC→**10.**←HRDLC EFFECTIVE

DATE.--The effective date of the provisions of this act is July 1, 2026.

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