

HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 180

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

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.

AN ACT

RELATING TO EMERGENCY FUNDING; CLARIFYING THE USE OF CERTAIN FUNDS; AUTHORIZING EXPENDITURES FOR NON-NATURAL DISASTERS FROM THE APPROPRIATION CONTINGENCY FUND; RENAMING THE "FEDERAL REIMBURSEMENT REVOLVING FUND" AS THE "EXECUTIVE ORDER FOR DISASTERS FUND" AND AUTHORIZING EXPENDITURES FROM THAT FUND FOR A NATURAL DISASTER OR A STATE OF MARTIAL LAW; CONFORMING SECTION 6-4-2.2 NMSA 1978 (BEING LAWS 1987, CHAPTER 264, SECTION 3 AND LAWS 1987, CHAPTER 347, SECTION 3, AS AMENDED);

.233788.1AIC February 16, 2026 (12:54pm)

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MAKING CERTAIN TRANSFERS; SFC→**CREATING A DISASTER FUNDING TASK FORCE**; ←SFC MAKING APPROPRIATIONS.

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

SECTION 1. Section 6-4-2.1 NMSA 1978 (being Laws 1987, Chapter 184, Section 1) is amended to read:

"6-4-2.1. GENERAL FUND OPERATING RESERVE CREATED--
AUTHORIZING EXPENDITURES.--

[A. ~~There is hereby created within the general fund the "general fund operating reserve". Notwithstanding any other provision of law to the contrary, there shall be deposited to the general fund operating reserve, cash balances in the fund existing pursuant to Laws 1966, Chapter 66, Section 16; Laws 1968, Chapter 71, Section 13; Laws 1970, Chapter 89, Section 4; Laws 1971, Chapter 327, Section 6; Laws 1972, Chapter 98, Section 6; Laws 1973, Chapter 403, Section 6; Laws 1974 (S.S.), Chapter 3, Section 6; Laws 1975 (S.S.), Chapter 17, Section 6; Laws 1976, Chapter 58, Section 7; Laws 1979, Chapter 404, Section 7; Laws 1981, Chapter 38, Section 7; Laws 1983, Chapter 46, Section 8; Laws 1984 (S.S.), Chapter 7, Section 7; and Laws 1986, Chapter 116, Section 1.]~~

A. The "general fund operating reserve" is created in the general fund.

B. The general fund operating reserve may be expended only upon specific authorization by the legislature in

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an amount authorized by the legislature ~~[and only]~~ for a specific fiscal year in the event general fund revenues and balances, including all other transfers to the general fund authorized by law, are insufficient to meet the level of appropriations authorized."

SECTION 2. Section 6-4-2.2 NMSA 1978 (being Laws 1987, Chapter 264, Section 3 and Laws 1987, Chapter 347, Section 3, as amended) is amended to read:

"6-4-2.2. GENERAL FUND TAX STABILIZATION RESERVE.--

A. The "tax stabilization reserve" is created within the state treasury as a reserve fund of the state.

B. The tax stabilization reserve consists of money directed or appropriated to it by law and all income from investment of the reserve. The state investment officer, subject to the approval of the state investment council, shall invest money in the reserve:

(1) in accordance with the prudent investor rule set forth in the Uniform Prudent Investor Act; and

(2) in consultation with the state treasurer.

C. The state investment officer shall report quarterly to the legislative finance committee and the state investment council on the investments made pursuant to this section. Annually, a report shall be submitted no later than October 1 each year to the legislative finance committee, the revenue stabilization and tax policy committee and any other

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appropriate interim committees.

D. Except as otherwise provided in [Subsection] Subsections E and F of this section [~~Subsection B of Section 6-4-4 NMSA 1978~~] and [~~Section 4 of this 2024 act~~] Laws 2024, Chapter 61, Section 4, any balance of the tax stabilization reserve may be:

(1) appropriated only by a two-thirds' majority vote of both houses of the legislature following receipt by the legislature of a declaration of the governor that such an appropriation is necessary for the public peace, health and safety; or

(2) expended by the governor only:

(a) pursuant to an appropriation made by a two-thirds' majority vote of both houses of the legislature specifying the amount of the appropriation and the purpose of the expenditure; and

(b) if the governor declares that the expenditure is necessary for the public peace, health and safety.

E. If the balance in the general fund operating reserve is less than one percent of aggregate general fund appropriations for that fiscal year, as determined by the department of finance and administration, then an amount equal to the smaller of either one percent of aggregate general fund appropriations for that fiscal year or the amount necessary to

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bring the balance of the general fund operating reserve to one percent of aggregate general fund appropriations for that fiscal year shall be transferred from the tax stabilization reserve to the general fund operating reserve. If a transfer pursuant to this subsection is made for a fiscal year, no further transfers pursuant to this subsection shall be made for that fiscal year.

[E.] F. If general fund revenues, including all transfers to the general fund authorized by law, are projected by the governor to be insufficient either to meet the level of appropriations authorized by law from the general fund for the current fiscal year or to meet the level of appropriations recommended in the budget and appropriations bill submitted in accordance with Section 6-3-21 NMSA 1978 for the next fiscal year, the balance in the tax stabilization reserve may be appropriated by the legislature up to the amount of the projected insufficiency for either or both fiscal years."

SECTION 3. Section 6-4-2.3 NMSA 1978 (being Laws 1991, Chapter 10, Section 7, as amended) is amended to read:

"6-4-2.3. APPROPRIATION CONTINGENCY FUND.--[There is created within the general fund the "appropriation contingency fund". The appropriation contingency fund may be expended only:

- A. upon specific authorization by the legislature;
- B. as provided in Sections 12-11-23 through

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~~12-11-25 NMSA 1978 in the event there is no surplus of unappropriated money in the general fund and in the amount authorized by the legislature; or~~

~~C. as provided in Section 3 of this 2025 act.]~~

A. The "appropriation contingency fund" is created in the state treasury and consists of appropriations, grants, distributions and transfers to the fund. Money in the fund may be expended pursuant to Subsection B or D of this section or Section 20-1-6 NMSA 1978 or upon specific authorization by the legislature in an amount authorized by the legislature for a specific fiscal year. Money in the fund shall be disbursed on warrants signed by the secretary of finance and administration pursuant to vouchers signed by the governor or the governor's authorized representative.

B. Upon a declaration of a disaster that is not a natural disaster by executive order, the governor may authorize a state agency to provide resources and services necessary to avoid or minimize physical or economic harm, including the temporary provision of lodging, shelter, health care, food or transportation for persons affected by the disaster. Subject to the availability of funds, there is appropriated from the fund so much as the governor may designate to provide those resources and services.

C. On or before October 1 of each year, for each declaration of a disaster that is not a natural disaster by

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executive order for which an appropriation is made pursuant to Subsection B of this section, the secretary of finance and administration and the executive officer of the agency or other entity receiving the funds shall submit a report to the legislative finance committee and any appropriate legislative interim committee that includes the following:

(1) the purpose and number of the executive order and the statutory authority for which the appropriation is made;

(2) the county in which the executive order applies;

(3) the balance of funds appropriated for the purpose of the executive order;

(4) a projected time line for expending the appropriation;

(5) the name and address of each entity for which the state has contracted to provide resources and services; and

(6) an update on the state of response or recovery.

D. Money in the fund may be expended to provide the resources and services authorized pursuant to Section 6-4-2.9 NMSA 1978; provided that the executive order for disasters fund is exhausted.

E. As used in this section, "disaster that is not a

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natural disaster" means an event that threatens the public peace, health and safety or the lives or property of the people of the state but does not include a disaster brought on by natural forces, such as drought, fire, flood, severe weather or earthquake."

SECTION 4. Section 6-4-2.7 NMSA 1978 (being Laws 2025, Chapter 157, Section 2) is amended to read:

"6-4-2.7. NATURAL DISASTER REVOLVING FUND---

A. The "natural disaster revolving fund" is created as a nonreverting fund in the state treasury. The purpose of the fund is to provide loans to political subdivisions of the state and electric cooperatives that have been approved for funding from the federal emergency management agency for a federally declared natural disaster. The fund consists of distributions, transfers, appropriations, gifts, grants, donations, [and] income from investment of the fund and income earned on loans made from the fund. Money in the fund shall be invested by the state treasurer.

B. Money in the natural disaster revolving fund is appropriated to the department of finance and administration for:

(1) the purposes of the natural disaster loan program pursuant to Section [1 of this 2025 act] 6-4-2.6 NMSA 1978;

(2) resources and services authorized by

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Section 6-4-2.9 NMSA 1978; provided that the executive order for disasters fund and the appropriation contingency fund are exhausted; and

[~~(2)~~] (3) administration of the natural disaster loan program and enforcement of loan contracts; provided that no more than four hundred thousand dollars (\$400,000) annually shall be used for these purposes.

C. Money in the natural disaster revolving fund is appropriated to the homeland security and emergency management department for the compliance management of programs administered by the federal emergency management agency that serve as the basis for a natural disaster loan; provided that no more than one hundred fifty thousand dollars (\$150,000) annually shall be used for these purposes.

D. The department of finance and administration shall administer the fund, and expenditures from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary or the secretary's authorized representative or vouchers signed by the secretary of homeland security and emergency management or that secretary's authorized representative.

~~[E. Any unexpended or unencumbered balance exceeding fifty million dollars (\$50,000,000) and remaining at the end of a fiscal year shall revert to the appropriation contingency fund. Any unexpended or unencumbered balance~~

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~~remaining at the end of a fiscal year shall be included in the calculation of state reserves.~~

~~F. Any money repaid or reimbursed to the state pursuant to Laws 2023, Chapter 2, Section 1 or Laws 2024 (1st S.S.), Chapter 1, Section 2 shall be deposited in the natural disaster revolving fund.]"~~

SECTION 5. Section 6-4-2.9 NMSA 1978 (being Laws 2025, Chapter 157, Section 6) is amended to read:

"6-4-2.9. [FEDERAL REIMBURSEMENT REVOLVING] EXECUTIVE ORDER FOR DISASTERS FUND--

~~[A. The "federal reimbursement revolving fund" is created as a nonreverting fund in the state treasury. The purpose of the fund is to use reimbursements from the federal government for claims created by the state's response to declared emergencies to ensure recovery for local communities affected by such emergencies and respond to future emergencies in New Mexico. The fund consists of reimbursed claims from the federal government, gifts, grants, transfers, distributions, donations and income from investment of the fund.~~

~~B. Money in the fund is appropriated to the department of finance and administration to make appropriations, pursuant to Sections 12-11-24 and 12-11-25 NMSA 1978 for disaster relief after the governor declares an emergency.~~

~~C. The department of finance and administration~~

shall administer the fund. Expenditures from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by that secretary or that secretary's authorized representative.

D. Any money reimbursed to the state or otherwise received by the state for emergency expenditures from the federal government, including money the state receives through the federal Hermit's Peak/Calf Canyon Fire Assistance Act, unless otherwise obligated under an agreement with the federal government, shall be deposited in the federal reimbursement revolving fund.]

A. The "executive order for disasters fund" is created in the state treasury. Money in the fund consists of reimbursed claims from the federal government for emergency expenditures, unless otherwise obligated under an agreement with the federal government, appropriations, distributions, transfers, income from investment of the fund and money otherwise deposited in the fund. Money in the fund may be expended pursuant to Subsection B of this section or Section 20-1-6 NMSA 1978 or upon specific authorization by the legislature in an amount authorized by the legislature for a specific fiscal year. Money in the fund shall be disbursed on warrants signed by the secretary of finance and administration pursuant to vouchers signed by the governor or the governor's authorized representative.

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B. Upon a declaration of a natural disaster or state of martial law by executive order, the governor may authorize a state agency to provide resources and services necessary to avoid or minimize physical or economic harm, including the temporary provision of lodging, shelter, health care, food or transportation for persons affected by a natural disaster. Subject to the availability of funds, there is appropriated from the fund so much as the governor may designate to provide those resources and services.

C. On or before October 1 of each year, for each declaration of a natural disaster or state of martial law by executive order for which an appropriation is made pursuant to Subsection B of this section, the secretary of finance and administration and the executive officer of the agency or other entity receiving the funds shall submit a report to the legislative finance committee and any appropriate legislative interim committee that includes the following:

(1) the purpose and number of the executive order and the statutory authority for which the appropriation is made;

(2) the county in which the executive order applies;

(3) the balance of funds appropriated for the purpose of the executive order;

(4) a projected time line for expending the

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appropriation;

(5) the name and address of each entity for which the state has contracted to provide resources and services; and

(6) an update on the state of response or recovery.

D. As used in this section, "natural disaster" means a disaster brought on by natural forces, such as a drought, a fire, a flood, severe weather or an earthquake, that threatens the public peace, health and safety or the lives or property of the people of the state."

SECTION 6. Section 6-4-4 NMSA 1978 (being Laws 1987, Chapter 347, Section 4, as amended) is amended to read:

"6-4-4. [TRANSFER] TRANSFERS FROM THE GENERAL FUND [~~TO THE GOVERNMENT RESULTS AND OPPORTUNITY EXPENDABLE TRUST-- TRANSFER FROM THE TAX STABILIZATION RESERVE TO THE GENERAL FUND OPERATING RESERVE~~].--[A.] If the revenues of the general fund exceed the total of appropriations from the general fund, the excess revenue shall be transferred to the general fund operating reserve; provided that if the sum of the excess revenue plus the balance in the general fund operating reserve prior to the transfer is greater than eight percent of the aggregate recurring appropriations from the general fund for the previous fiscal year, then an amount equal to the smaller of either the amount of the excess revenue or the difference

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between the sum and eight percent of the aggregate recurring appropriations from the general fund for the previous fiscal year shall be transferred to the government results and opportunity expendable trust.

~~[B. If the balance in the general fund operating reserve as of the end of a fiscal year is less than one percent of aggregate general fund appropriations for that fiscal year, as determined by the department of finance and administration, then an amount equal to the smaller of either one percent of aggregate general fund appropriations for that fiscal year or the amount necessary to bring the balance of the general fund operating reserve to one percent of aggregate general fund appropriations for that fiscal year shall be transferred from the tax stabilization reserve to the general fund operating reserve.]"~~

SECTION 7. Section 20-1-6 NMSA 1978 (being Laws 1987, Chapter 318, Section 6, as amended) is amended to read:

~~"20-1-6. [PAYMENTS BY STATE TREASURER -- CERTIFICATES OF INDEBTEDNESS] EXPENSES FOR TROOPS CALLED INTO SERVICE OF THE STATE.--~~

A. All compensation of personnel and all the necessary expenses incurred in quartering, housing, caring for, subsisting, protecting, equipping, warning for duty and transporting such officers and members and their equipment, including the purchase or lease of any articles of material,

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equipment or supplies reasonably required, designed or needed to accomplish the purpose or results [desired by the governor or] specified in the governor's call for such troops into service of the state, shall be paid by the state from the executive order for disasters fund. [The state treasurer, upon presentation to the state treasurer of vouchers and payrolls for such compensation, expenses, supplies and materials, certified by the officers commanding such forces and approved by the adjutant general, shall pay the vouchers and payrolls out of any money available in the state treasury not otherwise appropriated; provided that the vouchers and payrolls for such service, supplies and materials do not exceed one million dollars (\$1,000,000) in any one fiscal year.

B. If there is no money available in the state treasury that is not otherwise appropriated or if the vouchers and payrolls for such service, material and supplies approach the amount of one million dollars (\$1,000,000) in any one fiscal year, the state treasurer shall certify such facts to the governor who shall inquire into and make an estimate of the total probable cost necessary to be incurred for all purposes in connection with or to accomplish the purpose for which such troops were called into active service. If the governor deems it necessary and prudent in order to provide for the public defense that such expenses be incurred and that it is necessary to create an indebtedness for the purpose of paying the

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expenses, the governor shall by proclamation declare an emergency to exist requiring the creation of an indebtedness under Article 9, Section 7 of the constitution of New Mexico in order to suppress insurrection or to provide for the public defense. The governor shall order the issuance of certificates of indebtedness in such amount as the governor deems required or necessary to provide funds for the payment of expenses and costs incident to or connected with the emergency.

C. The certificates of indebtedness shall be approved as to form by the attorney general. They shall be dated the day of their issuance and the state board of finance shall by proper resolutions prescribe the denominations of the certificates, the maturity dates thereof, the rate of interest they shall bear payable semiannually, the time and place of payment of both principal and interest and the amount of the certificates that shall be issued from time to time. The certificates shall be signed by the secretary of the state board of finance and the state treasurer and the coupons attached thereto shall have the engraved lithographed facsimile of the signature of the state treasurer thereon; provided, however, that certificates purchased by the state treasurer may be issued without coupons. The certificates shall be sold by the state board of finance from time to time in such amounts as it deems advisable, at not less than par and accrued interest to date of delivery, after advertisement for a period of two

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weeks immediately prior to the sale in one daily newspaper in the state and in some financial journal in the city and state of New York; provided, however, that the state treasurer may purchase the certificates as an investment of any funds in the state treasurer's hands available for investment and in the event of any such purchase by the state treasurer, no advertisement shall be required. The proceeds of certificates so sold shall be by the state treasurer covered into a fund known as the "adjutant general emergency public defense fund" and shall be expended and disbursed only in the manner and for the purposes specified and provided for in Chapter 20, Article 1 NMSA 1978.

D. A fund to be known as the "adjutant general emergency public defense certificates fund" to provide for the payment of interest and principal on the foregoing certificates is established and, beginning with the tax levy for the year following the issuance of the certificates, a tax shall be levied annually in the same manner as other ad valorem taxes are levied on all taxable property in the state, not to exceed one-half mill on the dollar of valuation, sufficient to produce the amount required to pay interest on the certificates and the principal thereof at maturity, for each year prior to the maturity of the certificates, which taxes when collected shall be credited to the adjutant general emergency public defense certificates fund. The state auditor shall each year prior to

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~~August 1 certify to the property tax division of the taxation and revenue department the amount necessary to meet all payments of principal and interest due on the certificates during the year ending June 30 following the date of the certificates.~~

~~E.] B.~~ On or before the twentieth legislative day of the next legislative session following the expenditures of the sums provided for in this section, the governor shall file a written report with the presiding officer of each house of the legislature setting forth the purpose and the amounts of money expended as provided in this section.

~~[F.] C.~~ The provisions of this section may be used for the operation of the national guard or the state defense force when on militia duty."

SFC→SECTION 8. TEMPORARY PROVISION--DISASTER FUNDING

TASK FORCE.--The legislative finance committee shall convene a disaster funding task force composed of the director of the legislative finance committee, the state director of homeland security and emergency management, the adjutant general of the New Mexico national guard and the secretary of finance and administration, or those individuals' designees. The task force shall review the provisions of this act and make recommendations for proposed legislation for the first session of the fifty-eighth legislature. Members of the task force shall report the recommendations to the legislative finance

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committee by November 1, 2026. The report shall identify issues related to fiscal controls, accountability, transparency, contingency plans and disaster response flexibility for the executive. ←SFC

SECTION SFC→8.←SFC SFC→9.←SFC TRANSFERS.--

A. The balance of the federal reimbursement revolving fund is transferred to the executive order for disasters fund.

B. The balance of the adjutant general emergency public defense certificates fund is transferred to the appropriation contingency fund.

SECTION SFC→9.←SFC SFC→10.←SFC TRANSFERS TO NATURAL DISASTER REVOLVING FUND.-- Within thirty days after August 1 of 2026 and 2027, the secretary of finance and administration shall calculate the unexpended balance of the natural disaster revolving fund and, subject to availability of funds, transfer from the appropriation contingency fund to the natural disaster revolving fund an amount not greater than fifty million dollars (\$50,000,000) less the balance of the natural disaster revolving fund. If the unexpended balance of the natural disaster revolving fund is equal to or greater than fifty million dollars (\$50,000,000), no transfer shall be made.

SECTION SFC→10.←SFC SFC→11.←SFC REPEAL.-- Section 6-4-2.8 NMSA 1978 (being Laws 2025, Chapter 157, Section 3) is repealed.

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SECTION SFC→11.←SFC SFC→12.←SFC DELAYED REPEAL.--

Sections 12-11-23 through 12-11-25 NMSA 1978 (being Laws 1955, Chapter 185, Sections 1 through 3, as amended) are repealed effective SFC→January 1←SFC SFC→February 15←SFC , 2027.

SECTION SFC→12.←SFC SFC→13.←SFC EFFECTIVE DATE--DELAYED EFFECTIVE DATE.--

A. The effective date of the provisions of Sections SFC→9 and 10←SFC SFC→10 and 11←SFC of this act is July 1, 2026.

B. The effective date of the provisions of Sections 1 through SFC→8 of this act is January 1←SFC SFC→7 and 9 of this act is February 15←SFC , 2027.

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