

HOUSE BILL 180

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

## INTRODUCED BY

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FOR THE LEGISLATIVE FINANCE COMMITTEE

## 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); MAKING CERTAIN TRANSFERS; 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.--

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1                   [A. ~~There is hereby created within the general fund~~  
2 ~~the "general fund operating reserve". Notwithstanding any~~  
3 ~~other provision of law to the contrary, there shall be~~  
4 ~~deposited to the general fund operating reserve, cash balances~~  
5 ~~in the fund existing pursuant to Laws 1966, Chapter 66, Section~~  
6 ~~16; Laws 1968, Chapter 71, Section 13; Laws 1970, Chapter 89,~~  
7 ~~Section 4; Laws 1971, Chapter 327, Section 6; Laws 1972,~~  
8 ~~Chapter 98, Section 6; Laws 1973, Chapter 403, Section 6; Laws~~  
9 ~~1974 (S.S.), Chapter 3, Section 6; Laws 1975 (S.S.), Chapter~~  
10 ~~17, Section 6; Laws 1976, Chapter 58, Section 7; Laws 1979,~~  
11 ~~Chapter 404, Section 7; Laws 1981, Chapter 38, Section 7; Laws~~  
12 ~~1983, Chapter 46, Section 8; Laws 1984 (S.S.), Chapter 7,~~  
13 ~~Section 7; and Laws 1986, Chapter 116, Section 1.]~~

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

16                   B. The general fund operating reserve may be  
17 expended only upon specific authorization by the legislature in  
18 an amount authorized by the legislature ~~[and only]~~ for a  
19 specific fiscal year in the event general fund revenues and  
20 balances, including all other transfers to the general fund  
21 authorized by law, are insufficient to meet the level of  
22 appropriations authorized."

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

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1                   "6-4-2.2. GENERAL FUND TAX STABILIZATION RESERVE.--

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

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

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

11                   (2) in consultation with the state treasurer.

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

19                   D. Except as otherwise provided in [Subsection]  
20 Subsections E and F of this section [Subsection B of Section  
21 ~~6-4-4 NMSA 1978~~] and [~~Section 4 of this 2024 act~~] Laws 2024,  
22 Chapter 61, Section 4, any balance of the tax stabilization  
23 reserve may be:

24                   (1) appropriated only by a two-thirds'  
25 majority vote of both houses of the legislature following

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1 receipt by the legislature of a declaration of the governor  
2 that such an appropriation is necessary for the public peace,  
3 health and safety; or

4 (2) expended by the governor only:

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

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

12 E. If, as of the end of a fiscal year, the balance  
13 in the general fund operating reserve is less than one percent  
14 of aggregate general fund appropriations for that fiscal year,  
15 as determined by the department of finance and administration  
16 after the close of that fiscal year, then an amount equal to  
17 the smaller of either one percent of aggregate general fund  
18 appropriations for that fiscal year or the amount necessary to  
19 bring the balance of the general fund operating reserve to one  
20 percent of aggregate general fund appropriations for that  
21 fiscal year shall be transferred from the tax stabilization  
22 reserve to the general fund operating reserve. If a transfer  
23 pursuant to this subsection is made for a fiscal year, no  
24 further transfers pursuant to this subsection shall be made for  
25 that fiscal year.

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

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

13                  "6-4-2.3. APPROPRIATION CONTINGENCY FUND.--[~~There is~~  
14 ~~created within the general fund the "appropriation contingency~~  
15 ~~fund". The appropriation contingency fund may be expended~~  
16 ~~only:~~

17                  A. ~~upon specific authorization by the legislature;~~  
18                  B. ~~as provided in Sections 12-11-23 through~~  
19 ~~12-11-25 NMSA 1978 in the event there is no surplus of~~  
20 ~~unappropriated money in the general fund and in the amount~~  
21 ~~authorized by the legislature; or~~  
22                  C. ~~as provided in Section 3 of this 2025 act.]~~

23                  A. The "appropriation contingency fund" is created  
24 in the state treasury and consists of appropriations, grants,  
25 distributions and transfers to the fund. Money in the fund may

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1 be expended pursuant to Subsection B of this section or Section  
2 20-1-6 NMSA 1978 or upon specific authorization by the  
3 legislature in an amount authorized by the legislature for a  
4 specific fiscal year. Money in the fund shall be disbursed on  
5 warrants signed by the secretary of finance and administration  
6 pursuant to vouchers signed by the governor or the governor's  
7 authorized representative.

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

17 C. On or before October 1 of each year, for each  
18 declaration of a disaster that is not a natural disaster by  
19 executive order for which an appropriation is made pursuant to  
20 Subsection B of this section, the secretary of finance and  
21 administration and the executive officer of the agency or other  
22 entity receiving the funds shall submit a biannual report to  
23 the legislative finance committee and any appropriate  
24 legislative interim committee that includes the following:

25 (1) the purpose and number of the executive

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1       order and the statutory authority for which the appropriation  
2       is made;

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

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

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

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

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

14               D. As used in this section, "disaster that is not a  
15       natural disaster" means an event that threatens the public  
16       peace, health and safety or the lives and property of the  
17       people of the state but does not include a disaster brought on  
18       by natural forces, such as drought, fire, flood, severe weather  
19       or earthquake, and does not include an enemy attack."

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

22               "6-4-2.7. NATURAL DISASTER REVOLVING FUND. --

23               A. The "natural disaster revolving fund" is created  
24       as a nonreverting fund in the state treasury. The purpose of  
25       the fund is to provide loans to political subdivisions of the

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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. 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; and

(2) 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

1       be by warrant of the secretary of finance and administration  
2       pursuant to vouchers signed by the secretary or the secretary's  
3       authorized representative or vouchers signed by the secretary  
4       of homeland security and emergency management or that  
5       secretary's authorized representative.

6       [E. Any unexpended or unencumbered balance  
7       ~~exceeding fifty million dollars (\$50,000,000) and remaining at~~  
8       ~~the end of a fiscal year shall revert to the appropriation~~  
9       ~~contingency fund. Any unexpended or unencumbered balance~~  
10       ~~remaining at the end of a fiscal year shall be included in the~~  
11       ~~calculation of state reserves.~~

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

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

18       "6-4-2.9. ~~[FEDERAL REIMBURSEMENT REVOLVING]~~ EXECUTIVE  
19       ORDER FOR DISASTERS FUND.--

20       [A. The "federal reimbursement revolving fund" is  
21       ~~created as a nonreverting fund in the state treasury. The~~  
22       ~~purpose of the fund is to use reimbursements from the federal~~  
23       ~~government for claims created by the state's response to~~  
24       ~~declared emergencies to ensure recovery for local communities~~  
25       ~~affected by such emergencies and respond to future emergencies~~

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1 in New Mexico. The fund consists of reimbursed claims from the  
2 federal government, gifts, grants, transfers, distributions,  
3 donations and income from investment of the fund.

4 B. Money in the fund is appropriated to the  
5 department of finance and administration to make  
6 appropriations, pursuant to Sections 12-11-24 and 12-11-25 NMSA  
7 1978 for disaster relief after the governor declares an  
8 emergency.

9 C. The department of finance and administration  
10 shall administer the fund. Expenditures from the fund shall be  
11 by warrant of the secretary of finance and administration  
12 pursuant to vouchers signed by that secretary or that  
13 secretary's authorized representative.

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

21 A. The "executive order for disasters fund" is  
22 created in the state treasury. Money in the fund consists of  
23 reimbursed claims from the federal government for emergency  
24 expenditures, unless otherwise obligated under an agreement  
25 with the federal government, appropriations, distributions,

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1       transfers, income from investment of the fund and money  
2       otherwise deposited in the fund. Money in the fund may be  
3       expended pursuant to Subsection B of this section or Section  
4       20-1-6 NMSA 1978 or upon specific authorization by the  
5       legislature in an amount authorized by the legislature for a  
6       specific fiscal year. Money in the fund shall be disbursed on  
7       warrants signed by the secretary of finance and administration  
8       pursuant to vouchers signed by the governor or the governor's  
9       authorized representative.

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

19       C. On or before October 1 of each year, for each  
20       declaration of a natural disaster or state of martial law by  
21       executive order for which an appropriation is made pursuant to  
22       Subsection B of this section, the secretary of finance and  
23       administration and the executive officer of the agency or other  
24       entity receiving the funds shall submit a biannual report to  
25       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. 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 and  
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]

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1           ~~OPERATING RESERVE]~~--[A.] If the revenues of the general fund  
2           exceed the total of appropriations from the general fund, the  
3           excess revenue shall be transferred to the general fund  
4           operating reserve; provided that if the sum of the excess  
5           revenue plus the balance in the general fund operating reserve  
6           prior to the transfer is greater than eight percent of the  
7           aggregate recurring appropriations from the general fund for  
8           the previous fiscal year, then an amount equal to the smaller  
9           of either the amount of the excess revenue or the difference  
10           between the sum and eight percent of the aggregate recurring  
11           appropriations from the general fund for the previous fiscal  
12           year shall be transferred to the government results and  
13           opportunity expendable trust.

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

25           SECTION 7. Section 20-1-6 NMSA 1978 (being Laws 1987,

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1 Chapter 318, Section 6, as amended) is amended to read:

2 "20-1-6. [PAYMENTS BY STATE TREASURER CERTIFICATES OF  
3 INDEBTEDNESS] EXPENSES FOR TROOPS CALLED INTO SERVICE OF THE  
4 STATE.--

5 A. All compensation of personnel and all the  
6 necessary expenses incurred in quartering, housing, caring for,  
7 subsisting, protecting, equipping, warning for duty and  
8 transporting such officers and members and their equipment,  
9 including the purchase or lease of any articles of material,  
10 equipment or supplies reasonably required, designed or needed  
11 to accomplish the purpose or results [desired by the governor  
12 or] specified in the governor's call for such troops into  
13 service of the state, shall be paid by the state from the  
14 executive order for disasters fund. [The state treasurer, upon  
15 presentation to the state treasurer of vouchers and payrolls  
16 for such compensation, expenses, supplies and materials,  
17 certified by the officers commanding such forces and approved  
18 by the adjutant general, shall pay the vouchers and payrolls  
19 out of any money available in the state treasury not otherwise  
20 appropriated; provided that the vouchers and payrolls for such  
21 service, supplies and materials do not exceed one million  
22 dollars (\$1,000,000) in any one fiscal year.

23 B. If there is no money available in the state  
24 treasury that is not otherwise appropriated or if the vouchers  
25 and payrolls for such service, material and supplies approach

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1 the amount of one million dollars (\$1,000,000) in any one  
2 fiscal year, the state treasurer shall certify such facts to  
3 the governor who shall inquire into and make an estimate of the  
4 total probable cost necessary to be incurred for all purposes  
5 in connection with or to accomplish the purpose for which such  
6 troops were called into active service. If the governor deems  
7 it necessary and prudent in order to provide for the public  
8 defense that such expenses be incurred and that it is necessary  
9 to create an indebtedness for the purpose of paying the  
10 expenses, the governor shall by proclamation declare an  
11 emergency to exist requiring the creation of an indebtedness  
12 under Article 9, Section 7 of the constitution of New Mexico in  
13 order to suppress insurrection or to provide for the public  
14 defense. The governor shall order the issuance of certificates  
15 of indebtedness in such amount as the governor deems required  
16 or necessary to provide funds for the payment of expenses and  
17 costs incident to or connected with the emergency.

18 C. The certificates of indebtedness shall be  
19 approved as to form by the attorney general. They shall be  
20 dated the day of their issuance and the state board of finance  
21 shall by proper resolutions prescribe the denominations of the  
22 certificates, the maturity dates thereof, the rate of interest  
23 they shall bear payable semiannually, the time and place of  
24 payment of both principal and interest and the amount of the  
25 certificates that shall be issued from time to time. The

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1 certificates shall be signed by the secretary of the state  
2 board of finance and the state treasurer and the coupons  
3 attached thereto shall have the engraved lithographed facsimile  
4 of the signature of the state treasurer thereon; provided,  
5 however, that certificates purchased by the state treasurer may  
6 be issued without coupons. The certificates shall be sold by  
7 the state board of finance from time to time in such amounts as  
8 it deems advisable, at not less than par and accrued interest  
9 to date of delivery, after advertisement for a period of two  
10 weeks immediately prior to the sale in one daily newspaper in  
11 the state and in some financial journal in the city and state  
12 of New York; provided, however, that the state treasurer may  
13 purchase the certificates as an investment of any funds in the  
14 state treasurer's hands available for investment and in the  
15 event of any such purchase by the state treasurer, no  
16 advertisement shall be required. The proceeds of certificates  
17 so sold shall be by the state treasurer covered into a fund  
18 known as the "adjutant general emergency public defense fund"  
19 and shall be expended and disbursed only in the manner and for  
20 the purposes specified and provided for in Chapter 20, Article  
21 1 NMSA 1978.

22 D. A fund to be known as the "adjutant general  
23 emergency public defense certificates fund" to provide for the  
24 payment of interest and principal on the foregoing certificates  
25 is established and, beginning with the tax levy for the year

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1 following the issuance of the certificates, a tax shall be  
2 levied annually in the same manner as other ad valorem taxes  
3 are levied on all taxable property in the state, not to exceed  
4 one-half mill on the dollar of valuation, sufficient to produce  
5 the amount required to pay interest on the certificates and the  
6 principal thereof at maturity, for each year prior to the  
7 maturity of the certificates, which taxes when collected shall  
8 be credited to the adjutant general emergency public defense  
9 certificates fund. The state auditor shall each year prior to  
10 August 1 certify to the property tax division of the taxation  
11 and revenue department the amount necessary to meet all  
12 payments of principal and interest due on the certificates  
13 during the year ending June 30 following the date of the  
14 certificates.

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

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

24           SECTION 8. TRANSFERS.--

25           A. The balance of the federal reimbursement

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1 revolving fund is transferred to the executive order for  
2 disasters fund.

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

6 **SECTION 9. TRANSFERS TO NATURAL DISASTER REVOLVING  
7 FUND.--**

8 A. Subject to availability of funding, on August 1,  
9 2026, up to fifty million dollars (\$50,000,000) is transferred  
10 from the appropriation contingency fund to the natural disaster  
11 revolving fund.

12 B. Subject to availability of funding, on August 1,  
13 2027, up to fifty million dollars (\$50,000,000) is transferred  
14 from the appropriation contingency fund to the natural disaster  
15 revolving fund.

16 **SECTION 10. REPEAL.--Section 6-4-2.8 NMSA 1978 (being  
17 Laws 2025, Chapter 157, Section 3) is repealed.**

18 **SECTION 11. DELAYED REPEAL.--Sections 12-11-23 through  
19 12-11-25 NMSA 1978 (being Laws 1955, Chapter 185, Sections 1  
20 through 3, as amended) are repealed effective January 1, 2027.**

21 **SECTION 12. EFFECTIVE DATE--DELAYED EFFECTIVE DATE.--**

22 A. The effective date of the provisions of Sections  
23 9 and 10 of this act is July 1, 2026.

24 B. The effective date of the provisions of Sections  
25 1 through 8 of this act is January 1, 2027.

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