

1 SENATE BILL 59

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO INFRASTRUCTURE; ENACTING THE LAND GRANT-MERCED AND
12 ACEQUIA INFRASTRUCTURE ACT; CREATING THE LAND GRANT-MERCED AND
13 ACEQUIA INFRASTRUCTURE TRUST FUND; CREATING THE LAND GRANT-
14 MERCED INFRASTRUCTURE PROJECT FUND AND THE ACEQUIA
15 INFRASTRUCTURE PROJECT FUND; MAKING APPROPRIATIONS.

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

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

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

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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

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

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

A. 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;

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

4 C. authorize funding for qualified projects,
5 including:

6 (1) planning, designing, constructing,
7 improving, expanding or equipping water and wastewater
8 facilities, major water systems, electrical power lines,
9 communications infrastructure, roads, health infrastructure,
10 emergency response facilities and infrastructure needed to
11 encourage economic development;

12 (2) developing engineering feasibility reports
13 for infrastructure projects;

14 (3) providing special engineering services;

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

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

20 (6) purchasing durable equipment.

21 **SECTION 4. [NEW MATERIAL] COMMISSION--POWERS--DUTIES.--**
22 The commission shall:

23 A. in consultation with the department, promulgate
24 rules governing terms, conditions and priorities for providing
25 infrastructure assistance to acequias, including application

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1 and evaluation procedures and forms and qualifications for
2 applicants and for qualified projects;

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

6 C. authorize funding for qualified projects,
7 including for planning, engineering design or construction of
8 irrigation works and infrastructure projects, including dams,
9 reservoirs, diversions, ditches, flumes or other appurtenances
10 for the purposes of restoration, repair, improvement of
11 irrigation efficiency and protection from floods.

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

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

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

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

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(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 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.--

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

5 B. The land grant-merced infrastructure project
6 fund consists of:

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

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

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

21 (1) administer the land grant-merced
22 infrastructure project fund;
23 (2) originate grants or loans for qualified
24 projects recommended by the council; and
25 (3) govern the process through which qualified

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1 entities may apply for financial assistance from the land
2 grant-merced infrastructure project fund.

3 E. Disbursements from the land grant-merced
4 infrastructure project fund shall be made by warrant of the
5 secretary of finance and administration pursuant to vouchers
6 signed by the chair of the council.

7 F. A land grant-merced shall apply to the
8 department for funding from the land grant-merced
9 infrastructure project fund for an infrastructure project prior
10 to submitting a request for a legislative capital outlay
11 appropriation for that project. When requesting legislative
12 appropriations for a qualified project, a land grant-merced
13 shall provide evidence of a funding need, including proof that
14 an application for funding for the qualified project was
15 submitted to the department.

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

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

21 B. The acequia infrastructure project fund consists
22 of:

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

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(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.

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

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1 legislative capital outlay appropriation for that project.
2 When requesting legislative appropriations for a qualified
3 project, an acequia shall provide evidence of a funding need,
4 including proof that an application for funding for the
5 qualified project was submitted to the commission.

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

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

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

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

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1 "7-27-10.1. TRANSFER TO SEVERANCE TAX PERMANENT FUND
2 BEFORE DETERMINING BONDING CAPACITY--AUTHORIZATION FOR
3 SEVERANCE TAX BONDS--PRIORITY FOR WATER [PROJECTS] AND TRIBAL
4 INFRASTRUCTURE AND LAND GRANT-MERCED AND ACEQUIA INFRASTRUCTURE
5 PROJECTS.--

6 A. On December 31 of each year from 2019 through
7 2028, the division shall transfer twenty-three million six
8 hundred ninety thousand dollars (\$23,690,000) from the
9 severance tax bonding fund to the severance tax permanent fund,
10 unless the state board of finance determines that a lesser
11 transfer amount is necessary pursuant to Section 7-27-8 NMSA
12 1978 to avoid a potential shortfall in debt service
13 obligations.

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

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

23 (2) an estimate that provides that issuances
24 for each year of that term shall be projected to result in
25 stable levels of state tax supported debt relative to the

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1 median state debt ratios published by the national municipal
2 bond rating agencies.

3 C. The division shall allocate nine percent of the
4 estimated bonding capacity each year for water projects, and
5 the legislature authorizes the state board of finance to issue
6 severance tax bonds in the annually allocated amount for use by
7 the water trust board to fund water projects statewide. The
8 water trust board shall certify to the state board of finance
9 the need for issuance of bonds for water projects. The state
10 board of finance may issue and sell the bonds in the same
11 manner as other severance tax bonds in an amount not to exceed
12 the authorized amount provided for in this subsection. If
13 necessary, the state board of finance shall take the
14 appropriate steps to comply with the federal Internal Revenue
15 Code of 1986, as amended. Proceeds from the sale of the bonds
16 are appropriated to the water project fund in the New Mexico
17 finance authority for the purposes certified by the water trust
18 board to the state board of finance.

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

22 E. Prior to July 1, 2032, the division shall
23 allocate one and one-tenth percent of the estimated bonding
24 capacity for land grant-merced infrastructure projects.

25 F. Prior to July 1, 2032, the division shall

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1 allocate one and one-tenth percent of the estimated bonding
2 capacity for acequia infrastructure projects.

3 [E.] G. The legislature authorizes the state board
4 of finance to issue severance tax bonds in the amount provided
5 for in this section for use by the tribal infrastructure board
6 to fund tribal infrastructure projects. The tribal
7 infrastructure board shall certify to the state board of
8 finance the need for issuance of bonds for tribal
9 infrastructure projects. The state board of finance may issue
10 and sell the bonds in the same manner as other severance tax
11 bonds in an amount not to exceed the authorized amount provided
12 for in this section. If necessary, the state board of finance
13 shall take the appropriate steps to comply with the federal
14 Internal Revenue Code of 1986, as amended. Proceeds from the
15 sale of the bonds are appropriated to the tribal infrastructure
16 project fund for the purposes certified by the tribal
17 infrastructure board to the state board of finance.

18 H. The legislature authorizes the state board of
19 finance to issue severance tax bonds in the amount provided for
20 in this section for use by the land grant council to fund land
21 grant-merced infrastructure projects. The land grant council
22 shall certify to the state board of finance the need for
23 issuance of bonds for land grant-merced infrastructure
24 projects. The state board of finance may issue and sell the
25 bonds in the same manner as other severance tax bonds in an

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1 amount not to exceed the authorized amount provided for in this
2 section. If necessary, the state board of finance shall take
3 the appropriate steps to comply with the federal Internal
4 Revenue Code of 1986, as amended. Proceeds from the sale of
5 the bonds are appropriated to the land grant-merced
6 infrastructure project fund for the purposes certified by the
7 land grant council for land grant-merced infrastructure
8 projects to the state board of finance.

9 I. The legislature authorizes the state board of
10 finance to issue severance tax bonds in the amount provided for
11 in this section for use by the interstate stream commission to
12 fund acequia infrastructure projects. The interstate stream
13 commission shall certify to the state board of finance the need
14 for issuance of bonds for acequia infrastructure projects. The
15 state board of finance may issue and sell the bonds in the same
16 manner as other severance tax bonds in an amount not to exceed
17 the authorized amount provided for in this section. If
18 necessary, the state board of finance shall take the
19 appropriate steps to comply with the federal Internal Revenue
20 Code of 1986, as amended. Proceeds from the sale of the bonds
21 are appropriated to the acequia infrastructure project fund for
22 the purposes certified by the interstate stream commission for
23 acequia infrastructure projects to the state board of finance.

24 [F.] J. Money from the severance tax bonds provided
25 for in this section shall not be used to pay indirect project

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1 costs. Any unexpended balance from proceeds of severance tax
2 bonds issued for a water, ~~project or a~~ tribal infrastructure,
3 acequia infrastructure or land grant-merced infrastructure
4 project shall revert to the severance tax bonding fund within
5 six months of completion of the project. The New Mexico
6 finance authority shall monitor and ensure proper reversions of
7 the bond proceeds appropriated for water projects, and the
8 department of finance and administration shall monitor and
9 ensure proper reversions of the bond proceeds appropriated for
10 acequia infrastructure, tribal infrastructure and land grant-
11 merced infrastructure projects.

12 [G.] K. As used in this section:

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

17 [1] (2) "division" means the board of
18 finance division of the department of finance and
19 administration;

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

24 [2] (4) "tribal infrastructure project"
25 means a qualified project under the Tribal Infrastructure Act;

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1 and

2 [43] 5 "water project" means a capital
3 outlay project for:

4 (a) the storage, conveyance or delivery
5 of water to end users;

6 (b) the implementation of federal
7 Endangered Species Act of 1973 collaborative programs;

8 (c) the restoration and management of
9 watersheds;

10 (d) flood prevention; or

11 (e) conservation, recycling, treatment
12 or reuse of water."

13 SECTION 10. EFFECTIVE DATE.--The effective date of the
14 provisions of this act is July 1, 2026.

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