

1 AN ACT
2 RELATING TO EMERGENCY FUNDING; CLARIFYING THE USE OF CERTAIN
3 FUNDS; AUTHORIZING EXPENDITURES FOR NON-NATURAL DISASTERS
4 FROM THE APPROPRIATION CONTINGENCY FUND; RENAMING THE
5 "FEDERAL REIMBURSEMENT REVOLVING FUND" AS THE "EXECUTIVE
6 ORDER FOR DISASTERS FUND" AND AUTHORIZING EXPENDITURES FROM
7 THAT FUND FOR A NATURAL DISASTER OR A STATE OF MARTIAL LAW;
8 CONFORMING SECTION 6-4-2.2 NMSA 1978 (BEING LAWS 1987,
9 CHAPTER 264, SECTION 3 AND LAWS 1987, CHAPTER 347, SECTION 3,
10 AS AMENDED); MAKING CERTAIN TRANSFERS; CREATING A DISASTER
11 FUNDING TASK FORCE; MAKING APPROPRIATIONS.

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

16 "6-4-2.1. GENERAL FUND OPERATING RESERVE CREATED--
17 AUTHORIZING EXPENDITURES.--

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

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

1 authorized."

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

5 "6-4-2.2. GENERAL FUND TAX STABILIZATION RESERVE.--

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

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

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

15 (2) in consultation with the state
16 treasurer.

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

24 D. Except as otherwise provided in Subsections E
25 and F of this section and Laws 2024, Chapter 61, Section 4,

1 any balance of the tax stabilization reserve may be:

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

7 (2) expended by the governor only:

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

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

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

1 for a fiscal year, no further transfers pursuant to this
2 subsection shall be made for that fiscal year.

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

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

16 "6-4-2.3. APPROPRIATION CONTINGENCY FUND.--

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

1 the governor's authorized representative.

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

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

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

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

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

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

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

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

8 D. Money in the fund may be expended to provide
9 the resources and services authorized pursuant to Section
10 6-4-2.9 NMSA 1978; provided that the executive order for
11 disasters fund is exhausted.

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

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

20 "6-4-2.7. NATURAL DISASTER REVOLVING FUND.--

21 A. The "natural disaster revolving fund" is
22 created as a nonreverting fund in the state treasury. The
23 purpose of the fund is to provide loans to political
24 subdivisions of the state and electric cooperatives that have
25 been approved for funding from the federal emergency

1 management agency for a federally declared natural disaster.
2 The fund consists of distributions, transfers,
3 appropriations, gifts, grants, donations, income from
4 investment of the fund and income earned on loans made from
5 the fund. Money in the fund shall be invested by the state
6 treasurer.

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

10 (1) the purposes of the natural disaster
11 loan program pursuant to Section 6-4-2.6 NMSA 1978;

12 (2) resources and services authorized by
13 Section 6-4-2.9 NMSA 1978; provided that the executive order
14 for disasters fund and the appropriation contingency fund are
15 exhausted; and

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

20 C. Money in the natural disaster revolving fund is
21 appropriated to the homeland security and emergency
22 management department for the compliance management of
23 programs administered by the federal emergency management
24 agency that serve as the basis for a natural disaster loan;
25 provided that no more than one hundred fifty thousand dollars

1 (\$150,000) annually shall be used for these purposes.

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

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

11 "6-4-2.9. EXECUTIVE ORDER FOR DISASTERS FUND.--

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

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

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

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

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

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

25 (4) a projected time line for expending the

1 appropriation;

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

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

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

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

14 "6-4-4. TRANSFERS FROM THE GENERAL FUND.-- If the
15 revenues of the general fund exceed the total of
16 appropriations from the general fund, the excess revenue
17 shall be transferred to the general fund operating reserve;
18 provided that if the sum of the excess revenue plus the
19 balance in the general fund operating reserve prior to the
20 transfer is greater than eight percent of the aggregate
21 recurring appropriations from the general fund for the
22 previous fiscal year, then an amount equal to the smaller of
23 either the amount of the excess revenue or the difference
24 between the sum and eight percent of the aggregate recurring
25 appropriations from the general fund for the previous fiscal

1 year shall be transferred to the government results and
2 opportunity expendable trust."

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

5 "20-1-6. EXPENSES FOR TROOPS CALLED INTO SERVICE OF THE
6 STATE.--

7 A. All compensation of personnel and all the
8 necessary expenses incurred in quartering, housing, caring
9 for, subsisting, protecting, equipping, warning for duty and
10 transporting such officers and members and their equipment,
11 including the purchase or lease of any articles of material,
12 equipment or supplies reasonably required, designed or needed
13 to accomplish the purpose or results specified in the
14 governor's call for such troops into service of the state,
15 shall be paid by the state from the executive order for
16 disasters fund.

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

23 C. The provisions of this section may be used for
24 the operation of the national guard or the state defense
25 force when on militia duty."

1 **SECTION 8. TEMPORARY PROVISION--DISASTER FUNDING TASK**
2 **FORCE.--**The legislative finance committee shall convene a
3 disaster funding task force composed of the director of the
4 legislative finance committee, the state director of homeland
5 security and emergency management, the adjutant general of
6 the New Mexico national guard and the secretary of finance
7 and administration, or those individuals' designees. The
8 task force shall review the provisions of this act and make
9 recommendations for proposed legislation for the first
10 session of the fifty-eighth legislature. Members of the task
11 force shall report the recommendations to the legislative
12 finance committee by November 1, 2026. The report shall
13 identify issues related to fiscal controls, accountability,
14 transparency, contingency plans and disaster response
15 flexibility for the executive.

16 **SECTION 9. TRANSFERS.--**

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

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

23 **SECTION 10. TRANSFERS TO NATURAL DISASTER REVOLVING**
24 **FUND.--**Within thirty days after August 1 of 2026 and 2027,
25 the secretary of finance and administration shall calculate

1 the unexpended balance of the natural disaster revolving fund
2 and, subject to availability of funds, transfer from the
3 appropriation contingency fund to the natural disaster
4 revolving fund an amount not greater than fifty million
5 dollars (\$50,000,000) less the balance of the natural
6 disaster revolving fund. If the unexpended balance of the
7 natural disaster revolving fund is equal to or greater than
8 fifty million dollars (\$50,000,000), no transfer shall be
9 made.

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

12 SECTION 12. DELAYED REPEAL.--Sections 12-11-23 through
13 12-11-25 NMSA 1978 (being Laws 1955, Chapter 185, Sections 1
14 through 3, as amended) are repealed effective February 15,
15 2027.

16 SECTION 13. EFFECTIVE DATE--DELAYED EFFECTIVE DATE.--

17 A. The effective date of the provisions of
18 Sections 10 and 11 of this act is July 1, 2026.

19 B. The effective date of the provisions of
20 Sections 1 through 7 and 9 of this act is February 15, 2027.

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