

<b>LFC Requester:</b>	<b>Emily Hilla</b>
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

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**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2.18.25 *Check all that apply:*  
**Bill Number:** HB 351 Original  Correction   
 Amendment  Substitute

**Sponsor:** Mark B. Murphy, Angelita Meja, Jimmy Mason, Jonathon A. Henry, Harlan Vincent **Agency Name and Code** New Mexico Department of Homeland Security and Emergency Management-79500  
**Short Title:** Storm Event Zero-Interest Loans **Person Writing** Matthew Stackpole **Phone:** 505-699-5807 **Email** Matthew.stackpole@dhsem.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$200,000	Nonrecurring	Board of Finance - DFA

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0	\$0	\$0	NA	NA

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0	\$0	\$0	\$0	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Synopsis: HB 351 establishes a zero-interest loan program to assist political subdivisions within Chaves County with the costs of repairing or replacing public infrastructure damaged by the storm event on October 19, 2024. The bill aims to provide upfront funding to cover these costs, bridging the financial gap between when damages occur and when federal reimbursements are received. The program is modeled after prior legislation that provided financial support for wildfire recovery, including the House Bill 1 (2024 Special Session) \$70 million allocated for the Salt and South Fork Fires.

Under HB 351, loans will be administered by the Board of Finance within DFA. Political subdivisions receiving loans must enter into reimbursement contracts stipulating that repayment will be made using federal public assistance grants. This structure is similar to the loan programs created under HB 1 (2024 Special Session) and Senate Bill 6 (2023).

#### **FISCAL IMPLICATIONS**

House Bill 351 (HB 351) appropriates \$200 million from the general fund to the Board of Finance within the Department of Finance and Administration (DFA) for expenditure beginning in fiscal year 2026. These funds will provide zero-interest reimbursable loans exclusively to political subdivisions of Chaves County that have been approved for federal public assistance funding related to the storm event on October 19, 2024. Eligible projects include those that replace or repair public infrastructure damaged by flooding or debris flows and those that remove debris accumulations caused by that storm event. Any unexpended or unencumbered balance remaining at the end of fiscal year 2026 shall revert to the general fund. No recurring appropriations are associated with this bill, and there are no anticipated additional operating budget impacts for DHSEM beyond coordination and consultation with DFA.

#### **SIGNIFICANT ISSUES**

HB 351 offers financial support to political subdivisions within Chaves County facing costs related to the storm event on October 19, 2024. Local governments often cover debris removal, infrastructure repair, and emergency response costs before receiving federal reimbursements. This zero-interest loan program provides more immediate financial relief, reducing strain on local budgets and facilitating quicker recovery. However, aligning HB 351's provisions with the administrative structure used in House Bill 1 (2024 Special Session) and Senate Bill 6 (2023) may ensure greater consistency with existing programs, particularly regarding loan repayment timelines, reporting requirements, and enforcement mechanisms.

#### **PERFORMANCE IMPLICATIONS**

See above.

#### **ADMINISTRATIVE IMPLICATIONS**

The Board of Finance within DFA will be responsible for administering the loan program, including processing applications, managing reimbursement contracts, and ensuring compliance

with repayment terms. DHSEM's role, though not specifically articulated within the Bill, will likely be limited to consulting with DFA as needed. Aligning the administrative processes of HB 351 with those used in House Bill 1 (2024 Special Session) and Senate Bill 6 (2023) would promote consistency across state disaster recovery programs and simplify compliance for both agencies and loan recipients.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 351 is related to SB 134 (2025), SB 31 (2025), SB 6 (2023), and HB 1 (2024 Special Session), all of which established zero-interest loan programs for political subdivisions affected by federally declared disasters. While SB 134 provided general support for natural disasters, SB 31 expanded eligibility to include electric cooperatives and introduced two revolving funds. SB 6 and HB 1 included clear guidelines on repayment timelines, penalties for delayed repayments, and periodic reporting requirements. Aligning HB 351 more closely with these measures, specifically with SB 6 and HB 1 would likely improve its administrative efficiency and long-term sustainability.

### **TECHNICAL ISSUES**

Clarification regarding the repayment timeline for loan recipients would help ensure the timely replenishment of the fund. Specifying deadlines for repayment after receiving federal reimbursements and including penalties for delayed repayment, as outlined in House Bill 1 (2024 Special Session) and Senate Bill 6 (2023), would strengthen the fund's financial sustainability.

### **OTHER SUBSTANTIVE ISSUES**

DHSEM supports this measure though also recommends aligning its structure and wording more closely with the provisions of House Bill 1 (2024 Special Session) or Senate Bill 6 (2023). Both of these measures provide zero-interest loans to political subdivisions for disaster recovery with clear guidelines on reimbursement timelines, penalties for late repayments, and streamlined administrative processes. Adopting similar language and structural elements would enhance HB 351's clarity, effectiveness, and alignment with existing disaster recovery frameworks.

### **ALTERNATIVES**

See above.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Without HB 351, political subdivisions within Chaves County affected by the October 19, 2024 storm event may face financial challenges while awaiting federal reimbursements. This could delay infrastructure repairs, increase recovery costs, and prolong the economic and social impacts of storm-related disruptions. Local governments might need to seek external financing, increasing their financial burden and limiting their ability to respond effectively to future disasters. DHSEM is in support of this HB 351.

### **AMENDMENTS**

NA