

LFC Requester:	Sanchez
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: 2/13/25 *Check all that apply:*
Bill Number: SB31 Original Correction
 Amendment Substitute

Sponsor: Campos **Agency Name and Code:** Municipal League (ML)
Short Title: Zero-Interest Natural Disaster Loans **Number:** _____
Person Writing: Jacob Rowberry **Phone:** 505-992-3538 **Email:** jrowberry@nmml.org

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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:

Senate Bill 31 provides zero-interest loans to political subdivisions of the state and electric cooperatives that are approved for FEMA funding for a federally declared natural disaster. SB31 establishes the Natural Disaster Revolving Fund (NDRF) in the State Treasury and appropriates \$150 million from the general fund. The Federal Reimbursement Revolving Fund (FRRF) is created in SB31 with the purpose of using reimbursements from the federal government for claims created by the state's response to declared emergencies to ensure recovery for local communities. The NDRF and FRRF funds are added as part of the state reserves.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

The Municipal League is supportive of the concept of Senate Bill 31, which provides a new loan source for municipalities impacted by natural disasters, providing much need relief to local communities in the aftermath of natural disasters. Recent natural disasters across the state have highlighted local governments' need for timely funding sources, which SB31 would add to.

A potential clarifying point of SB31 is the provision that the political subdivision "[...] shall repay the loan within thirty days of becoming eligible for reimbursement under the approved funding from the federal emergency management agency." There appears to be a potential disconnect between "becoming eligible for reimbursement" and actually receiving the reimbursement amount. This could lead to instances where the political subdivision (or electric cooperative) is statutorily required to repay the loan based on eligibility approval, but the actual reimbursement amount is not yet available, creating an infeasible financial situation for the political subdivision.

Based on past observations, the FEMA reimbursement process is often long and arduous. As such, the process and timeline from declaring eligibility to actual disbursement of funds by FEMA needs to be taken into consideration to ensure political subdivisions and electric cooperatives don't face an inadvertent and premature financial liability.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS