

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment _____
 Correction Substitute _____

Date January 23, 2025
 Bill No: SB81

Sponsor: Senator Wirth
Representative Vincent
 Short
 Title: _____

Agency Name and Code
 Number: Energy, Minerals and Natural Resources Department - 521
 Person Writing Laura McCarthy
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
n/a	\$50,000.0	nonrecurring	GF

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
n/a	n/a	n/a	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	n/a	n/a	n/a	n/a	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
SB XX Wildfire Prepared Act (not yet filed)

Duplicates/Relates to Appropriation in the General Appropriation Act:
N/A

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 81 creates the New Mexico Property Insurance Program Association Board to administer the state FAIR Plan Act. The bill establishes board duties and responsibilities and identifies the board membership. The bill creates new requirements for insurance policies offered under the FAIR Plan Act, including setting up insurance of last resort with coverage to \$1 million per home and \$5 million for commercial property. The bill prescribes fees, makes an appropriation and declares an emergency.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

Section 6.A.5. directs the board to establish and submit a plan of operation for the FAIR plan that provides for the establishment of reasonable underwriting standards to determine the eligibility of risk, including mitigation requirements and property inspections.

The Energy, Minerals and Natural Resources Department, Forestry Division is directed in Chapter 68-2-34 NMSA 1978 (being Laws 2003, Chapter 115, Section 1 and Laws 2003, Chapter 303, Section 1) to staff the Fire Planning Task Force that is charged with developing mitigation requirements. A separate Senate Bill that is pending introduction will amend Chapter 68-2-34 to specify that mitigation requirements be developed to the standards developed by a nationally recognized wildfire prepared standard-setting organization such as the insurance institute for business and home safety.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 81 is a companion bill to Senate Bill XXX, Wildfire Prepared Act that sets up the mitigation requirements and program referred to in Section 6.A.5. of this bill.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without SB 81, New Mexico property owners who are unable to access insurance will only have coverage available to \$350,000 residential and \$1 million commercial. Without insurance, property buyers will be unable to obtain a mortgage. If homes are not saleable, their value will decline, and residents could find themselves with a mortgage that is greater than the home value. The effects on real estate will have ripple effects throughout New Mexico's economy.

AMENDMENTS