

LFC Requester:	Emily Hilla
-----------------------	--------------------

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: 2.1.25 *Check all that apply:*
Bill Number: SB 134 Original Correction
 Amendment Substitute

Sponsor: George K. Munoz, Harlan Vincent **Agency Name and Code:** NM Department of Homeland Security and Emergency Management-79500
Short Title: Natural Disaster Loans & Fund **Person Writing:** Matthew Stackpole
Title: _____ **Phone:** 505-699-5807 **Email:** Matthew.stackpole@d

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$100,000	NA	Nonrecurring	Natural Disaster Revolving Loan Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	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
Total	\$250	\$250	\$250	\$750	Recurring	Natural Disaster Revolving Loan Fund

(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: SB 134 creates The Natural Disaster Revolving Loan Fund (NDRLF) by appropriating one hundred million dollars (\$100,000,000.00) from the general fund to the newly created NDRLF. The Department of Finance and Administration (DFA), in consultation with the Department of Homeland Security and Emergency Management (DHSEM), is authorized to provide zero-interest reimbursable loans for expenditure in FY 2025 and subsequent fiscal years.

These loans will be available to state political subdivisions that have been approved by FEMA for public assistance grants to replace or repair public infrastructure damaged by a federally declared natural disaster. DFA will require a contract for reimbursement from the political subdivision. This reimbursement will be facilitated through a release provided to DHSEM. Consequently, DHSEM will be able to directly transfer the funds received from the public assistance grant to DFA in order to repay the loan. All loan repayments (and interest penalty payments) will be deposited back into the Natural Disaster Revolving Loan Fund.

SB 134 does have an emergency clause.

FISCAL IMPLICATIONS

SB 134 makes a nonrecurring one hundred million dollars (\$100,000,000.00) appropriation from the general fund to Natural Disaster Revolving Loan Fund, for expenditure in FY 25 and subsequent fiscal years. Also, from FY 25 through FY 28, SB 134 appropriates from the Appropriation Contingency Fund, an amount equal to the \$100,000,000.00, minus the unexpended and unencumbered balance (as of August of those respect years) of the Natural Disaster Revolving Loan Fund.

SB 134 makes the Natural Disaster Revolving Loan Fund part of the State Reserves.

SIGNIFICANT ISSUES

The New Mexico Department of Homeland Security and Emergency Management (DHSEM) recognizes that SB 134, similar to SB 6 (2023) is a meaningful step toward improving financial readiness for disaster response. It creates a structured approach to providing zero-interest loans to political subdivisions affected by federally declared disasters, helping them bridge financial gaps while awaiting FEMA reimbursements. Timely access to funds is critical in disaster recovery, as local governments must often front costs for debris removal, infrastructure repair, and emergency services before receiving federal assistance. The ability to secure zero-interest loans will strengthen New Mexico communities' ability to respond efficiently and mitigate the long-term economic impact of disasters.

While SB 134 establishes a crucial financial tool, the \$100,000,000 appropriation—though significant—may not be sufficient to meet the full spectrum of disaster recovery needs. Recent

wildfire events alone required \$70,000,000 in just five days for a single community—demonstrating just how quickly costs escalate. If multiple disasters occur within a short period, the available funds could be rapidly depleted, limiting the state’s ability to provide broad and sustained support.

DHSEM supports the creation of the Natural Disaster Revolving Loan Fund and views this bill as a strong foundation. To ensure its long-term success, DHSEM encourages continued efforts to strengthen and grow the fund over time, whether through future appropriations, public-private partnerships, or other sustainable funding mechanisms.

PERFORMANCE IMPLICATIONS

SB 134 enhances the State’s ability to provide immediate financial assistance to local governments, reducing delays in disaster response and ensuring continuity of services. The revolving loan fund offers a practical solution to cash flow challenges that many communities face after federally declared disasters.

However, the fund’s initial allocation may not fully account for the scope and frequency of disasters affecting New Mexico. Given the State’s susceptibility to wildfires, floods, and other emergencies, recovery costs can escalate dramatically, and demand for financial assistance may exceed the available resources.

To maximize its effectiveness and ensure the State’s ability to respond to these emergencies, DHSEM recommends exploring mechanisms to reinforce the fund’s capacity over time. By planning for long-term growth, the fund can evolve into a more robust and sustainable resource for New Mexico’s disaster recovery efforts.

ADMINISTRATIVE IMPLICATIONS

As stated above, DFA will require a contract for reimbursement from a political subdivision to receive short-term loans, of which, the political subdivision will pay the loan by providing a release to DHSEM to transfer directly to DFA all monies received from the approved federal public assistance grant that served as the basis of the loan.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NA

TECHNICAL ISSUES

SB 134 effectively targets communities that qualify for FEMA public assistance, providing a financial bridge while awaiting federal reimbursements. However, its scope does not extend to communities affected by disasters that do not meet federal declaration thresholds, leaving some local governments without access to critical recovery funds. Many incidents—such as wildfires, flash floods, and infrastructure failures—cause significant hardship but will still fall short of FEMA's eligibility requirements. The bill does not establish a mechanism to support these communities.

OTHER SUBSTANTIVE ISSUES

See above.

ALTERNATIVES

NA

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without SB 134, New Mexico's political subdivisions that qualify for FEMA public assistance will continue to face financial challenges while waiting for federal reimbursements. The absence of a dedicated state-level disaster loan fund means that communities may need to rely on external borrowing, delay critical recovery projects, or request additional emergency appropriations—all of which slow response times and increase financial strain on local governments.

While the \$100,000,000 initial investment may not fully meet all disaster-related financial needs, the establishment of this fund is a critical first step. By putting this structure in place, New Mexico will have a scalable solution that can be strengthened over time to better address future disaster recovery efforts.

AMENDMENTS

NA