

1 SENATE BILL 134

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 George K. Muñoz and Harlan Vincent

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10 AN ACT

11 RELATING TO PUBLIC FINANCE; PROVIDING ZERO-INTEREST LOANS TO
12 POLITICAL SUBDIVISIONS OF THE STATE THAT HAVE BEEN APPROVED FOR
13 FEDERAL PUBLIC ASSISTANCE FUNDING FROM THE FEDERAL EMERGENCY
14 MANAGEMENT AGENCY FOR A FEDERALLY DECLARED NATURAL DISASTER;
15 REQUIRING REIMBURSEMENT CONTRACTS; PROVIDING FOR ENFORCEMENT OF
16 THE TERMS OF THE LOAN CONTRACTS; CREATING THE NATURAL DISASTER
17 REVOLVING FUND; PROVIDING AN ANNUAL TRANSFER FROM THE
18 APPROPRIATION CONTINGENCY FUND TO THE NATURAL DISASTER
19 REVOLVING FUND; PROVIDING THAT THE STATE RESERVES SHALL CONSIST
20 OF CERTAIN FUNDS, INCLUDING THE NATURAL DISASTER REVOLVING
21 FUND; MAKING AN APPROPRIATION; DECLARING AN EMERGENCY.

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23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

24 SECTION 1. [NEW MATERIAL] NATURAL DISASTER LOAN
25 PROGRAM.--

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1 A. The department of finance and administration, in
2 consultation with the homeland security and emergency
3 management department, shall provide zero-interest reimbursable
4 loans to political subdivisions of the state that have been
5 approved for federal public assistance funding from the federal
6 emergency management agency for a federally declared natural
7 disaster. The department of finance and administration shall
8 require a contract for reimbursement from a political
9 subdivision of the state to receive a loan pursuant to this
10 section. The contract shall specify:

11 (1) that the political subdivision shall pay
12 the loan by providing a release to the homeland security and
13 emergency management department to transfer directly to the
14 department of finance and administration money received from
15 the approved federal public assistance funding that serves as
16 the basis for the loan;

17 (2) that the political subdivision shall repay
18 the loan within thirty days of becoming eligible for
19 reimbursement under the approved federal public assistance
20 funding;

21 (3) such notice or reporting requirements that
22 the department of finance and administration deems necessary to
23 be sufficiently informed regarding compliance with Paragraphs
24 (1) and (2) of this subsection;

25 (4) a reasonably prompt deadline, determined

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1 on a case-by-case basis by the department of finance and
2 administration, by which date the political subdivision shall
3 be required to expend the loan for natural disaster recovery
4 purposes and that if the political subdivision does not expend
5 the loan by this deadline, the political subdivision shall pay
6 an interest penalty on the loan, at a fair current market
7 interest rate or federal interest rate, as determined by the
8 department of finance and administration;

9 (5) that upon failure to meet a requirement of
10 this subsection, the loan shall be repaid at a fair current
11 market interest rate or federal interest rate, as determined by
12 the department of finance and administration; and

13 (6) that the political subdivision remit to
14 the department of finance and administration, which shall
15 deposit in the natural disaster revolving fund, all income from
16 investment of money from the loan.

17 B. All loan repayments and interest penalty
18 payments made pursuant to this section shall be deposited into
19 the natural disaster revolving fund.

20 C. The secretary of finance and administration
21 shall take any and all legal actions necessary to enforce the
22 terms of contracts entered into pursuant to this section.

23 D. On or before June 1, 2025 and every six months
24 thereafter, the department of finance and administration shall
25 provide a report to the legislative finance committee and the

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1 governor regarding the loans made pursuant to this section,
2 including:

3 (1) projects for which loan contracts have
4 been made;

5 (2) the dollar amounts of and repayments made
6 pursuant to those contracts; and

7 (3) any breaches of those contracts,
8 subsequent enforcement actions and results of the enforcement
9 actions, including applicable interest rates for contract
10 breaches and the determination of those interest rates.

11 SECTION 2. [NEW MATERIAL] NATURAL DISASTER REVOLVING
12 FUND.--

13 A. The "natural disaster revolving fund" is created
14 in the state treasury. The purpose of the fund is to provide
15 loans to political subdivisions of the state that have been
16 approved for federal public assistance funding from the federal
17 emergency management agency for a federally declared natural
18 disaster. The fund consists of distributions, transfers,
19 appropriations, gifts, grants, donations and income from
20 investment of the fund. Money in the fund shall be invested by
21 the state treasurer.

22 B. Money in the natural disaster revolving fund is
23 appropriated to the department of finance and administration
24 for:

25 (1) the purposes of the natural disaster loan
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1 program pursuant to Section 1 of this 2025 act; and

2 (2) administration of the natural disaster
3 loan program and enforcement of loan contracts; provided that
4 no more than two hundred fifty thousand dollars (\$250,000)
5 annually shall be used for these purposes.

6 C. The department of finance and administration
7 shall administer the fund, and expenditures from the fund shall
8 be by warrant of the secretary of finance and administration
9 pursuant to vouchers signed by the secretary or the secretary's
10 authorized representative.

11 D. Any unexpended or unencumbered balance exceeding
12 one hundred million dollars (\$100,000,000) and remaining at the
13 end of a fiscal year shall revert to the appropriation
14 contingency fund. Any unexpended or unencumbered balance
15 remaining at the end of a fiscal year shall be included in the
16 calculation of state reserves.

17 E. Any money repaid or reimbursed to the state
18 pursuant to Laws 2023, Chapter 2, Section 1 or Laws 2024 (1st
19 S.S.), Chapter 1, Section 2 shall be deposited in the natural
20 disaster revolving fund.

21 SECTION 3. [NEW MATERIAL] TRANSFER--APPROPRIATION
22 CONTINGENCY FUND TO NATURAL DISASTER REVOLVING FUND.--Within
23 thirty days after August 1 of each year through 2028, the
24 secretary of finance and administration shall calculate the
25 unexpended and unencumbered balance of the natural disaster

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1 revolving fund and, subject to availability of funds, transfer
2 from the appropriation contingency fund to the natural disaster
3 revolving fund an amount equal to one hundred million dollars
4 (\$100,000,000) less the balance of the natural disaster
5 revolving fund. If the unexpended and unencumbered balance of
6 the natural disaster revolving fund is equal to or greater than
7 one hundred million dollars (\$100,000,000), no transfer shall
8 be made.

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

11 "6-4-2.3. APPROPRIATION CONTINGENCY FUND.--There is
12 created within the general fund the "appropriation contingency
13 fund". [A.] The appropriation contingency fund may be expended
14 only:

15 A. upon specific authorization by the legislature;
16 [or]

17 B. as provided in Sections [~~6-7-1 through 6-7-3~~]
18 12-11-23 through 12-11-25 NMSA 1978 in the event there is no
19 surplus of unappropriated money in the general fund and in the
20 amount authorized by the legislature;

21 [~~B. Notwithstanding Section 6-4-4 NMSA 1978, for~~
22 ~~the seventy-ninth fiscal year, if the revenues of the general~~
23 ~~fund exceed the total appropriations from the general fund, the~~
24 ~~excess revenue shall be transferred to the appropriation~~
25 ~~contingency fund.~~

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1 C. ~~Five million dollars (\$5,000,000) is transferred~~
2 ~~from the operating reserve fund to the public school state-~~
3 ~~support reserve fund in the eightieth fiscal year.~~

4 D. ~~If revenues and transfers to the general fund,~~
5 ~~excluding transfers to the operating reserve, appropriation~~
6 ~~contingency fund and public school state-support reserve, as of~~
7 ~~the end of the seventy-ninth fiscal year, are not sufficient to~~
8 ~~meet appropriations, the governor, with state board of finance~~
9 ~~approval, may transfer at the end of that year the amount~~
10 ~~necessary to meet the year's obligations from the unencumbered~~
11 ~~balance remaining in the general fund operating reserve in a~~
12 ~~total not to exceed sixty million dollars (\$60,000,000)] or~~

13 C. as provided in Section 3 of this 2025 act."

14 SECTION 5. A new section of Chapter 6, Article 4 NMSA
15 1978 is enacted to read:

16 "[NEW MATERIAL] STATE RESERVES.--The state reserves shall
17 consist of the:

- 18 A. appropriation contingency fund;
- 19 B. general fund operating reserve;
- 20 C. government results and opportunity expendable
- 21 trust;
- 22 D. state-support reserve fund;
- 23 E. tax stabilization reserve; and
- 24 F. natural disaster revolving fund."

25 SECTION 6. APPROPRIATION.--One hundred million dollars

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1 (\$100,000,000) is appropriated from the general fund to the
2 natural disaster revolving fund for expenditure in fiscal year
3 2025 and subsequent fiscal years for the purposes of the fund.
4 Any unexpended or unencumbered balance remaining at the end of
5 a fiscal year shall not revert to the general fund.

6 SECTION 7. EMERGENCY.--It is necessary for the public
7 peace, health and safety that this act take effect immediately.