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FISCAL IMPACT REPORT

SPONSOR	Small	LAST UPDATED	
		ORIGINAL DATE	2/4/2025
SHORT TITLE	Wildfire Suppression & Preparedness Fund	BILL NUMBER	House Bill 191
		ANALYST	Davidson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EMNRD	No fiscal impact	\$111.2 to \$222.4	\$111.2 to \$222.4	\$222.4 to \$444.8	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Is a companion to the General Appropriation Act.

Sources of Information

LFC Files

Agency Analysis Received From
 Energy, Minerals, and Natural Resources (EMNRD)

Agency Analysis was Solicited but Not Received From
 Department of Finance Administration (DFA)

SUMMARY

Synopsis of House Bill 191

House Bill 191 (HB191) creates two wildfire-related permanent funds administered by the Energy, Minerals and Natural Resources Department (EMNRD): the wildfire preparedness fund and the wildfire suppression fund.

The wildfire preparedness fund will act as additional support for State Forestry Division’s (SFD) duties by supplementing wildfire preparations, including pre-positioning of resources and forest thinning work, for which the Legislature provides recurring funding for through the SFD budget. Further, the wildfire preparedness fund will act as a repository for reimbursements, appropriations, gifts, and revenue for preparedness work. The wildfire suppression fund will provide support for costs associated with actively fighting wildfires, including vehicle rental and repair and paying contract wildland fire fighters.

HB191 requires EMNRD to report to the Legislature annually on August 15 on the balances, reimbursements, prior-year annual expenditures, and recommended appropriations for both funds, in addition to the anticipated wildfire conditions for the next year.

The Legislative Finance Committee (LFC) recommendation for the General Appropriation Act includes \$12 million for the wildfire preparedness fund from the general fund. Funding for the wildfire suppression fund will come from wildfire suppression reimbursements from entities such as tribal and local governments and cities and counties and from appropriations from the general fund or the appropriations contingency fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$12 million related to this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall not revert to the general fund.

HB191 is a companion to an appropriation in the General Appropriation Act, the bill itself does not have a major fiscal impact. The bill creates two new funds, but fund monitoring and reporting are a part of normal staff duties for executive agency staff. Fund monitoring could increase the workload for staff. Implementation of HB191's reporting mechanisms could require EMNRD to increase its staff by one to two personnel.

SIGNIFICANT ISSUES

Expanded funding for wildfire suppression and preparedness, beyond the current recurring funds existing in SFD's budget, will enable for swifter response to wildfires like the Salt and South Fork fires and enhance preparation for high fire risk areas like large parts of northern and southern New Mexico.

Research done by Pew Charitable Trusts on state wildfire spending highlights several recommendations for states with high wildfire risk to enact:

States should evaluate and strengthen current budgeting practices to account for growing risk. By comparing actual spending versus expected spending, assessing the threat of future fires, and implementing other tools, states can more accurately understand how much to budget for wildfire management, including mitigation.

Pew also recommends that better tracking of spending on wildfire, specifically making spending data more "accessible, transparent, and comprehensive," would give policymakers and fellow shareholders better information to more effectively allocate resources.

House Bill 191, endorsed by LFC, enables better tracking of spending on wildfires by requiring EMNRD to report on the usage, reimbursement, and balance of both funds. The reporting will give the state a more accurate picture of how to budget for wildfire suppression and mitigation.

Analysis from EMNRD expresses concerns about HB191 and its creation of two separate funds instead of one fund to supplement wildfire suppression and preparedness costs. Specifically, EMNRD analysis believes HB191 would have "significant impacts on wildfire operations," pointing to the bill creating additional administrative work to fund operations from either one of

the funds and the reporting requirements the bill would require.

EMNRD analysis notes suppression and preparedness efforts at times overlap, creating funding gray areas unaccounted for in HB191 for. EMNRD points to an example of pre-positioning work transitioning quickly to suppression work, and how the two fund option of HB191 has the potential to complicate the funding of the work. EMNRD also notes the tracking of expenditures from both funds has the potential to double the work of tracking while the agency is focusing on wildfire response.

EMNRD analysis further notes wildfire operations are spread across the state to respond to unique situations due to the geographic disparity between the northern and southern parts of the state, and how wildfires and flooding can differently affect both:

It is not uncommon for southern New Mexico to have a high level of wildfire activity in dry fuels while northern New Mexico is flooded with melting snow. If HB191 is enacted and two funds are established, FD's administrative staff will be operating out of both funds at the same time.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The LFC recommendation for the General Appropriation Act contains a \$12 million transfer from the general fund to the wildfire preparedness fund.

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