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FISCAL IMPACT REPORT

SPONSOR Stefanics/Vincent/Ortez/Gonzales
LAST UPDATED _____
ORIGINAL DATE 1/28/2025
SHORT TITLE Wildfire Prepared Act
BILL
NUMBER Senate Bill 33/ec
ANALYST Davidson

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
\$20,000.0		Nonrecurring	General Fund

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

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	Up to \$600.0	Up to \$600.0	\$1,200.0	Recurring	Wildfire Prepared Fund

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

Sources of Information

LFC Files

Agency Analysis Received From

Energy, Minerals, and Natural Resources Department (EMNRD)
 Department of Finance and Administration (DFA)

Agency Analysis was Solicited but Not Received From

Department of Homeland Security and Emergency Management (DHSEM)

SUMMARY

Synopsis of Senate Bill 33

Senate Bill 33 (SB33) amends sections of the Forest Conservation Act, creates a section called the Wildfire Prepared Act, adds members to the Fire Planning Task Force, updates the duties of the Fire Planning Task Force, and creates the Wildfire Prepared Program within the Energy, Minerals, and Natural Resources Department (EMNRD).

SB33 appropriates \$20 million from the general fund to the newly created wildfire prepared fund (WPF), which will be housed within EMNRD. The bill also directs EMNRD to hire four new personnel with the funds from the WPF.

This bill contains an emergency clause and would become effective immediately on signature by the governor.

FISCAL IMPLICATIONS

The appropriation of \$20 million contained in 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. SB33 directs EMNRD to hire personnel with WPF funds, with EMNRD estimating the four personnel could cost up to \$500 thousand per year. The bill explicitly states the personnel will be funded with WPF funds, removing flexibility for EMNRD to fund the personnel with a mixture of WPF and recurring funds.

SIGNIFICANT ISSUES

Wildfires will be an ever-present part of the state's future, and the state's risk of wildfires only continues as snowpacks decline, average precipitation drops, and average temperatures rise. New Mexico already has a high risk of wildfire—higher than 82 percent of states in the United States. Wildfire risk is based on likelihood, intensity, exposure, and susceptibility.

New Mexico is in the 86th percentile for risk to homes. In New Mexico, 46 percent of homes and buildings are located in direct exposure areas, meaning they are adjacent to flammable vegetation and indirect sources, such as embers and home-to-home ignition. The remaining homes are in areas with minimum exposure (or not likely to be subjected to wildfire) or in indirect exposure (close to indirect sources).

New Mexico's high wildfire risk has adverse impacts on the insurance market, predominantly affecting homeowners in areas of high wildfire risk. Analysis from EMNRD noted homeowners working to recover from the 2022 Hermit's Peak-Calf Canyon fire and the 2024 South Fork and Salt fires are finding it increasingly difficult to obtain insurance.

EMNRD analysis points to efforts in California, another high wildfire risk state, and the programs it has instituted to aid homeowners in supplying defensible space grants (preparing areas near homes and buildings to be more fire resilient by clearing brush, thinning, and building with fire resistant materials). EMNRD analysis noted Senate Bill 33 proposes to institute a similar program like California's with the Wildfire Prepared Program.

SB33 also tasks the Wildfire Prepared Program, in addition to providing technical assistance and training and conducting assessments, with awarding grants with funds from the WPF. Using the fund to both cover the recurring cost of administration and grants with no cap assigned to them could potentially deplete the fund and then the use of general fund to continue funding the Wildfire Prepared Program personnel.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to Senate Bill 81, which creates the Property Insurance Program Association Board to administer a program to provide property insurance of last resort (as prt of the FAIR Plan). Senate Bill 81 also has provisions contingent on passage of Senate Bill 33.

Related to House Bill 175, which amends portions of the Forest and Watershed Restoration Act to allow the forest land protection revolving fund to be used to create buffers of defensible space around structures and properties in high-risk areas

AD/hj/hg/sgs