

1 SENATE BILL 31

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

3 INTRODUCED BY

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5 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 AND ELECTRIC COOPERATIVES
13 THAT HAVE BEEN APPROVED FOR FEDERAL PUBLIC ASSISTANCE FUNDING
14 FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY FOR A FEDERALLY
15 DECLARED NATURAL DISASTER; REQUIRING REIMBURSEMENT CONTRACTS;
16 PROVIDING FOR ENFORCEMENT OF THE TERMS OF THE LOAN CONTRACTS;
17 CREATING THE NATURAL DISASTER REVOLVING FUND; PROVIDING AN
18 ANNUAL TRANSFER FROM THE APPROPRIATION CONTINGENCY FUND TO THE
19 NATURAL DISASTER REVOLVING FUND; PROVIDING THAT THE STATE
20 RESERVES SHALL CONSIST OF CERTAIN FUNDS; CREATING THE FEDERAL
21 REIMBURSEMENT REVOLVING FUND; MAKING APPROPRIATIONS; DECLARING
22 AN EMERGENCY.
23

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

25 SECTION 1. [NEW MATERIAL] NATURAL DISASTER LOAN

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1 PROGRAM.--

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

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

19 (2) that the political subdivision or electric
20 cooperative shall repay the loan within thirty days of becoming
21 eligible for reimbursement under the approved funding from the
22 federal emergency management agency;

23 (3) such notice or reporting requirements that
24 the department of finance and administration deems necessary to
25 be sufficiently informed regarding compliance with Paragraphs

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1 (1) and (2) of this subsection;

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

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

16 (6) that the political subdivision or electric
17 cooperative remit to the department of finance and
18 administration, which shall deposit in the natural disaster
19 revolving fund, all income from investment of money from the
20 loan.

21 B. All loan repayments and interest penalty
22 payments made pursuant to this section shall be deposited into
23 the natural disaster revolving fund.

24 C. The secretary of finance and administration
25 shall take any and all legal actions necessary to enforce the

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1 terms of contracts entered into pursuant to this section.

2 D. On or before June 1, 2025 and every six months
3 thereafter, the department of finance and administration shall
4 provide a report to the legislative finance committee and the
5 governor regarding the loans made pursuant to this section,
6 including:

7 (1) projects for which loan contracts have
8 been made;

9 (2) the dollar amounts of and repayments made
10 pursuant to those contracts; and

11 (3) any breaches of those contracts,
12 subsequent enforcement actions and results of the enforcement
13 actions, including applicable interest rates for contract
14 breaches and the determination of those interest rates.

15 SECTION 2. [NEW MATERIAL] NATURAL DISASTER REVOLVING
16 FUND.--

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

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1 B. Money in the natural disaster revolving fund is
2 appropriated to the department of finance and administration
3 for:

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

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

10 C. Money in the natural disaster revolving fund is
11 appropriated to the homeland security and emergency management
12 department for the compliance management of programs
13 administered by the federal emergency management agency that
14 serve as the basis for a natural disaster loan; provided that
15 no more than one hundred fifty thousand dollars (\$150,000)
16 annually shall be used for these purposes.

17 D. The department of finance and administration
18 shall administer the fund, and expenditures from the fund shall
19 be by warrant of the secretary of finance and administration
20 pursuant to vouchers signed by the secretary or the secretary's
21 authorized representative or vouchers signed by the secretary
22 of homeland security and emergency management or that
23 secretary's authorized representative.

24 E. Any unexpended or unencumbered balance exceeding
25 one hundred fifty million dollars (\$150,000,000) and remaining

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1 at the end of a fiscal year shall revert to the appropriation
2 contingency fund. Any unexpended or unencumbered balance
3 remaining at the end of a fiscal year shall be included in the
4 calculation of state reserves.

5 F. Any money repaid or reimbursed to the state
6 pursuant to Laws 2023, Chapter 2, Section 1 or Laws 2024 (1st
7 S.S.), Chapter 1, Section 2 shall be deposited in the natural
8 disaster revolving fund.

9 SECTION 3. ~~[NEW MATERIAL]~~ TRANSFER--APPROPRIATION
10 CONTINGENCY FUND TO NATURAL DISASTER REVOLVING FUND.--Within
11 thirty days after August 1 of each year through 2028, the
12 secretary of finance and administration shall calculate the
13 unexpended and unencumbered balance of the natural disaster
14 revolving fund and, subject to availability of funds, transfer
15 from the appropriation contingency fund to the natural disaster
16 revolving fund an amount equal to one hundred fifty million
17 dollars (\$150,000,000) less the balance of the natural disaster
18 revolving fund. If the unexpended and unencumbered balance of
19 the natural disaster revolving fund is equal to or greater than
20 one hundred fifty million dollars (\$150,000,000), no transfer
21 shall be made.

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

24 "6-4-2.3. APPROPRIATION CONTINGENCY FUND.--There is
25 created within the general fund the "appropriation contingency
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1 fund". ~~[A.]~~ The appropriation contingency fund may be expended
2 only:

3 A. upon specific authorization by the legislature;
4 ~~[or]~~

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

9 ~~[B. Notwithstanding Section 6-4-4 NMSA 1978, for~~
10 ~~the seventy-ninth fiscal year, if the revenues of the general~~
11 ~~fund exceed the total appropriations from the general fund, the~~
12 ~~excess revenue shall be transferred to the appropriation~~
13 ~~contingency fund.~~

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

17 ~~D. If revenues and transfers to the general fund,~~
18 ~~excluding transfers to the operating reserve, appropriation~~
19 ~~contingency fund and public school state-support reserve, as of~~
20 ~~the end of the seventy-ninth fiscal year, are not sufficient to~~
21 ~~meet appropriations, the governor, with state board of finance~~
22 ~~approval, may transfer at the end of that year the amount~~
23 ~~necessary to meet the year's obligations from the unencumbered~~
24 ~~balance remaining in the general fund operating reserve in a~~
25 ~~total not to exceed sixty million dollars (\$60,000,000)]; or~~

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

2 SECTION 5. A new section of Chapter 6, Article 4 NMSA
3 1978 is enacted to read:

4 "[NEW MATERIAL] STATE RESERVES.--The state reserves
5 consist of the:

- 6 A. appropriation contingency fund;
- 7 B. general fund operating reserve;
- 8 C. government results and opportunity expendable
9 trust;
- 10 D. state-support reserve fund;
- 11 E. tax stabilization reserve;
- 12 F. natural disaster revolving fund; and
- 13 G. federal reimbursement revolving fund."

14 SECTION 6. [NEW MATERIAL] FEDERAL REIMBURSEMENT REVOLVING
15 FUND.--

16 A. The "federal reimbursement revolving fund" is
17 created as a nonreverting fund in the state treasury. The
18 purpose of the fund is to use reimbursements from the federal
19 government for claims created by the state's response to
20 declared emergencies to ensure recovery for local communities
21 affected by such emergencies and respond to future emergencies
22 in New Mexico. The fund consists of reimbursed claims from the
23 federal government, gifts, grants, transfers, distributions,
24 donations and income from investment of the fund.

25 B. Money in the fund is appropriated to the

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1 department of finance and administration to make
2 appropriations, pursuant to Sections 12-11-24 and 12-11-25 NMSA
3 1978, for disaster relief after the governor declares an
4 emergency.

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

10 D. Any money reimbursed to the state or otherwise
11 received by the state for emergency expenditures from the
12 federal government, including money the state receives through
13 the federal Hermit's Peak/Calf Canyon Fire Assistance Act,
14 unless otherwise obligated under an agreement with the federal
15 government, shall be deposited in the federal reimbursement
16 revolving fund.

17 SECTION 7. APPROPRIATION.--One hundred fifty million
18 dollars (\$150,000,000) is appropriated from the general fund to
19 the natural disaster revolving fund for expenditure in fiscal
20 year 2025 and subsequent fiscal years for the purposes of the
21 fund. Any unexpended or unencumbered balance remaining at the
22 end of a fiscal year shall not revert to the general fund.

23 SECTION 8. EMERGENCY.--It is necessary for the public
24 peace, health and safety that this act take effect immediately.