

**LFC Requester:** \_\_\_\_\_

**AGENCY BILL ANALYSIS  
2025 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

*Check all that apply:*  
**Original**     X  **Amendment**    \_\_\_\_\_  
**Correction**    \_\_\_\_\_ **Substitute**    \_\_\_\_\_

**Date**  1/30/2025   
**Bill No:**  HB 191

**Sponsor:**  Representative Nathan Small   
**Short Title:**  Wildfire Suppression and Preparedness Fund

**Agency Name and Code Number:**  Energy, Minerals and Natural Resources Department - 521   
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands) - Suppression**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
28,000.0	28,000.0	Recurring	21300/19900

(Parenthesis ( ) Indicate Expenditure Decreases)

**APPROPRIATION (dollars in thousands) - Preparedness**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
5,000.0	5,000.0	Recurring	21300/19900

(Parenthesis ( ) Indicate Expenditure Decreases)

**REIMBURSEMENT (dollars in thousands) - Suppression**

Estimated REIMBURSEMENT			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
4,200.0	4,200.0	4,200.0	Recurring	21300

(Parenthesis ( ) Indicate Expenditure Decreases)

**REIMBURSEMENT (dollars in thousands) - Preparedness**

Estimated Reimbursement			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
0.0	0.0	0.0	Recurring	21300

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands) -  
Suppression**

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	0.0	0.0	28,000.0	28,000.0	Recurring	21300/19900

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands) -  
Preparedness**

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	0.0	0.0	5,000.0	5,000.0	Recurring	21300/19900

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: HB191 proposes to amend a section of the Forest Conservation Act to create two funds. First, the bill creates the **wildfire suppression fund** as a non-reverting fund to provide a reliable and stable source of funding for control and suppression of wildfire, to acquire and maintain technology for safe and efficient wildfire management, and to secure grants and matching funds for wildfire emergencies. Second, the bill creates the **wildfire preparedness fund** as a separate non-reverting fund to provide a reliable and stable source of funding for: preparing for and preventing wildfires; prepositioning of firefighting resources; conducting wildfire mitigation projects; training firefighting personnel; repairing and replacing of wildfire disaster management vehicles; purchasing and maintaining wildfire equipment; publicizing and educating the public about wildfire danger conditions; and securing grants and matching funds for wildfire emergencies.

The bill directs EMNRD to report wildfire suppression fund and wildfire preparedness fund expenditures by August 15 of each year to the legislative finance committee and the appropriate legislative interim. The bill specifies that reporting include balances, summary of

wildfire reimbursements, summary of appropriations, annual state expenditures for wildfire disaster management and preparation for ten fiscal years, annual state expenditures for wildfire disaster management and preparation in the five fiscal years with the highest annual expenditures in the previous ten fiscal years, anticipated wildfire conditions for the next year, and recommendation for appropriation to the wildfire suppression fund and the wildfire preparedness fund.

HB191 also amends the Forest Conservation Act definitions section with updated practices and language that reflects allowable actions consistent with national practices for suppression, suppression repair and emergency post-fire rehabilitation.

## **FISCAL IMPLICATIONS**

The estimated operating budgets for FY2026 are based on the average of the top five annual expenses for activities that HB191 defines as suppression and preparedness over the last ten years plus expenditures to send firefighters to assist neighboring states. Although the out-of-state assignments are fully reimbursed expenses, the Forestry Division (FD) must have budget authority to incur the expenses.

HB191 will not affect FD's ability to request executive orders when appropriated funds are exhausted to ensure wildland fire suppression operations continue, as needed. HB191 could negatively affect FD's ability to fund payroll for wildland firefighters when they are deployed to assist neighboring states.

## **SIGNIFICANT ISSUES**

The Pew Charitable Trusts presented their report entitled "Wildfires: Burning Through State Budgets" to the LFC in the 2023 interim. One year later, after the South Fork and Salt Fires in 2024, Pew provided a follow up analysis based on a study of New Mexico's wildfire expenditures. The second study was presented to the LFC on August 21, 2024.

HB191 is responding to the Pew analysis which was developed to address the impact of rising wildfire expenditures on the state's budget. Pew found that currently New Mexico does not proactively budget for wildfire suppression costs, other than salaries for some personnel. Instead, FD regularly relies on accessing emergency funding through executive orders. This practice presents several challenges.

First, the total cost of wildfire suppression is not included in the annual appropriations process. Most fire suppression funding remains outside the scope of the annual appropriations process, hampering the legislature's understanding of the total cost of wildfires. Federal reimbursements for wildfire suppression expenses often take multiple years to resolve. These reimbursements eventually revert to the general fund rather than remaining with FD, making it difficult to track what costs are ultimately paid from federal funds or from other states.

Second, the current process does not proactively plan for wildfire suppression costs. Wildfire expenses are a volatile but predictable expense. However, reliance on executive orders means that the state relies on an emergency funding mechanism for a known need instead of anticipating those costs.

Third, the current process is administratively inefficient. The use of executive orders requires officials across multiple agencies to rush to complete additional paperwork each time additional fire funding is needed. The cap on the amount of executive orders means this task must be

repeated multiple times each fire season.

In their presentation to the LFC on August 21, 2024, the Pew analysts recommended creation of a wildfire specific fund to address these challenges. The goals of their proposed solution were to reduce reliance on funding through Executive Orders; ensure predictable, immediate availability funding for wildfire suppression when needed; reduce the year-to-year volatility of wildfire funding needs; and improve transparency about the total cost of wildfire suppression.

Pew recommended the creation of one fund, not two funds as in HB191, because of the interrelated expenses incurred before, during and after wildfire events. Their proposed fund would be used for activities that are currently funded with executive orders, including preparedness, post-fire efforts, maintaining readiness, and fire suppression, with two additional uses: (1) repair and replacement of wildfire response vehicles and equipment that sustain damage during fire-related operations; and (2) providing flexibility for fire fighters on readiness assignments to work on mitigation projects while pre-positioned. Pew recommended that funding would come from both general fund appropriations and reimbursements received by FD, with annual requests based on an average of the five highest-cost years over the previous decade and would decrease if the fund balance grew. Pew's proposal included reporting requirements and a reporting deadline to ensure transparency and accountability, with detailed information about revenue and expenditure balances, categorized for clarity.

HB191 deviates from the Pew recommendations in several ways that would have significant impacts on wildfire operations. First, the creation of two funds with separate purposes, budget authority, and reports will create twice the workload and defeat the purpose of developing more efficient processes as wildfire expenditures increase with warming temperatures and prolonged droughts.

Second, HB191 attempts to differentiate between suppression and preparedness but several of the activities that would be authorized are legitimately both, which would make reporting difficult if not impossible. For example, the Fire Business System that is under development to automate wildfire billing and local fire department reimbursements for responding to wildfires must be acquired and maintained as a preparedness activity, and will be used before, during and after wildfire suppression events. In another example, prepositioning firefighting resources is a fire suppression activity, but conducting wildfire mitigation projects when they are prepositioned is not fire suppression.

Third, the two funds HB191 would establish could complicate and delay the FD's ability to send firefighters to emerging wildfires on initial attack while questions of budget authority are addressed. In real life, the transition from preparedness status to suppression status happens in an instant and timely initial attack is essential to keep fires small and contain costs. Tracking expenditures separately for two funds would mean twice the work at exactly the time the FD needs to be focused on stopping the spread of wildfire.

Finally, wildfire conditions vary widely between northern and southern New Mexico. 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. FD has already expanded the fire finance staff from one FTE in 2019 to five FTE in 2025 in response to increasing workload and new processes responding to auditor recommendations. HB191 would require even more staff to address the needs of budgeting, tracking and reporting

on suppression and preparedness separately.

### **PERFORMANCE IMPLICATIONS**

Pew's recommendations were designed to alleviate the need for Executive Orders at the end of the fiscal year, when fire activity is at its highest, and the Department of Finance Administration (DFA) is at its busiest. HB191 would not change the need to request Executive Orders through DFA before June 30 to meet fire liability obligations.

### **ADMINISTRATIVE IMPLICATIONS**

HB191 does not address the implications of budget allocations for Executive Orders in Fund 21300 "Emergency Fire, Insect and Disaster Fund." DFA created Fund 21300 and if HB191 is enacted, the FD would need to determine which of the two funds to place each approved Executive Order. It is not uncommon for FD to request several dozen Executive Orders at one time, as occurred in both 2022 and 2024. HB191 would require FD to break down each Executive Order to determine which allowable activities would be funded and where to place the funds. This added workload would be particularly burdensome in June, when wildfire activity is high, and DFA and FD staff are busy with fiscal year end procedures.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

### **TECHNICAL ISSUES**

### **OTHER SUBSTANTIVE ISSUES**

### **ALTERNATIVES**

An alternative is to establish one fund as recommended by Pew and to designate the existing Fund 21300 as the fund.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Energy, Minerals, and Natural Resources Department will continue to request appropriations and Executive Orders for the purpose of wildfire suppression pursuant to Section 12-11-24 and 12-11-25 NMSA 1978.

### **AMENDMENTS**