

**Agency Bill Analysis
2025 Regular Session**

SECTION I: GENERAL INFORMATION

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

Date January 28 2025
Bill No: SB33

Sponsor: Senator Liz Stefanics
Representative Harlan Vincent,
Kristina Ortez, Anita Gonzales
Short Title: Wildfire Prepared Act

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

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$20,000.0		Nonrecurring	GF
\$500.0	\$500.0	Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$20,000.0			Nonrecurring	GF
\$500.0	\$500.0	\$500.0	Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$100.0	\$100.0	\$100.0	\$300.0	Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

SB 81 Property Insurance Program Association Board
HB 175 Forest and Watershed Buffer Projects

Duplicates/Relates to Appropriation in the General Appropriation Act:

N/A

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: SB 33 will amend and recompile a section of the Forest Conservation Act of the NMSA 1978 to be the Wildfire Prepared Act. Four members will be added to the Fire Planning Task Force including representatives of the Office of the Superintendent of Insurance and Department of Homeland Security and Emergency Management, a public member with expertise in wildfire science and structures, and a member representing a state-based property insurance carrier trade association. The duties of the Fire Planning Task Force will be updated to include developing standards for defensible space and the five-foot zone closest to and surrounding structures; developing wildfire prepared standards for structure certification that are consistent with national standards set by the insurance institute for business and home safety; and developing guidelines and requirements for eligibility for grants.

SB 33 also creates a Wildfire Prepared Program in the Energy, Minerals and Natural Resources Department (EMNRD), Forestry Division (FD) to provide technical assistance and training to help structures and properties in high-risk areas survive wildfire. FD will have authority to conduct assessments, provide certification that structures and property are wildfire prepared, and award grants for structure hardening and defensible space. The bill authorizes two types of grants: 1) grants to political subdivisions¹ to make changes to structures to be wildfire prepared, conduct hazardous fuels reduction to provide a buffer to structures, and conduct assessments and certify structures are wildfire prepared; and 2) grants to qualified entities to assist eligible property owners to make necessary changes to structures and properties to make them wildfire prepared. At least 50% of the grant money awarded must go to making the necessary changes to structures and properties. FD will track the 50% threshold by creating separate budget tracking codes for both types of grants. If grant awards for the first type of grant reach 49.9% of the total funding, FD will cease making new awards and reserve the remaining funds for the second type of grant.

Finally, SB33 creates the Wildfire Prepared Fund as a non-reverting fund in the state treasury. EMNRD is directed to carry out the program and may use the fund to administer, staff and carry out the provisions of the act. The bill appropriates and authorizes four full-time employees. The bill declares an emergency for the act to take effect immediately.

FISCAL IMPLICATIONS

The appropriation of \$20,000,000 to the fund will be used primarily for the two types of grants.

¹ NMSA 11-6-3 defines “political subdivision” means any county; incorporated city; town or village; drainage, conservancy, irrigation, water and sanitation or other district; mutual domestic association; public water cooperative association; or community ditch association.

Four full-time employees to staff the program include a program coordinator, contracts specialist, attorney and paralegal. The recurring expense for employee salaries, personnel and benefits is estimated at \$500,000 annually and the operating expenses are estimated at \$100,000 annually.

SIGNIFICANT ISSUES

The Wildfire Prepared Act addresses the growing threats of wildfire to homes near natural areas and structure-to-structure spread of wildfire. Property insurance is increasingly difficult for New Mexico homeowners to obtain in high-risk areas because of the thousands of structures destroyed in the 2022 Hermits Peak Calf Canyon fire and 2024 South Fork and Salt fires. SB 33 creates a program based on the insurance industry's research organization standards for wildfire prepared homes and wildfire prepared neighborhoods. Research demonstrates that structures and properties that meet the wildfire prepared standards are better able to survive wildfire.

Structure-to-structure spread of wildfire is increasingly common and occurs through three vectors: embers, flames and radiant heat. Embers from burning buildings are bigger than embers from forests and travel further distances during wind events. Wind-borne embers typically lead to fire spotting that is difficult for firefighters to catch and contain. Trees and shrubs next to structures and between homes contribute to fire spread unless there is defensible space. Radiant heat ignites adjacent structures made of combustible materials. Wildfire prepared standards can protect homes when most of the neighborhood (e.g. 80%) has complied with the standards.

PERFORMANCE IMPLICATIONS

FD worked with the Office of Superintendent of Insurance, State Fire Marshal and Regulation and Licensing Department, Construction Industry Division to identify the best state agency to administer the new wildfire prepared program. Other states, including California and Colorado have similar programs administered by their equivalent to the FD. FD already staffs the Fire Planning Task Force [68-2-34 NMSA 1978] and administers defensible space grants for tree thinning on private land with federal funds. FD was determined to have the best capacity to administer the program.

Additional staff capacity will be needed to avoid impacts on FD's existing programs and responsibilities. The positions include a program coordinator, contracts specialist, attorney and paralegal. If these positions are provided, SB33 will enhance the FD's performance with a new program that fills a critical need in the state.

ADMINISTRATIVE IMPLICATIONS

FD is requesting 4 full-time employees to develop and implement the program. The program requires guidelines and requirements for eligibility for grants, and FD will need to develop dozens, if not hundreds, of grant agreements with political subdivisions and qualified entities. The bill will require procuring qualified entities and maintaining state price agreements, as well as monitoring fund expenditures, preparing reports and meeting audit requirements. The positions include a program coordinator, contracts specialist, attorney and paralegal.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB33 has an important relationship to SB 81 sponsored by Senator Wirth, the Property Insurance Program Association Board. SB 81 makes critical changes to the state property insurance of last

resort, called the F.A.I.R. Plan, that are contingent upon creation of a wildfire mitigation program as outlined in this bill. Specifically, SB 33 will require all homes insured by the F.A.I.R. Plan to meet the wildfire prepared standards.

HB175 – Forest and Watershed Buffer Projects, sponsored by Rep. Vincent, will amend the Forest and Watershed Restoration Act [Section 68-4-2 NMSA 1978] 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. This bill is not duplicative with SB33.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

New Mexico will continue to lose more homes to wildfire if measures are not taken to retrofit existing structures and properties to wildfire prepared standards. Property insurance will become increasingly difficult to obtain, and premiums will skyrocket. If New Mexico does not have a Wildfire Prepared Program with standards and mitigation incentives, then the F.A.I.R. Plan caps will remain low and will not insure at replacement value, which is necessary for people to obtain mortgages. Home buyers will be unable to get a mortgage without insurance, and if homes can't be sold, their value will drop. Some homeowners will find themselves “underwater” with mortgages on homes that are not saleable and whose value has decreased. People will move away after their homes are burned in a wildfire if they are not able to get the insurance needed to rebuild. The tax base of rural counties will decline as a result. Real estate activity will decrease, and this will have a ripple effect through New Mexico's economy.

AMENDMENTS