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AN ACT

RELATING TO THE ENVIRONMENT; AUTHORIZING THE ENVIRONMENTAL
IMPROVEMENT BOARD TO ADOPT RULES TO ESTABLISH AND ASSESS FEES
FOR A CLEAN TRANSPORTATION FUEL STANDARD.

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

SECTION 1. Section 74-1-3 NMSA 1978 (being Laws 1971,
Chapter 277, Section 3, as amended) is amended to read:

"74-1-3. DEFINITIONS.--As used in the Environmental
Improvement Act:

A. "board" means the environmental improvement
board;

B. "carbon intensity" means the quantity of fuel
lifecycle greenhouse gas emissions per unit of fuel energy,
expressed in grams of carbon dioxide equivalent per
megajoule;

C. "department" or "environmental improvement
department" means the department of environment;

D. "fuel lifecycle" means an assessment of the
aggregate greenhouse gas emissions based on science-based
models or protocols, including direct emissions and
significant indirect emissions from indirect land use change,
all stages of fuel and feedstock production and distribution,
feedstock generation or extraction through the distribution,
delivery and use of the finished fuel by the consumer,

1 including consideration of storage, transportation and
2 combustion;

3 E. "on-site liquid waste system" means a liquid
4 waste system, or part thereof, serving a dwelling,
5 establishment or group, and using a liquid waste treatment
6 unit designed to receive liquid waste followed by either a
7 soil treatment or other type of disposal system. "On-site
8 liquid waste system" includes holding tanks and privies but
9 does not include systems or facilities designed to receive or
10 treat mine or mill tailings or wastes;

11 F. "person" means the state or any agency,
12 institution or political subdivision thereof, any public or
13 private corporation, individual, partnership, association or
14 other entity and includes any officer or governing or
15 managing body of any political subdivision or public or
16 private corporation;

17 G. "residential on-site liquid waste system" means
18 an on-site liquid waste system serving up to four dwelling
19 units;

20 H. "secretary" means the secretary of environment;
21 and

22 I. "transportation fuel" means electricity or a
23 liquid, gaseous or blended fuel, including gasoline, diesel,
24 liquefied petroleum gas, natural gas and hydrogen, sold,
25 supplied, used or offered for sale to power vehicles or

1 equipment for the purposes of transportation."

2 SECTION 2. Section 74-1-7 NMSA 1978 (being Laws 1971,
3 Chapter 277, Section 10, as amended by Laws 2000, Chapter 86,
4 Section 1 and also by Laws 2000, Chapter 96, Section 1) is
5 amended to read:

6 "74-1-7. DEPARTMENT--DUTIES.--

7 A. The department is responsible for environmental
8 management and consumer protection programs. In that
9 respect, the department shall maintain, develop and enforce
10 rules and standards in the following areas:

11 (1) food protection;

12 (2) water supply, including implementing a
13 capacity development program to assist water systems in
14 acquiring and maintaining technical, managerial and financial
15 capacity in accordance with Section 1420 of the federal Safe
16 Drinking Water Act of 1974 and establishing administrative
17 penalties for enforcement;

18 (3) liquid waste, including exclusive
19 authority to collect on-site liquid waste system fees that
20 are no more than the average charged by the contiguous states
21 to New Mexico for similar permits and services and to
22 implement and administer an inspection and permitting program
23 for on-site liquid waste systems;

24 (4) air quality management as provided in
25 the Air Quality Control Act;

1 (5) radiation control and collection of
2 license, registration and other related fees as provided in
3 the Radiation Protection Act;

4 (6) noise control;

5 (7) nuisance abatement;

6 (8) vector control;

7 (9) occupational health and safety as
8 provided in the Occupational Health and Safety Act;

9 (10) sanitation of public swimming pools and
10 public baths;

11 (11) plumbing, drainage, ventilation and
12 sanitation of public buildings in the interest of public
13 health;

14 (12) medical radiation, health and safety
15 certification and standards for radiologic technologists as
16 provided in the Medical Imaging and Radiation Therapy Health
17 and Safety Act;

18 (13) hazardous wastes and underground
19 storage tanks as provided in the Hazardous Waste Act;

20 (14) solid waste as provided in the Solid
21 Waste Act; and

22 (15) carbon intensity of transportation
23 fuels as provided in Section 4 of this 2024 act, including
24 registration and related fees.

25 B. Nothing in Subsection A of this section imposes HJC/HB 41
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1 requirements for the approval of subdivision plats in
2 addition to those required elsewhere by law. Nothing in
3 Subsection A of this section preempts the authority of any
4 political subdivision to approve subdivision plats."

5 SECTION 3. Section 74-1-8 NMSA 1978 (being Laws 1971,
6 Chapter 277, Section 11, as amended) is amended to read:

7 "74-1-8. BOARD--DUTIES.--

8 A. The board is responsible for environmental
9 management and consumer protection. In that respect, the
10 board shall promulgate rules and standards in the following
11 areas:

12 (1) food protection;

13 (2) water supply, including a capacity
14 development program to assist water systems in acquiring and
15 maintaining technical, managerial and financial capacity in
16 accordance with Section 1420 of the federal Safe Drinking
17 Water Act of 1974 and rules authorizing imposition of
18 administrative penalties for enforcement;

19 (3) liquid waste, including exclusive
20 authority to establish on-site liquid waste system fees that
21 are no more than the average charged by the contiguous states
22 to New Mexico for similar permits and services and to
23 implement and administer an inspection and permitting program
24 for on-site liquid waste systems;

25 (4) air quality management as provided in

1 the Air Quality Control Act;

2 (5) radiation control and establishment of
3 license and registration and other related fees not to exceed
4 fees charged by the United States nuclear regulatory
5 commission for similar licenses as provided in the Radiation
6 Protection Act;

7 (6) noise control;

8 (7) nuisance abatement;

9 (8) vector control;

10 (9) occupational health and safety as
11 provided in the Occupational Health and Safety Act;

12 (10) sanitation of public swimming pools and
13 public baths;

14 (11) plumbing, drainage, ventilation and
15 sanitation of public buildings in the interest of public
16 health;

17 (12) medical radiation, health and safety
18 certification and standards for radiologic technologists as
19 provided in the Medical Imaging and Radiation Therapy Health
20 and Safety Act;

21 (13) hazardous wastes and underground
22 storage tanks as provided in the Hazardous Waste Act;

23 (14) solid waste as provided in the Solid
24 Waste Act; and

25 (15) carbon intensity of transportation

1 fuels as provided in Section 4 of this 2024 act.

2 B. Nothing in Subsection A of this section imposes
3 requirements for the approval of subdivision plats in
4 addition to those required elsewhere by law. Nothing in
5 Subsection A of this section preempts the authority of any
6 political subdivision to approve subdivision plats.

7 C. Administrative penalties collected pursuant to
8 Paragraph (2) of Subsection A of this section shall be
9 deposited in the water conservation fund.

10 D. On-site liquid waste system fees shall be
11 deposited in the environmental health fund.

12 E. Radiation license and registration and other
13 related fees shall be deposited in the radiation protection
14 fund."

15 **SECTION 4.** A new section of the Environmental
16 Improvement Act is enacted to read:

17 "CLEAN TRANSPORTATION FUEL STANDARD PROGRAM--RULES.--

18 A. The board shall promulgate rules to implement a
19 clean transportation fuel standard program no later than July
20 1, 2026.

21 B. Prior to the board promulgating rules pursuant
22 to this section, the secretary shall convene an advisory
23 committee composed of stakeholders from in-state and out-of-
24 state producers of transportation fuels, transportation fuel
25 distributors, local governments, utilities, tribal

1 governments, environmental protection groups, environmental
2 justice groups and other individuals or entities with
3 relevant expertise to provide input and periodically review
4 program rules.

5 C. The clean transportation fuel standard program
6 rules shall:

7 (1) establish a statewide technology-neutral
8 clean transportation fuel standard based on a schedule for
9 annually decreasing the carbon intensity of transportation
10 fuels used in the state;

11 (2) apply the clean transportation fuel
12 standard to account for the fuel lifecycle in order to reduce
13 the carbon intensity of transportation fuels used in the
14 state by at least twenty percent below 2018 carbon intensity
15 levels by 2030 and at least thirty percent below 2018 carbon
16 intensity levels by 2040;

17 (3) establish technology-neutral mechanisms
18 for generating, obtaining, trading, selling and retiring
19 credits among transportation fuel producers, fuel
20 distributors and other individuals or entities in the
21 transportation fuel market, including additional credit
22 opportunities from activities and projects that support the
23 reduction or removal of greenhouse gas emissions associated
24 with transportation in the state;

25 (4) establish mechanisms, including cost-

1 containment measures and credit holding limits, to allow
2 credits to be banked for future compliance periods to
3 stabilize and incentivize investment in the transportation
4 fuel credit market, verify the validity of compliance
5 obligations, maximize savings and limit consumer costs,
6 ensure program compliance, trade credits and allow for market
7 participation by persons who register in the market to
8 facilitate credit generation;

9 (5) require a utility that elects to
10 participate in the program to invest all revenues from the
11 sale of credits, not including administrative program costs,
12 into distribution, grid modernization, infrastructure and
13 other projects that support transportation decarbonization,
14 with at least fifty percent of such revenues supporting low-
15 income and underserved communities and with investor-owned
16 utilities receiving regulatory treatment consistent with
17 Section 62-8-12 NMSA 1978;

18 (6) consider similar programs in other
19 jurisdictions, allow for coordination with other
20 jurisdictions to promote regional reductions or removal of
21 greenhouse gas emissions and allow market participants to
22 generate credits under any overlapping current and future
23 federal transportation fuel regulations;

24 (7) not discriminate against fuels solely on
25 the basis of having originated in another state or

1 jurisdiction;

2 (8) establish a periodic review process that
3 includes input from the advisory committee convened pursuant
4 to Subsection B of this section to provide input on program
5 rules and performance and determine potential adjustments if
6 deemed necessary after review, including the superseding of
7 the state program by federal legislation;

8 (9) allow for a deferral of the program
9 based on emergency or forecasted conditions; and

10 (10) establish fees for the cost of the
11 department's administration and enforcement of the program;
12 provided that any fees are deposited in the state air quality
13 permit fund.

14 D. As used in this section:

15 (1) "low-income" means annual household
16 adjusted gross income, as defined in the Income Tax Act, of
17 equal to or less than two hundred percent of the federal
18 poverty level; and

19 (2) "underserved community" means an area in
20 this state, including a county, municipality or neighborhood,
21 or subset of such area where the median income of the area is
22 low-income."

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