

1 SENATE BILL 131

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

3 INTRODUCED BY

4 Pat Woods and Randall T. Pettigrew and George K. Muñoz

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10 AN ACT

11 RELATING TO THE ENVIRONMENT; PROHIBITING THE ADOPTION OF
12 CERTAIN RULES RELATING TO THE PRODUCTION AND DELIVERY FOR SALE
13 OF ZERO-EMISSION VEHICLES; AMENDING A SECTION OF THE NMSA 1978.

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

16 SECTION 1. Section 74-1-18 NMSA 1978 (being Laws 2024,
17 Chapter 54, Section 4) is amended to read:

18 "74-1-18. CLEAN TRANSPORTATION FUEL STANDARD PROGRAM--
19 RULES.--

20 A. The board shall promulgate rules to implement a
21 clean transportation fuel standard program no later than July
22 1, 2026.

23 B. Prior to the board promulgating rules pursuant
24 to this section, the secretary shall convene an advisory
25 committee composed of stakeholders from in-state and out-of-

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1 state producers of transportation fuels, transportation fuel
2 distributors, local governments, utilities, tribal governments,
3 environmental protection groups, environmental justice groups
4 and other individuals or entities with relevant expertise to
5 provide input and periodically review program rules.

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

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

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

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

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

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

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

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

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1 jurisdiction;

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

8 (9) allow for a deferral of the program based
9 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. The board shall not adopt or continue in effect
15 a rule that requires a manufacturer to produce or deliver for
16 sale a certain percentage of zero-emission vehicles for a model
17 year to control motor vehicle emissions or for any other lawful
18 purpose.

19 [~~D.~~] E. As used in this section:

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

24 (2) "underserved community" means an area in
25 this state, including a county, municipality or neighborhood,

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1 or subset of such area where the median income of the area is
2 low-income."

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