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, including consideration of storage, transportation and combustion;

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

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

G. "residential on-site liquid waste system" means an on-site liquid waste system serving up to four
dwellings; [and

F.] H. "secretary" means the secretary of

environment; and

I. "transportation fuel" means electricity or a
liquid, gaseous or blended fuel, including gasoline, diesel,
liquefied petroleum gas, natural gas and hydrogen, sold,
supplied, used or offered for sale to power vehicles or
equipment for the purposes of transportation."

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

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

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

(1) food protection;
(2) water supply, including implementing a
capacity development program to assist water systems in
acquiring and maintaining technical, managerial and financial
capacity in accordance with Section 1420 of the federal Safe
Drinking Water Act of 1974 and establishing administrative
penalties for enforcement;
(3) liquid waste, including exclusive
authority to collect on-site liquid waste system fees that are
no more than the average charged by the contiguous states to
New Mexico for similar permits and services and to implement
and administer an inspection and permitting program for on-site
liquid waste systems;

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

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

   (6) noise control;

   (7) nuisance abatement;

   (8) vector control;

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

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

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

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

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

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

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

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

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

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

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

(1) food protection;  
(2) water supply, including a capacity  
development program to assist water systems in acquiring and  
maintaining technical, managerial and financial capacity in  
accordance with Section 1420 of the federal Safe Drinking Water  
Act of 1974 and rules authorizing imposition of administrative  
penalties for enforcement;  
(3) liquid waste, including exclusive
authority to establish on-site liquid waste system fees that
are no more than the average charged by the contiguous states
to New Mexico for similar permits and services and to implement
and administer an inspection and permitting program for on-site
liquid waste systems;

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

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

(6) noise control;

(7) nuisance abatement;

(8) vector control;

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

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

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

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

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

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

(15) carbon intensity of transportation fuels as provided in Section 4 of this 2024 act.

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

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

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

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

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

"[NEW MATERIAL] CLEAN TRANSPORTATION FUEL STANDARD PROGRAM--RULES.--

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

B. Prior to the board promulgating rules pursuant to this section, the secretary shall convene an advisory committee composed of stakeholders from in-state and out-of-state producers of transportation fuels, transportation fuel distributors, local governments, utilities, tribal governments, environmental protection groups, environmental justice groups and other individuals or entities with relevant expertise to provide input and periodically review program rules.

C. The clean transportation fuel standard program rules shall:

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

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

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

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

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

(6) consider similar programs in other jurisdictions, allow for coordination with other jurisdictions to promote regional reductions or removal of greenhouse gas emissions.
HJC/HB 41

emissions and allow market participants to generate credits
under any overlapping current and future federal transportation
fuel regulations;

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

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

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

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

D. As used in this section:

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

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

- 11 -