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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Sens. Woods and Muñoz/Rep. Pettigrew **ORIGINAL DATE** 1/30/25

BILL

SHORT TITLE Zero-Emissions Vehicle Rule Prohibition **NUMBER** Senate Bill 139

ANALYST Davidson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

| Agency/Program | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|----------------|------|---------------|---------------|-------------------|---------------------------|---|
| NMED | | Up to (\$260) | Up to (\$300) | Up to (\$560) | Recurring | Motor Vehicle Manufacturer's Regulatory Fee-Fund 70810 |

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 139

Sources of Information

LFC Files

Agency Analysis Received From

New Mexico Environment Department (NMED)

Agency Analysis was Solicited but Not Received From

New Mexico Attorney General
 Department of Transportation

SUMMARY

Synopsis of Senate Bill 139

Senate Bill 139 proposes to add to the state's Air Quality Control Act, creating provisions in it to remove the authority of the Environment Department, the Environmental Improvement Board, local boards and entities, and counties and municipalities from adopting or enforcing rules that:

- A. Restricts, limits, or prohibits the delivery, use, lease, sale or purchase of a vehicle by a business, corporation or person based on the energy source used to power the vehicle, including the energy source used for propulsion or use of powering other functions of the vehicle;
- B. Restricts, limits or prohibits the delivery, use, lease, sale or purchase of a new vehicle with an internal combustion engine by a business, corporation or person; or
- C. Establishes a percentage or proportion of vehicles that must be delivered, used, leased, sold or purchased by a business, corporation or person based on the energy source used to power the vehicle."

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

Environment Department (NMED) analysis states Senate Bill 131 could eliminate recurring funding for the department's New Motor Vehicle Emissions Standards program, reducing the agency's budget by up to \$260 thousand in FY26 and \$300 thousand in FY27.

SIGNIFICANT ISSUES

Analysis from the Energy, Minerals and Natural Resources Department for a similar bill, Senate Bill 131, states the proposal would restrict the Environmental Improvement Board's ability to implement portions of the goals set by the Clean Transportation Fuel Standard Program (CTFSP), specifically CTFSP's goal to reduce motor vehicle emissions and incentivize manufacturers to develop and produce cleaner vehicles and accelerate adoption of new technologies. EMNRD analysis also notes Senate Bill 131 and Senate Bill 139 could potentially undermine goals set in the Governor's Executive Order 2019-003 on addressing climate change and energy waste prevention.

In addition to goals set by the CTFSP and the executive order regarding emission reduction targets, New Mexico is subject to other federal and state mandates that aim to incentivize development of alternative fuel vehicles. The Governor's Executive Order 2023-138 calls for 75 percent of the vehicles purchased by the state to be alternative fuel vehicles, though agencies have noted implementation is difficult due to vehicle shortages. The U.S. Department of Energy encourages states and DOE facilities to use alternative fuels and also incentivizes states to purchase alternative fuel vehicles. New Mexico Alternative Fuel Acquisition Act further codifies the federal policy and expands it to all state agencies, departments, and educational institutions. Passage of Senate Bill 139 could impact and complicate these existing initiatives.

Analysis from NMED expressed concerns with Senate Bill 139 possibly being viewed as contradicting federal law and, therefore, jeopardizing federal funding.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 139 is similar to House Bill 76 from the 2024 legislative session. Both bills amend existing statute to stop a board from requiring a manufacturer to produce or deliver a certain percentage of zero-emission vehicles in the attempt.

Senate Bill 139 is similar to Senate Bill 131, with both bills calling for prohibition of rules from EIB relating to alternative fuel vehicles and EIB/NMED's authority to enforce those rules.

AD/hj/hg