

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
 Correction Substitute

Date 2/5/2026
 Bill No: SB 18

Sponsor: Mimi Stewart
 Short Clear Horizons & Emissions
Codification

Agency Name and Code EMNRD 521
 Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB 18 updates the Environmental Improvement Act and Air Quality Control Act to establish statewide greenhouse gas emissions limits and related reporting requirements and adds additional duties and powers to the Environmental Improvement Board (EIB) and local board.

The Environmental Improvement Act updates include:

- **Limits to statewide greenhouse gas emissions:** (1) by 2030, at least forty-five percent less than 2005 levels; (2) by 2040, at least seventy-five percent less than 2005 levels; and (3) by 2050 and in every subsequent year, one hundred percent less than 2005 levels.
- **Reporting requirements:** The New Mexico Environment Department (NMED), in consultation with the Energy, Minerals and Natural Resources Department (EMNRD), the Department of Transportation, and other appropriate federal, state, local and tribal entities, will publish an annual greenhouse gas emissions report that includes a greenhouse gas emissions inventory, greenhouse gas emissions projections, and a list of the State's current and future actions to meet the statewide greenhouse gas emissions limits with a schedule for those actions, estimated emissions reductions of those actions, and recommendations for further action, including revised regulations or legislation, to eliminate the shortfall, if any.

The Air Quality Control Act updates include:

- **Regulation of Greenhouse Gas Emissions:** SB 18 requires the EIB and local board to regulate greenhouse gas emissions to meet the statewide greenhouse gas emissions limits described above.
- **Greenhouse Gas Monitoring and Reporting Requirements:** SB 18 requires the EIB and local board to adopt greenhouse gas emissions monitoring and reporting requirements. SB 18 also requires the EIB and local board to adopt rules that certify mechanisms that offset emissions.
- **Consultation with Tribal Governments:** Amendments to the Act also include a requirement for consultation with potentially affected tribal governments in advance of any rulemaking action.

AMENDMENT

The Senate Conservation Committee (SCONC) amendment to SB 18 amends section 4.E to require the EIB and local board to “meet or exceed standards in existing state and federal laws” when adopting or amending a plan and rules related to regulating greenhouse gas emissions under the Air Quality Control Act.

FISCAL IMPLICATIONS

EMNRD may need to hire additional staff in the Energy Conservation and Management Division (ECAM) to support the development of the annual greenhouse gas emissions report. Currently ECAM has 2 FTEs, funded by a federal grant, working on the State Climate Action Plan, who do similar work to that required by SB 18. Once that federal funding source expires in the coming fiscal year, the state will lose the benefit of those FTEs unless those tasks are then supported by other funds.

SIGNIFICANT ISSUES

In 2019, Governor Michelle Lujan Grisham issued Executive Order (EO) 2019-003 on Addressing Climate Change and Energy Waste Prevention to “further New Mexico’s responsibility and opportunity to build a clean energy future for our people, limit adverse climate change impacts that harm our natural and cultural heritage, and prevent the waste of New Mexico energy resources and reduce pollution that threatens human health.” The emissions targets and directives in the EO have enabled the state to make significant progress towards reducing greenhouse emissions in all economic sectors and to take actions to protect the health and livelihoods of New Mexicans. The emissions limits set by this bill, coupled with the additional duties and powers given to the EIB and local board to monitor and regulate greenhouse gas emissions, would ensure that the state’s climate action progress can continue to protect future generations of New Mexicans regardless of state political leadership.

Accurate and relevant data is crucial to developing greenhouse gas emissions inventories and strategies. EMNRD and NMED published a State Climate Action Plan (CAP) in December 2025, funded by the U.S. Environmental Protection Agency’s (EPA) Climate Pollution Reduction Grant (CPRG) Program, that includes emissions reduction measures to meet New Mexico’s current emissions goals as set out in Executive Order 2019-003. SB 18 would enable the implementation of policies identified in the CAP to reduce New Mexico’s emissions in line with the EO’s emissions reduction goals; allow for more ambitious and sector-specific emissions reduction goals; provide more comprehensive and accurate data; and enhance enforcement through the new powers of the EIB.

Previous greenhouse gas emissions inventories released by NMED, in collaboration with EMNRD and other Executive Branch agencies, only include emissions from in-state electricity generation. In addition, these emissions inventories do not include emissions from electricity production on tribal land or emissions from the out-of-state production of electricity for use within the state. By adopting a definition of greenhouse gases that includes emissions from out-of-state electricity production, New Mexico would move toward a more comprehensive and accurate accounting framework. Expanding the accounting boundary would allow policymakers to more precisely evaluate the climate impacts of electricity consumption, design reduction strategies that reflect real-world system dynamics, and better assess progress towards statutory emissions-reduction targets.

Section 2, Subsection B, Part 2, outlines the mechanisms through which the greenhouse gas emissions limits may be achieved. However, this section does not establish limits on the use of carbon offsets to reach the emissions limits set in the bill.

Section 4 Subsection F, Part 1, directs the EIB and local board to account for federal, state, and philanthropic investments, grant programs, financial incentives, and voluntary actions undertaken by local governments and private entities when evaluating progress toward greenhouse gas reductions. To meaningfully incorporate these factors, particularly where actions involve facilities emitting less than 10,000 MT greenhouse gases annually, the boards would need a clear tracking framework capable of capturing reductions that occur outside formal regulatory requirements. This may require new reporting mechanisms, coordination with agencies administering grant or incentive programs, and verification processes to ensure that reductions are quantifiable, additional, and not double-counted.

Revising past inventories to incorporate out-of-state electricity emissions could necessitate additional data collection, verification, and methodological alignment. Incorporating out-of-state emissions may require recalculating sectoral contributions, reassessing emissions reduction pathways, and updating modeled strategies and timelines.

By aligning emissions accounting with the actual structure of New Mexico's electricity generation and consumption, these revisions would provide New Mexico with a more accurate and comprehensive understanding of its greenhouse gas footprint. This more complete accounting framework would enhance the state's ability to design effective policies, target reductions where they are most meaningful, and evaluate progress toward statutory goals with greater precision. In the long term, adopting an emissions boundary that mirrors the realities of electricity generation and procurement positions New Mexico to make more informed decisions about energy planning, investment, and decarbonization strategies.

AMENDMENT

The SCONC amendment to SB 18 would require the EIB and local board to adopt rules that meet or exceed the greenhouse gas emissions limits in state law. The Energy Transition Act 62-18-10(D) NMSA 1978 includes an emissions limitation for energy resources operated by a utility that utilizes a financing order to recover stranded costs of a coal plant. Only PNM has used this provision to date. The minimum established threshold for that resource's greenhouse gas emissions per MWh is:

- Not more than four hundred pounds of carbon dioxide per megawatt-hour by January 1, 2023; and
- Not more than two hundred pounds of carbon dioxide per megawatt-hour by January 1, 2032 and thereafter.
- Compliance shall be measured and verified every three years with the first period commencing on January 1, 2023.

It is not clear how or if this requirement would interact with the "meet or exceed" requirement in the amendment.

PERFORMANCE IMPLICATIONS

EMNRD staff within the Energy Conservation and Management Division who currently work on the CAP would be additionally tasked with supporting the development of the annual report required by this bill. Given the breadth of this bill's requirements, either more ECAM FTEs or biannual reporting may be necessary to complete all tasks. Staff across other EMNRD divisions who work on programs to reduce emissions across the electricity, oil and gas, transportation, buildings, and natural and working lands sectors may also be tasked with supporting the development of these reports and the design and implementation of measures to reduce emissions in these sectors. To make the greenhouse gas emissions reduction program successful and effective, it will be important to coordinate with the Climate Change Task Force, which is currently tasked with many of the duties outlined in the bill.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

New Mexico will not have statutory greenhouse gas emissions limits nor the authority to regulate greenhouse gas emissions, which could restrict the state's ability to address the increasing and cascading impacts of climate change, air pollution, and extreme weather events on current and future generations of New Mexicans. Moreover, the state would be unable to fully implement or operationalize the strategies identified through the modeling conducted for the CAP, which estimated approximately \$294 billion in avoided costs associated with meeting long-term emissions reduction limits.

AMENDMENTS