

SENATE BILL 18

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

Mimi Stewart and Kristina Orteza and Angel M. Charley
and Andrea Romero and Cindy Nava

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO THE ENVIRONMENT; ESTABLISHING STATEWIDE GREENHOUSE GAS EMISSIONS LIMITS; REQUIRING GREENHOUSE GAS EMISSIONS REPORTING; EXPANDING DUTIES AND POWERS OF THE ENVIRONMENTAL IMPROVEMENT BOARD.

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

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

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. "greenhouse gas" means the gaseous compounds that absorb infrared radiation emitted from the earth's surface and trap heat in the earth's atmosphere, including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, nitrogen trifluoride and sulfur hexafluoride, but not including water vapor;

[E.] F. "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

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

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-] G. "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-] H. "residential on-site liquid waste system" means an on-site liquid waste system serving up to four dwelling units;

[H-] I. "secretary" means the secretary of environment; [and]

J. "statewide greenhouse gas emissions" means the total net anthropogenic emissions of greenhouse gases within the state, including emissions from the out-of-state production of electricity for use within the state, expressed in carbon dioxide equivalent using a methodology determined to be appropriate by the department; and

[I-] K. "transportation fuel" means electricity or a liquid, gaseous or blended fuel, including gasoline, diesel, liquefied petroleum gas, natural gas and hydrogen, sold,

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

supplied, used or offered for sale to power vehicles or equipment for the purposes of transportation."

SECTION 2. A new section of the Environmental Improvement Act, Section 74-1-19 NMSA 1978, is enacted to read:

"74-1-19. [NEW MATERIAL] GREENHOUSE GAS EMISSIONS LIMITS--REPORTING REQUIREMENTS.--

A. Statewide greenhouse gas emissions shall be limited as follows:

(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.

B. The limits set forth in this section may be achieved through:

(1) direct reductions within the state; or

(2) net reductions that offset emissions through the removal of greenhouse gases from the atmosphere within the state and may include voluntary removals or reductions from projects located on Indian lands within the exterior boundaries of the state."

SECTION 3. Section 74-2-2 NMSA 1978 (being Laws 1967, Chapter 277, Section 2, as amended) is amended to read:

"74-2-2. DEFINITIONS.--As used in the Air Quality Control .232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

Act:

A. "air contaminant" means a substance, including any particulate matter, fly ash, dust, fumes, gas, mist, smoke, vapor, micro-organisms, radioactive material, any combination thereof or any decay or reaction product thereof;

B. "air pollution" means the emission, except emission that occurs in nature, into the outdoor atmosphere of one or more air contaminants in quantities and of a duration that may with reasonable probability injure human health or animal or plant life or as may unreasonably interfere with the public welfare, visibility or the reasonable use of property;

C. "department" means the department of environment;

D. "director" means the administrative head of a local agency;

E. "emission limitation" or "emission standard" means a requirement established by the environmental improvement board or the local board, the department, the local authority or the local agency or pursuant to the federal act that limits the quantity, rate or concentration, or combination thereof, of emissions of air contaminants on a continuous basis, including any requirements relating to the operation or maintenance of a source to assure continuous reduction;

F. "federal act" means the federal Clean Air Act, its subsequent amendments and successor provisions;

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

G. "federal standard of performance" means a standard of performance, emission limitation or emission standard adopted pursuant to 42 U.S.C. Section 7411 or 7412;

H. "greenhouse gas" means the gaseous compounds that absorb infrared radiation emitted from the earth's surface and trap heat in the earth's atmosphere, including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, nitrogen trifluoride and sulfur hexafluoride, but not including water vapor;

I. "greenhouse gas intensity" means the ratio of emissions of one or more greenhouse gases per unit of activity, output or product;

~~[H.]~~ J. "hazardous air pollutant" means an air contaminant that has been listed as a hazardous air pollutant pursuant to the federal act;

~~[I.]~~ K. "local agency" means the administrative agency established by a local authority pursuant to Paragraph (2) of Subsection A of Section 74-2-4 NMSA 1978;

~~[J.]~~ L. "local authority" means any of the following political subdivisions of the state that have, by following the procedure set forth in Subsection A of Section 74-2-4 NMSA 1978, assumed jurisdiction for local administration and enforcement of the Air Quality Control Act:

(1) a county that was a class A county as of January 1, 1980; or

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

(2) a municipality with a population greater than one hundred thousand located within a county that was a class A county as of January 1, 1980;

~~[K.]~~ M. "local board" means a municipal, county or joint air quality control board created by a local authority;

~~[L.]~~ N. "mandatory class I area" means any of the following areas in this state that were in existence on August 7, 1977:

(1) national wilderness areas that exceed five thousand acres in size; and

(2) national parks that exceed six thousand acres in size;

~~[M.]~~ O. "modification" means a physical change in, or change in the method of operation of, a source that results in an increase in the potential emission rate of a regulated air contaminant emitted by the source or that results in the emission of a regulated air contaminant not previously emitted, but does not include:

(1) a change in ownership of the source;

(2) routine maintenance, repair or replacement;

(3) installation of air pollution control equipment, and all related process equipment and materials necessary for its operation, undertaken for the purpose of complying with regulations adopted by the environmental

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new

[bracketed material] = delete

Amendments: new = →bold, blue, highlight←

delete = →bold, red, highlight, strikethrough←

improvement board or the local board or pursuant to the federal act; or

(4) unless previously limited by enforceable permit conditions:

(a) an increase in the production rate, if such increase does not exceed the operating design capacity of the source;

(b) an increase in the hours of operation; or

(c) use of an alternative fuel or raw material if, prior to January 6, 1975, the source was capable of accommodating such fuel or raw material or if use of an alternate fuel or raw material is caused by a natural gas curtailment or emergency allocation or ~~[an other]~~ lack of supply of natural gas;

~~[N.]~~ P. "nonattainment area" means for an air contaminant an area that is designated "nonattainment" with respect to that contaminant within the meaning of Section 107(d) of the federal act;

Q. "non-reservation Indian land" means individual Indian allotments and dependent Indian communities;

~~[O.]~~ R. "person" includes an individual, a partnership, a corporation, an association, the state or a political subdivision of the state and any agency, department or instrumentality of the United States and any of their

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

officers, agents or employees;

[P-] S. "potential emission rate" means the emission rate of a source at its maximum capacity to emit a regulated air contaminant under its physical and operational design, provided any physical or operational limitation on the capacity of the source to emit a regulated air contaminant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored or processed, shall be treated as part of its physical and operational design only if the limitation or the effect it would have on emissions is enforceable by the department or the local agency pursuant to the Air Quality Control Act or the federal act;

[Q-] T. "regulated air contaminant" means an air contaminant, the emission or ambient concentration of which is regulated pursuant to the Air Quality Control Act or the federal act;

U. "reservation":

(1) means all lands within the exterior boundaries of an Indian nation's, tribe's or pueblo's reservation and its confirmed grants from prior sovereigns that are within the limits of areas set aside by the United States for the exclusive use and occupancy of an Indian nation, tribe or pueblo by treaty, law or executive order; and

(2) does not include individual Indian

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

allotments and dependent Indian communities;

[R-] V. "secretary" means the secretary of environment;

[S-] W. "significant deterioration" means an increase in the ambient concentrations of an air contaminant above the levels allowed by the federal act or federal regulations for that air contaminant in the area within which the increase occurs;

[T-] X. "source" means a structure, a building, equipment, a facility, an installation or an operation that emits or may emit an air contaminant;

[U-] Y. "standard of performance" means a requirement of continuous emission reduction, including any requirement relating to operation or maintenance of a source to assure continuous emission reduction;

[V-] Z. "state implementation plan" means a plan submitted by New Mexico to the federal environmental protection agency pursuant to 42 U.S.C. Section 7410; [and]

AA. "statewide greenhouse gas emissions" means the total net anthropogenic emissions of greenhouse gases within the state, including emissions from the out-of-state production of electricity for use within the state, expressed in carbon dioxide equivalent using a methodology determined to be appropriate by the department; and

[W-] BB. "toxic air pollutant" means an air

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

contaminant, except a hazardous air pollutant, classified by the environmental improvement board or the local board as a toxic air pollutant."

SECTION 4. A new section of the Air Quality Control Act, Section 74-2-5.4 NMSA 1978, is enacted to read:

"74-2-5.4. [NEW MATERIAL] ADDITIONAL POWERS AND DUTIES TO REGULATE GREENHOUSE GAS EMISSIONS.--

A. The environmental improvement board and local board shall:

(1) adopt a plan and rules for the reduction of greenhouse gas emissions sufficient to meet each of the statewide greenhouse gas emissions limits established in Subsection A of Section 74-1-19 NMSA 1978;

(2) adopt an initial plan and rules at least sufficient to meet statewide greenhouse gas limits established for years 2030 and 2040 by December 31, 2028; and

(3) adopt or amend the plan and rules as necessary to meet the statewide greenhouse gas emission limits.

B. Rules establishing limits on emissions of greenhouse gases from stationary sources pursuant to Subsection A of this section may only apply to sources that:

(1) individually have the potential to emit ten thousand metric tons or more of greenhouse gases annually in New Mexico; or

(2) include a group of two or more stationary

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

sources in New Mexico under common ownership or control that individually have the potential to emit less than ten thousand metric tons of greenhouse gases annually but collectively have the potential to emit twenty-five thousand metric tons or more of greenhouse gases annually.

C. By September 30, 2027, the environmental improvement board and local board shall adopt greenhouse gas monitoring and reporting requirements that:

(1) take into account data reporting requirements in enabling regulations or codified in federal law or state law;

(2) include requirements to monitor, measure, report and verify greenhouse gas emissions and may include requirements to monitor, measure, report and verify greenhouse gas intensity;

(3) include requirements to monitor, measure, report and verify oil and gas exploration and production operation methane emissions as measured by empirical methods and may include requirements to monitor, measure, report and verify greenhouse gas intensity;

(4) require reporting of emissions in carbon dioxide equivalents; and

(5) take effect on January 1, 2028.

D. By September 20, 2028, the environmental improvement board and local board shall adopt a rule that:

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

(1) establishes a certification process for mechanisms that:

(a) offset emissions through the removal of greenhouse gases from the atmosphere; or

(b) quantify reductions of greenhouse gas emissions from sources that are not subject to greenhouse gas emission limits established pursuant to the Environmental Improvement Act;

(2) requires that any certified removal or quantified reduction be additional, real, permanent, quantifiable, verifiable, enforceable and not otherwise required by law;

(3) requires that any certified removal or quantified reduction project be located within the state; provided that the rule may allow for certification of voluntary removal or quantified reduction projects located on Indian lands within the exterior boundaries of the state; and

(4) establishes penalties and enforcement provisions for certifications.

E. In adopting or amending a plan and rules pursuant to this section, the environmental improvement board and local board shall:

(1) rely, as the environmental improvement board and local board deem appropriate, on the inventory and other data in the annual greenhouse gas emissions report

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

published by the department pursuant to Subsection G of this section;

(2) certify at least every two years that the promulgated rules will achieve the greenhouse gas emissions limits or revise rules to meet the limits;

(3) assess whether rules are likely to impact levels of air pollution and consider mechanisms that could mitigate adverse impacts to the extent technically or economically feasible;

(4) SCONC→~~take into consideration other~~
~~relevant~~←SCONC SCONC→~~meet or exceed standards in~~
~~existing~~←SCONC state and federal laws, rules and enforceable requirements that contribute to reductions in greenhouse gas emissions;

(5) give appropriate weight to all facts and circumstances, including the factors listed in Subsection F of Section 74-2-5 NMSA 1978; and

(6) not assert jurisdiction to establish limits on greenhouse gas emissions or greenhouse gas intensity from stationary sources located on reservation land.

F. In adopting or amending a plan and rules pursuant to this section, the environmental improvement board and local board may:

(1) take into consideration federal, state or philanthropic investments, grant programs and financial

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

incentives or voluntary actions taken by local governments and private entities that contribute to reductions in greenhouse gas emissions;

(2) take into consideration interstate or international competition and the relative cost of carbon reduction mechanisms;

(3) differentiate regulatory requirements based on a greenhouse gas emitter's potential to emit greenhouse gases;

(4) address categories of sources separately or in combination;

(5) take into consideration other mechanisms that result in reductions in greenhouse gas intensity;

(6) allow use of flexible compliance mechanisms that allow averaging of emission reductions or trading of compliance instruments among regulated sources within the state; provided that the compliance mechanism achieves emission or greenhouse gas intensity reductions that are additional, real, permanent, quantifiable, verifiable and enforceable; and

(7) allow a source to use removals or reductions certified pursuant to Subsection D of this section to meet emission or greenhouse gas intensity reduction requirements.

G. By December 31, 2028 and December 31 of each

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

year thereafter, the department shall publish, in consultation with the energy, minerals and natural resources department, the department of transportation and other relevant federal, state, local and tribal entities, a greenhouse gas emissions report that includes:

(1) greenhouse gas emissions baseline data for 2005;

(2) an inventory of all current statewide greenhouse gas emissions showing changes from baseline emissions;

(3) a projection of whether the state will meet the statewide greenhouse gas emissions limits;

(4) a list of actions that the state is taking, or is planning to take, to meet the statewide greenhouse gas emissions limits and a schedule for those actions;

(5) a quantification and analysis of the projected greenhouse gas emissions reductions that each action will achieve;

(6) a quantification and analysis of any projected shortfalls in achieving the statewide greenhouse gas emissions targets; and

(7) recommendations for further action, including revised regulations or legislation, to eliminate the shortfall, if any.

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

H. In advance of any rulemaking action proposed by the department or local agency to the environmental improvement board or local board related to meeting the statewide greenhouse gas emission targets, the department or local agency shall engage in consultation with potentially affected tribal governments pursuant to the State-Tribal Collaboration Act and conduct outreach to, and hold public meetings in, communities that the department or local agency determines will be most affected by the proposed action. During the consultation process, the department or local agency shall provide information to a potentially affected Indian nation, tribe or pueblo about whether the proposed rule would regulate any sources of greenhouse gases located on non-reservation Indian land or on non-Indian fee land located within the exterior boundaries of an Indian reservation and, if requested by the Indian nation, tribe or pueblo, enter into an intergovernmental agreement regarding regulation of sources of greenhouse gas emissions.

I. The department shall submit each annual report to the governor, the legislature and tribal governments. A copy of each annual report shall be provided to state records and archives.

J. The environmental improvement board shall set a fee schedule for the department, and the local board shall set a fee schedule for the local agency, to implement the

.232344.6AIC February 3, 2026 (7:41pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

provisions of this section."

- 18 -

.232344.6AIC

February 3, 2026 (7:41pm)