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SENATE BILL 18

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

INTRODUCED BY

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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
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;

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1 C. "department" [~~or "environmental improvement~~
2 ~~department"~~] means the department of environment;

3 D. "fuel lifecycle" means an assessment of the
4 aggregate greenhouse gas emissions based on science-based
5 models or protocols, including direct emissions and significant
6 indirect emissions from indirect land use change, all stages of
7 fuel and feedstock production and distribution, feedstock
8 generation or extraction through the distribution, delivery and
9 use of the finished fuel by the consumer, including
10 consideration of storage, transportation and combustion;

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

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

25 [~~F.~~] G. "person" means the state or any agency,

1 institution or political subdivision thereof, any public or
2 private corporation, individual, partnership, association or
3 other entity and includes any officer or governing or managing
4 body of any political subdivision or public or private
5 corporation;

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

9 ~~[H.]~~ I. "secretary" means the secretary of
10 environment; ~~[and]~~

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

17 ~~[I.]~~ K. "transportation fuel" means electricity or
18 a liquid, gaseous or blended fuel, including gasoline, diesel,
19 liquefied petroleum gas, natural gas and hydrogen, sold,
20 supplied, used or offered for sale to power vehicles or
21 equipment for the purposes of transportation."

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

24 "74-1-19. [NEW MATERIAL] GREENHOUSE GAS EMISSIONS
25 LIMITS--REPORTING REQUIREMENTS.--

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

3 (1) by 2030, at least forty-five percent less
4 than 2005 levels;

5 (2) by 2040, at least seventy-five percent
6 less than 2005 levels; and

7 (3) by 2050 and in every subsequent year, one
8 hundred percent less than 2005 levels.

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

11 (1) direct reductions within the state; or

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

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

19 "74-2-2. DEFINITIONS.--As used in the Air Quality Control
20 Act:

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

25 B. "air pollution" means the emission, except

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1 emission that occurs in nature, into the outdoor atmosphere of
2 one or more air contaminants in quantities and of a duration
3 that may with reasonable probability injure human health or
4 animal or plant life or as may unreasonably interfere with the
5 public welfare, visibility or the reasonable use of property;

6 C. "department" means the department of
7 environment;

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

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

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

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

23 H. "greenhouse gas" means the gaseous compounds
24 that absorb infrared radiation emitted from the earth's surface
25 and trap heat in the earth's atmosphere, including carbon

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1 dioxide, methane, nitrous oxide, hydrofluorocarbons,
2 perfluorocarbons, nitrogen trifluoride and sulfur hexafluoride,
3 but not including water vapor;

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

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

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

13 ~~[J.]~~ L. "local authority" means any of the
14 following political subdivisions of the state that have, by
15 following the procedure set forth in Subsection A of Section
16 74-2-4 NMSA 1978, assumed jurisdiction for local administration
17 and enforcement of the Air Quality Control Act:

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

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

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

25 ~~[L.]~~ N. "mandatory class I area" means any of the

1 following areas in this state that were in existence on August
2 7, 1977:

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

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

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

13 (1) a change in ownership of the source;

14 (2) routine maintenance, repair or
15 replacement;

16 (3) installation of air pollution control
17 equipment, and all related process equipment and materials
18 necessary for its operation, undertaken for the purpose of
19 complying with regulations adopted by the environmental
20 improvement board or the local board or pursuant to the federal
21 act; or

22 (4) unless previously limited by enforceable
23 permit conditions:

24 (a) an increase in the production rate,
25 if such increase does not exceed the operating design capacity

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1 of the source;

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

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

10 ~~[N.]~~ P. "nonattainment area" means for an air
11 contaminant an area that is designated "nonattainment" with
12 respect to that contaminant within the meaning of Section
13 107(d) of the federal act;

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

16 ~~[O.]~~ R. "person" includes an individual, a
17 partnership, a corporation, an association, the state or a
18 political subdivision of the state and any agency, department
19 or instrumentality of the United States and any of their
20 officers, agents or employees;

21 ~~[P.]~~ S. "potential emission rate" means the
22 emission rate of a source at its maximum capacity to emit a
23 regulated air contaminant under its physical and operational
24 design, provided any physical or operational limitation on the
25 capacity of the source to emit a regulated air contaminant,

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1 including air pollution control equipment and restrictions on
2 hours of operation or on the type or amount of material
3 combusted, stored or processed, shall be treated as part of its
4 physical and operational design only if the limitation or the
5 effect it would have on emissions is enforceable by the
6 department or the local agency pursuant to the Air Quality
7 Control Act or the federal act;

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

12 U. "reservation":

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

19 (2) does not include individual Indian
20 allotments and dependent Indian communities;

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

23 [S.] W. "significant deterioration" means an
24 increase in the ambient concentrations of an air contaminant
25 above the levels allowed by the federal act or federal

1 regulations for that air contaminant in the area within which
2 the increase occurs;

3 ~~[F.]~~ X. "source" means a structure, a building,
4 equipment, a facility, an installation or an operation that
5 emits or may emit an air contaminant;

6 ~~[H.]~~ Y. "standard of performance" means a
7 requirement of continuous emission reduction, including any
8 requirement relating to operation or maintenance of a source to
9 assure continuous emission reduction;

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

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

19 ~~[W.]~~ BB. "toxic air pollutant" means an air
20 contaminant, except a hazardous air pollutant, classified by
21 the environmental improvement board or the local board as a
22 toxic air pollutant."

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

25 "74-2-5.4. [NEW MATERIAL] ADDITIONAL POWERS AND DUTIES TO
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1 REGULATE GREENHOUSE GAS EMISSIONS.--

2 A. The environmental improvement board and local
3 board shall:

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

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

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

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

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

19 (2) include a group of two or more stationary
20 sources in New Mexico under common ownership or control that
21 individually have the potential to emit less than ten thousand
22 metric tons of greenhouse gases annually but collectively have
23 the potential to emit twenty-five thousand metric tons or more
24 of greenhouse gases annually.

25 C. By September 30, 2027, the environmental

1 improvement board and local board shall adopt greenhouse gas
2 monitoring and reporting requirements that:

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

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

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

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

17 (5) take effect on January 1, 2028.

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

20 (1) establishes a certification process for
21 mechanisms that:

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

24 (b) quantify reductions of greenhouse
25 gas emissions from sources that are not subject to greenhouse

1 gas emission limits established pursuant to the Environmental
2 Improvement Act;

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

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

12 (4) establishes penalties and enforcement
13 provisions for certifications.

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

17 (1) rely, as the environmental improvement
18 board and local board deem appropriate, on the inventory and
19 other data in the annual greenhouse gas emissions report
20 published by the department pursuant to Subsection G of this
21 section;

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

25 (3) assess whether rules are likely to impact

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1 levels of air pollution and consider mechanisms that could
2 mitigate adverse impacts to the extent technically or
3 economically feasible;

4 (4) take into consideration other relevant
5 state and federal laws, rules and enforceable requirements that
6 contribute to reductions in greenhouse gas emissions;

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

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

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

16 (1) take into consideration federal, state or
17 philanthropic investments, grant programs and financial
18 incentives or voluntary actions taken by local governments and
19 private entities that contribute to reductions in greenhouse
20 gas emissions;

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

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

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1 greenhouse gases;

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

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

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

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

17 G. By December 31, 2028 and December 31 of each
18 year thereafter, the department shall publish, in consultation
19 with the energy, minerals and natural resources department, the
20 department of transportation and other relevant federal, state,
21 local and tribal entities, a greenhouse gas emissions report
22 that includes:

23 (1) greenhouse gas emissions baseline data for
24 2005;

25 (2) an inventory of all current statewide

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1 greenhouse gas emissions showing changes from baseline
2 emissions;

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

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

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

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

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

18 H. In advance of any rulemaking action proposed by
19 the department or local agency to the environmental improvement
20 board or local board related to meeting the statewide
21 greenhouse gas emission targets, the department or local agency
22 shall engage in consultation with potentially affected tribal
23 governments pursuant to the State-Tribal Collaboration Act and
24 conduct outreach to, and hold public meetings in, communities
25 that the department or local agency determines will be most

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1 affected by the proposed action. During the consultation
2 process, the department or local agency shall provide
3 information to a potentially affected Indian nation, tribe or
4 pueblo about whether the proposed rule would regulate any
5 sources of greenhouse gases located on non-reservation Indian
6 land or on non-Indian fee land located within the exterior
7 boundaries of an Indian reservation and, if requested by the
8 Indian nation, tribe or pueblo, enter into an intergovernmental
9 agreement regarding regulation of sources of greenhouse gas
10 emissions.

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

15 J. The environmental improvement board shall set a
16 fee schedule for the department, and the local board shall set
17 a fee schedule for the local agency, to implement the
18 provisions of this section."