

LFC Requester:	Davidson
----------------	----------

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)  
*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 01/22/2025 *Check all that apply:*  
**Bill Number:** SB4 Original  Correction   
 Amendment  Substitute

**Sponsor:** Mimi Stewart **Agency Name and Code** NMED-667  
**Number:** \_\_\_\_\_  
**Person Writing Analysis:** Michelle Miano  
**Short Title:** Clear Horizons & Greenhouse Gas Emissions Michelle.miano@env.gov  
**Phone:** 505-479-2596 **Email:** gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$3,000	\$3,000	General

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$150	\$150	\$9,450	Recurring	SRF

(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:

Clear Horizons and Greenhouse Gas Emissions Senate Bill 4 (SB4) add definitions for “annual greenhouse gas emissions limit”, “greenhouse gas”, “greenhouse gas decade assessment”, “greenhouse gas inventory and progress report” "greenhouse gas sector report" "overburdened community" and "statewide greenhouse gas emissions" to the Environmental Improvement Act (EIA). SB4 amends the EIA and sets limits on statewide greenhouse gas emissions (GHGE): by 2030, at least 45 percent less than 2005 levels; by 2040 at least 75 percent less than 2005 levels; and by 2050 and every subsequent year equal to 2005 levels. The 2030 and 2040 limits must be achieved solely through direct emission reductions.

SB4 requires that beginning in 2026 Environment Department (ED) in consultation with EMNRD (Energy, Minerals, and Natural Resources Department), DOT, PRC, and other appropriate federal state, local, and Tribal entities, annually publish a statewide GHGE inventory with proposed annual GHGE limits for 2026 through 2050 and a progress report. The progress report shall include a projection of whether the state will meet the statewide GHGE limits; a list of actions with actual or anticipated implementation dates the state is taking or planning to take to meet the statewide GHGE limits; a quantification and analysis of the projected GHGE reduction from each action; a quantification and analysis, by sector, of all gaps between the projected greenhouse gas emissions reductions and the GHGE limit; recommendations for legislation that would help achieve additional GHGE reductions sufficient to address all gaps; and a description of the adverse effects on overburdened communities of state actions to reduce GHGE and a description of the actions each state agency has taken to prevent or minimize those adverse effects. By December 31, 2026, ED in consultation with EMNRD, will also publish a GHGE sector report containing an allocation by sector of the greenhouse gas emissions reductions that the department determines are necessary to achieve, through rulemaking, the GHGE limits. ED shall submit the GHGE inventory, progress report, and sector report to the legislature, post them to the department’s website, and mail them to tribal governments. SB4 requires that state agencies apply climate equity principles to the extent practicable to rule development.

In the GHGE inventory and progress report published beginning in 2031 and every decade thereafter, ED will assess if the GHGE reduction targets for the previous year were achieved, and if they were not achieved, ED shall report additional actions, including rules, needed to meet the GHGE limits.

Through an amendment of the Air Quality Control Act, SB4 grants the EIB the authority to regulate GHGE to meet the GHGE limits. The EIB is required to adopt rules that determine GHGE monitoring and measuring protocols, and require reductions in statewide GHGE, including in the oil and gas sector. The EIB is required to reevaluate rules for effectiveness every five years. The EIB is directed to develop a fee schedule to defray department administrative costs, depositing those fees into the air quality permit fund.

## **FISCAL IMPLICATIONS**

Starting July 1, 2025, NMED will need at least 10 full-time employees (FTE) to implement the work identified in SB4 including leading the interagency planning effort, analyses, reporting, rulemaking, and supporting EIB responsibilities, which NMED estimates as \$140 thousand per year for salary and benefits, and indirect costs and \$1.6 million annually for contractual support; and \$150,000 annually for computers, software, equipment, office spaces, vehicles, etc. resulting in an annual operating budget of \$3.15 million dollars. Considering the \$3 million dollars included in the appropriation, NMED anticipates recouping outstanding costs via fee provisions.

## **SIGNIFICANT ISSUES**

ED resources are best allocated by reporting the GHGE inventory and the progress report biannually (i.e. every other year), thus providing ED staff time for the analysis, planning, rulemaking, interagency coordination and implementation.

The definition of “overburdened community” – which includes the terms “minority” and “communities that potentially experience disproportionate and environmental harms” will be difficult for agencies to assess whether they are developing actions and rules that indeed address these communities.

ED will need the cooperation of multiple other departments across the State of New Mexico to produce an accurate report and implement appropriate and prudent GHGE-reducing actions.

The January 1, 2026 date by which EIB will adopt certain rules is too compressed given the scope.

Fees to defray the department’s administrative costs should be based on the bureaus involved in the monitoring, inventory, rulemaking and reporting. The Climate Change Bureau will need significant expansion and fiscal support to implement the inventory, rulemaking and reporting.

## **PERFORMANCE IMPLICATIONS**

The compressed schedule for the January 1, 2026, rule adoption does not consider the existing and future schedule of regulatory needs before the EIB in the next twelve to eighteen months. ED anticipates significant time and other resources required to analyze options, reach out to affected communities (including overburdened communities), consider outside input, draft rule language, submit the rule for public comment, request a hearing, hold the hearing and wait for the EIB to determine the appropriate action.

## **ADMINISTRATIVE IMPLICATIONS**

None.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB4 requires the EIB to promulgate a rule to measure greenhouse gas reductions from the oil and gas industry based on methane emissions intensity. This metric differs from federal methane rules for which the department must submit a plan implementing the federal rule's emissions limitations and other requirements.

### **TECHNICAL ISSUES**

- Line 22-24 on page 6: add the underlined phrase “greenhouse gas emissions and a description of the actions each state agency has taken or will take to prevent or minimize those adverse effects;”

### **OTHER SUBSTANTIVE ISSUES**

None.

### **ALTERNATIVES**

- Require the GHGE inventory biannually instead of annually.
- Require EIB to adopt a methane rule that comports with the federal methane rule on the same time scale as the federal rule. As of the date of this FIR, the Air Quality Bureau must already submit a GHG plan, including a methane rule, to EPA by March 9, 2026.
- Utilize more specific language for “overburdened community.” For example, “overburdened community” could mean “any census block group, as determined in accordance with the most recent United States Census, in which: (1) at least 35 percent of the households qualify as low-income households; (2) at least 40 percent of the residents identify as minority or as members of a State recognized tribal community; or (3) at least 40 percent of the households have limited English proficiency.”

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Climate Change Bureau already plans to require a GHGE inventory and is working with the Air Quality Bureau's emissions inventory staff to implement it, although the inventory will not be annual. The Air Quality Bureau is already working on a plan responsive to the federal methane rule's requirements. The current plans of the department do not require a multi-agency report. SB4 will ensure there is no backsliding on these plans in future administrations.

### **AMENDMENTS**

None.