

LFC Requester:

Emily Hilla

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

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

Date Prepared: 1/28/25

Check all that apply:

Bill Number: SB 48

Original x Correction
Amendment Substitute

Sponsor: Sen. Mimi Stewart

Agency Name and Code Number: 305 – New Mexico Department of Justice

Person Writing

Short Title: Community Benefit Fund

Analysis: Gideon Elliot

Phone: 505-537-7676

Email: legisfir@nmag.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(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
Total						

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

Senate Bill 48 (“SB48”) proposes to establish the Community Benefit Fund supporting projects addressing climate change, renewable energy, and economic transition. The fund would be created with an initial allocation of \$340 million from the state’s general fund and exist as a non-reverting financial resource to be managed by the Department of Finance and Administration (“DFA”), subject to legislative appropriation. SB48 identifies the type of projects eligible for funding and establishes minimum requirements for funding applications.

BILL SUMMARY

Synopsis:

Section 1.A establishes the Community Benefit Fund in the state treasury and identifies the projects the fund is intended to finance as those that: reduce greenhouse gas emissions, increase electric grid capacity, enhance renewable energy production and efficiency, promote emissions reducing transportation projects, mitigating climate change impacts, supporting public entities acquisition of electric vehicles and charging infrastructure, promoting economic development to reduce fossil fuel dependency and expanding working training programs to support such projects.

Section 1.B establishes community engagement requirements, requiring documentation of two community meetings to gather input from affected communities or a community benefits agreement negotiated with an “overburdened community.”

Section 1.C provides that the Department of Finance and Administration is to work with Energy Minerals and Natural Resources Department to either develop or identify a data tool to identify overburdened communities facing disproportionate burdens related to climate change and other factors.

Section 1.D requires agencies managing funded projects to submit annual reports to the legislative interim committees detailing project progress and outcomes.

Section 1.E contains definitions for key terms, including: Climate Change, Energy Efficiency, Greenhouse Gas, Grid Modernization, and Renewable Energy Resource.

Section 2 provides for the transfer of 340 million dollars from the general fund to the community benefit fund.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

SB48 appears to be silent on the NMPRC's authority over the described projects, implying that funded projects may require NMPRC authorization before construction could commence. Section 62-9-3 grants the PRC supervision and control of the location of new plants, facilities and transmission lines for the generation and transmission of electricity for sale to the public. Projects relating to Energy Efficiency, Grid Modernization and Renewable Energy, may thus fall within the PRC's jurisdiction and require Commission approval.

SB48 does not appear to require DFA to coordinate the review of projects related to grid modernization, energy efficiency, transportation electrification or renewable energy projects with EMNRD or NMPRC, which could result in the funding of projects that are duplicative of those already authorized and underway within a given utilities service territory. Additionally, SB48 appears to require not accounting or auditing authority for DFA to review such projects.

SB48 Section 1.B(1)(b) requires applicants to include a "community benefits agreement" negotiated with the overburdened community that may be impacted by the project, however, there is no criteria for determining the entity qualified to represent the overburdened community. In addition, there is no specified criteria for what should be addressed in the community benefits agreement.

SB48 appears to not contain a provision requiring projects receiving funding to coordinate with the utility service provider that serves the area in which the project is undertaken to ensure it does not have an adverse impact on service, such as that found in 71-11-1(E) Grid modernization and roadmap grant program (2020).

SB48 appears to be silent as to the process or consequences should a funded project not achieve the objectives set forth in its application.

SB48 appears to provide many definitions within Section 1.E. The definition for "overburdened communities" differs from that contained in other proposed legislation in Senate Bill 4 (see below). Section 1.E includes a definition of "grid modernization" that is not as comprehensive as that found in Section 71-11-1(G)(2) Grid Modernization roadmap and grant program (2020), which includes a non-exhaustive list of technology and uses that qualify as grid modernization projects.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Conflict:

Senate Bill 4 ("SB4"): SB 48 Section 1.C describes "overburdened communities" as those "which are communities experiencing disproportionate burdens in climate change, energy,

health, housing, legacy pollution, transportation, water and wastewater and workforce development.” However, Section 1.K of SB 4 “Clear Horizons & Greenhouse Gas Emissions,” as amended, defines such communities as: “low-income, tribal and indigenous populations or communities that potentially experience disproportionate environmental harms and risks as a result of greater vulnerability to environmental hazards.”

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

N/A