

Duplicates/Conflicts with/Companion to/Relates to:

SB 48-Community Benefit Fund

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: SB49 makes 8 separate appropriations, totaling to \$340M, listed below.

1. \$40M to the Economic Development Department to assist in the state's economic development that is unrelated to the fossil fuel industry, promotes project development with target industries including aerospace, bioscience, creative industries, cybersecurity, film and television, outdoor recreation, sustainable and value-added agriculture, intelligent manufacturing, global trade, and sustainable/green industries.
2. \$20M to the Community Energy Efficiency Development (CEED) block grant fund.
3. \$100M to the grid modernization grant fund
4. \$50M to the transportation project fund for projects aimed at reducing usage of combustion engine vehicles, including infrastructure for bicycle and pedestrian safety.
5. \$5M to the state supplemental Land and Water Conservation Fund (LWCF) to carry out the provisions in the Outdoor Recreation Act.
6. \$40M to EMNRD to provide competitive grants to entities to develop/enhance energy efficiency technologies, renewable energy technologies, energy storage technologies, and any other systems required to safely interconnect with the electricity grid.
7. \$25M to DWS to, in consultation with the Higher Education Department, provide workforce training in non-extractive industries, as well as assist extractive industry workers enhance their skill sets to assist in the clean energy transition.
8. \$60M to the Public School Facilities Authority to cover costs for electric vehicle (EV) charging infrastructure and upgrades from diesel to electric school buses.

These appropriations are contingent on SB48 – Community Benefit Fund passing the 57th legislative session

FISCAL IMPLICATIONS

SB49 appropriates a total of \$165M to EMNRD divisions for CEED (NMSA 62-17A-3), LWCF (NMSA 16-1-3), grid modernization (NMSA 71-11-2), and competitive grants.

SIGNIFICANT ISSUES

The goal of the CBF is to make significant investments in New Mexico state agencies for the purposes of reducing the state's reliance on extractive industries. The proposed appropriations in SB49 would make significant contributions to New Mexico's ongoing work to diversify our economy, promote workforce development in non-extractive industry, and transition to low/zero carbon technologies for transportation and electricity.

The Energy Conservation and Management Division (ECAM) was tasked with administering the CEED Block Grant Act in 2022. The bill appropriated \$10M to ECAM to provide grants to low-income and frontline communities to purchase products aimed at increasing energy efficiency in

homes to decrease their energy burdens. Demand for the CEED program funding has exceeded available funds so the additional \$20M would address unmet need and be administered through ECAM's existing funding processes.

ECAM is also tasked with overseeing grid modernization efforts for New Mexico and recently published the 2025 [Electricity Grid Update](#), which discusses grid technologies that serve key energy policy objectives such as reliability, affordability, and sustainability. However, significant investment into modernizing our electricity grid is required to achieve these objectives. The \$100M appropriated would allow ECAM and associated agencies, such as the PRC, to meaningfully work towards these goals.

EMNRD notes that SB49 does not provide an appropriation to address the growing impacts of temperature increases and extreme precipitation and drought on New Mexico's forests and citizens. Additional wildland firefighters are needed to address this growing risk, located in communities close to or at risk for wildfire and to address fire crew vacancy rates. EMNRD requests that \$5 million of the amount appropriated to EMNRD be specifically for housing incentives and grants to local governments to provide state wildland firefighters with housing so they may reside in these communities and perform wildfire response services.

PERFORMANCE IMPLICATIONS

The additional funds SB 49 would direct towards the CEED and Grid Modernization funds will not adversely impact the capacity of ECAM to administer those funds. Additionally, the staff capacity that ECAM has added to administer over \$400 million in federal funds awarded in 2024 will be able to accommodate the extra \$40 million in SB 49 for energy efficiency and storage grants.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB49 has a companion bill, SB48 – Community Benefit Fund. The appropriations in SB49 are contingent upon SB48 passing the legislature.

The \$5 million identified for the LWCF State Supplemental Fund in SB 49 is duplicative of matching recommendations in both the executive and legislative budget requests for an \$8 million dollar appropriation to that fund. EMNRD recommends moving the \$5 million to the above-mentioned need for firefighter housing. Additionally, it is unclear if the climate and energy efficiency focused criteria for funding in SB 48 are sufficiently aligned with federal LWCF award requirements, which are primarily focused on outdoor recreation.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

SB 49 does not address whether an agency receiving an appropriation from the CBF would be authorized to use the appropriation to cover program administration costs.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB49 is not enacted, New Mexico will not have the benefit of these significant investments into the state's overburdened communities to implement clean energy and climate resilience programs and projects. Wildfire response will be delayed with potentially devastating consequences for residents and community infrastructure including water supplies, power and roads.

AMENDMENTS