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SENATE BILL 4

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Mimi Stewart and Kristina Ortez

AN ACT

RELATING TO THE ENVIRONMENT; ESTABLISHING STATEWIDE GREENHOUSE GAS EMISSIONS LIMITS; REQUIRING GREENHOUSE GAS EMISSIONS REPORTING; PROVIDING THAT STATE AGENCIES APPLY CLIMATE EQUITY PRINCIPLES TO POLICY AND RULE DEVELOPMENT; EXPANDING DUTIES AND POWERS OF THE ENVIRONMENTAL IMPROVEMENT BOARD; MAKING AN APPROPRIATION.

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. "annual greenhouse gas emissions limit" means the maximum allowable annual quantity of greenhouse gas emissions to meet the greenhouse gas emissions limits

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1 established in Subsection A of Section 74-1-19 NMSA 1978;

2 ~~[A.]~~ B. "board" means the environmental improvement
3 board;

4 ~~[B.]~~ C. "carbon intensity" means the quantity of
5 fuel lifecycle greenhouse gas emissions per unit of fuel
6 energy, expressed in grams of carbon dioxide equivalent per
7 megajoule;

8 ~~[C.]~~ D. "department" ~~[or "environmental improvement~~
9 ~~department"]~~ means the department of environment;

10 ~~[D.]~~ E. "fuel lifecycle" means an assessment of the
11 aggregate greenhouse gas emissions based on science-based
12 models or protocols, including direct emissions and significant
13 indirect emissions from indirect land use change, all stages of
14 fuel and feedstock production and distribution, feedstock
15 generation or extraction through the distribution, delivery and
16 use of the finished fuel by the consumer, including
17 consideration of storage, transportation and combustion;

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

24 G. "greenhouse gas decade assessment" means a
25 greenhouse gas inventory and progress report prepared in the

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1 year 2031 and every tenth year thereafter;

2 H. "greenhouse gas inventory and progress report"
3 means the report prepared and published annually by the
4 department that includes an inventory of all statewide
5 greenhouse gas emissions and the progress toward meeting
6 statewide greenhouse gas reductions;

7 I. "greenhouse gas sector report" means the report
8 prepared and published by the department containing a proposed
9 allocation of the greenhouse gas emissions reductions, by
10 sector;

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

19 K. "overburdened community" means the minority,
20 low-income, tribal and indigenous populations or communities
21 that potentially experience disproportionate environmental
22 harms and risks as a result of greater vulnerability to
23 environmental hazards;

24 [~~F.~~] L. "person" means the state or [any] an
25 agency, institution or political subdivision thereof, [any] a

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1 public or private corporation, individual, partnership,
2 association or other entity and includes ~~[any]~~ an officer or
3 governing or managing body of ~~[any]~~ a political subdivision or
4 public or private corporation;

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

8 ~~[H.]~~ N. "secretary" means the secretary of
9 environment; ~~[and]~~

10 O. "statewide greenhouse gas emissions" means the
11 total net anthropogenic emissions of greenhouse gases,
12 expressed in carbon dioxide equivalent using a methodology
13 determined to be appropriate by the department, including
14 emissions from electricity generation for consumption in New
15 Mexico, both imported and produced in New Mexico;
16 transportation fuels and heating fuels combusted in New Mexico;
17 buildings and structures; residential, commercial,
18 institutional and industrial waste management; manufacturing
19 processes; the extraction and processing of raw materials;
20 production of agricultural and forest products; and oil and gas
21 exploration, production, storage, distribution and
22 transportation in the state; and

23 ~~[I.]~~ P. "transportation fuel" means electricity or
24 a liquid, gaseous or blended fuel, including gasoline, diesel,
25 liquefied petroleum gas, natural gas and hydrogen, sold,

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

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

5 "74-1-19. [NEW MATERIAL] GREENHOUSE GAS EMISSIONS
6 LIMITS--REPORTING REQUIREMENTS.--

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

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

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

13 (3) by 2050 and in every subsequent year, one
14 hundred percent less than 2005 levels by means developed by the
15 board.

16 B. The limits set for 2030 and 2040 shall be
17 achieved solely through direct greenhouse gas emissions
18 reductions.

19 C. The department shall publish:

20 (1) by July 1, 2026 and by July 1 of each
21 successive year, in consultation with the energy, minerals and
22 natural resources department, the department of transportation,
23 the public regulation commission and other appropriate federal,
24 state, local and tribal entities, a greenhouse gas inventory
25 and progress report that includes:

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1 (a) an inventory of all statewide
2 greenhouse gas emissions broken down by sector and that reports
3 on changes from baseline data; and

4 (b) a progress report that shall, at a
5 minimum contain: 1) a projection of whether the state will
6 meet the statewide greenhouse gas emissions limits in
7 Subsection A of this section; 2) a list of actions that the
8 state is taking, or is planning to take, to meet the statewide
9 greenhouse gas emissions limits in Subsection A of this
10 section; 3) an identification of the actual or expected
11 implementation date of each action; 4) a quantification and
12 analysis of the projected greenhouse gas emissions reductions
13 that each action will achieve; 5) a quantification and
14 analysis, by sector, of all gaps between the projected
15 greenhouse gas emissions reductions and the statewide
16 greenhouse gas emissions limits in Subsection A of this
17 section; 6) recommendations for legislation that would help
18 achieve additional greenhouse gas emissions reductions
19 sufficient to address all such gaps, including an estimate of
20 the emissions reductions; and 7) a description of the adverse
21 effects on overburdened communities of state programs to reduce
22 greenhouse gas emissions and a description of the actions each
23 state agency has taken to prevent or minimize those adverse
24 effects; and

25 (2) by December 31, 2026, in consultation with

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1 the energy, minerals and natural resources department, a
2 greenhouse gas sector report containing an allocation by sector
3 of the greenhouse gas emissions reductions that the department
4 determines are necessary to achieve, through rulemaking, the
5 statewide greenhouse gas emissions limits referred to in
6 Subsection A of this section.

7 D. The first greenhouse gas inventory and progress
8 report shall additionally propose each annual greenhouse gas
9 emissions limit for years 2026 through 2050.

10 E. When publishing a greenhouse gas inventory and
11 progress report or greenhouse gas sector report under
12 Subsection C of this section, the department shall submit the
13 report to the legislature, post the report on the department's
14 website and mail the report to tribal governments.

15 F. If the department determines in the greenhouse
16 gas decade assessment that the applicable greenhouse gas
17 emissions limit in this section for the prior year was not
18 achieved, the department shall identify in the report the
19 additional actions, including additional rules, needed to meet
20 the statewide greenhouse gas emissions limits in Subsection A
21 of this section by the next greenhouse gas decade assessment."

22 SECTION 3. A new section of the Environmental Improvement
23 Act is enacted to read:

24 "[NEW MATERIAL] STATE AGENCIES SHALL APPLY CLIMATE EQUITY
25 PRINCIPLES.--Except when expressly prohibited by law, a state

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1 agency shall, to the extent practicable, apply climate equity
2 principles to rule development that:

3 A. prioritize greenhouse gas reductions in
4 overburdened communities;

5 B. incorporate tribal consultation and outreach to
6 tribal communities in the rulemaking; and

7 C. consider how to address adverse health and
8 environmental impacts from greenhouse gases and other
9 pollutants."

10 SECTION 4. Section 74-2-2 NMSA 1978 (being Laws 1967,
11 Chapter 277, Section 2, as amended) is amended to read:

12 "74-2-2. DEFINITIONS.--As used in the Air Quality Control
13 Act:

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

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

24 C. "annual greenhouse gas emissions limit" means
25 the maximum allowable annual quantity of greenhouse gas

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1 emissions to meet the greenhouse gas emissions limits
2 established in Subsection A of Section 74-1-19 NMSA 1978;

3 [~~G.~~] D. "department" means the department of
4 environment;

5 [~~D.~~] E. "director" means the administrative head of
6 a local agency;

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

16 [~~F.~~] G. "federal act" means the federal Clean Air
17 Act, its subsequent amendments and successor provisions;

18 [~~G.~~] H. "federal standard of performance" means a
19 standard of performance, emission limitation or emission
20 standard adopted pursuant to 42 U.S.C. Section 7411 or 7412;

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

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1 water vapor;

2 J. "greenhouse gas direct measurement" means
3 regional, local, stationary source or air pollution source
4 monitoring of greenhouse gas emissions used to quantify the
5 amount of greenhouse gases emitted;

6 K. "greenhouse gas inventory and progress report"
7 means the report prepared and published annually by the
8 department pursuant to Subsection C of Section 74-1-19 NMSA
9 1978;

10 L. "greenhouse gas monitoring requirements" means
11 requirements that establish statewide greenhouse gas emissions
12 monitoring and measurement protocols that report emissions in
13 carbon dioxide equivalents, including requirements for
14 greenhouse gas direct measurement, recordkeeping, reporting and
15 verification;

16 M. "greenhouse gas sector report" means the report
17 prepared and published by the department containing a proposed
18 allocation of the greenhouse gas emissions reductions, by
19 sector;

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

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

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

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

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

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

13 ~~[L-]~~ R. "mandatory class I area" means any of the
14 following areas in this state that were in existence on August
15 7, 1977:

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

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

20 S. "methane emissions intensity" means the volume
21 of methane emissions from oil and gas exploration and
22 production operations as a percentage of the volume of the
23 total gas marketed, or for oil production sites reporting no
24 gas production, the intensity calculation shall use ten metric
25 tons of methane per million barrels of oil sent to sale;

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1 [M-] T. "modification" means a physical change in,
2 or change in the method of operation of, a source that results
3 in an increase in the potential emission rate of a regulated
4 air contaminant emitted by the source or that results in the
5 emission of a regulated air contaminant not previously emitted,
6 but does not include:

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

8 (2) routine maintenance, repair or
9 replacement;

10 (3) installation of air pollution control
11 equipment, and all related process equipment and materials
12 necessary for its operation, undertaken for the purpose of
13 complying with regulations adopted by the environmental
14 improvement board or the local board or pursuant to the federal
15 act; or

16 (4) unless previously limited by enforceable
17 permit conditions:

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

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

23 (c) use of an alternative fuel or raw
24 material if, prior to January 6, 1975, the source was capable
25 of accommodating such fuel or raw material or if use of an

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1 alternate fuel or raw material is caused by a natural gas
2 curtailment or emergency allocation or [~~an other~~] another lack
3 of supply of natural gas;

4 [~~N.~~] U. "nonattainment area" means for an air
5 contaminant an area that is designated "nonattainment" with
6 respect to that contaminant within the meaning of Section
7 107(d) of the federal act;

8 V. "overburdened community" means the minority,
9 low-income, tribal and indigenous populations or communities
10 that potentially experience disproportionate environmental
11 harms and risks as a result of greater vulnerability to
12 environmental hazards;

13 [~~Ø.~~] W. "person" includes an individual,
14 partnership, corporation, association, the state or political
15 subdivision of the state and any agency, department or
16 instrumentality of the United States and any of their officers,
17 agents or employees;

18 [~~P.~~] X. "potential emission rate" means the
19 emission rate of a source at its maximum capacity to emit a
20 regulated air contaminant under its physical and operational
21 design, provided any physical or operational limitation on the
22 capacity of the source to emit a regulated air contaminant,
23 including air pollution control equipment and restrictions on
24 hours of operation or on the type or amount of material
25 combusted, stored or processed, shall be treated as part of its

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1 physical and operational design only if the limitation or the
2 effect it would have on emissions is enforceable by the
3 department or the local agency pursuant to the Air Quality
4 Control Act or the federal act;

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

9 [R.] Z. "secretary" means the secretary of
10 environment;

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

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

19 [U.] CC. "standard of performance" means a
20 requirement of continuous emission reduction, including any
21 requirement relating to operation or maintenance of a source to
22 assure continuous emission reduction;

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

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1 EE. "statewide greenhouse gas emissions" means the
2 total net anthropogenic emissions of greenhouse gases,
3 expressed in carbon dioxide equivalent using a methodology
4 determined to be appropriate by the department, including
5 emissions from electricity generation for consumption in New
6 Mexico, both imported and produced in New Mexico;
7 transportation fuels and heating fuels combusted in New Mexico;
8 buildings and structures; residential, commercial,
9 institutional and industrial waste management; manufacturing
10 processes; extraction and processing of raw materials;
11 agricultural products and forest products; and oil and gas
12 exploration, production, storage, distribution and
13 transportation in the state; and

14 [W-] FF. "toxic air pollutant" means an air
15 contaminant, except a hazardous air pollutant, classified by
16 the environmental improvement board or the local board as a
17 toxic air pollutant."

18 SECTION 5. A new section of the Air Quality Control Act,
19 Section 74-2-5.4 NMSA 1978, is enacted to read:

20 "74-2-5.4. [NEW MATERIAL] ENVIRONMENTAL IMPROVEMENT BOARD
21 AND LOCAL BOARD--ADDITIONAL DUTIES AND POWERS.--

22 A. The environmental improvement board and local
23 board shall regulate greenhouse gas emissions to meet the
24 statewide greenhouse gas emissions limits established in
25 Subsection A of Section 74-1-19 NMSA 1978. The environmental

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1 improvement board and local board shall adopt or amend rules as
2 necessary to meet the greenhouse gas emissions limits
3 established in Subsection A of Section 74-1-19 NMSA 1978.

4 B. By January 1, 2026, the environmental
5 improvement board and local board shall adopt greenhouse gas
6 monitoring requirements that:

7 (1) consider data reporting and other
8 requirements already in place;

9 (2) include requirements to monitor, measure,
10 report and verify oil and gas exploration and production
11 operation methane emissions as measured by empirical methods;
12 and

13 (3) shall be utilized by the department in
14 future greenhouse gas inventory and progress reports.

15 C. By January 1, 2028, the environmental
16 improvement board and local board shall adopt rules for the
17 reduction of greenhouse gas emissions from sectors other than
18 oil and gas exploration and production operations sufficient to
19 meet the statewide greenhouse gas emissions limits in
20 Subsection A of Section 74-1-19 NMSA 1978 and adopt annual
21 greenhouse gas limits considering those annual limits proposed
22 by the department. The department and local agency shall
23 propose rules to the environmental improvement board and local
24 board based on the greenhouse gas sector report. If the
25 department or local agency concludes that it is most efficient

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1 to determine all sectors in one rulemaking, the department or
2 local agency may propose rulemaking for all sectors at the same
3 time. If a rule proposed under this subsection would establish
4 an allocation of emissions among sectors, interested parties
5 shall have standing by operation of law to intervene in the
6 rulemaking for the purpose of challenging the allocation.

7 D. If the environmental improvement board or local
8 board have not promulgated rules pursuant to Subsection C of
9 this section that include methane emissions from oil and gas
10 exploration and production operations, the environmental
11 improvement board or local board shall promulgate by July 1,
12 2028 a rule that the board determines shall achieve the
13 necessary methane emission reductions from oil and gas
14 exploration and production operations.

15 E. The rule to achieve greenhouse gas emissions
16 reductions from the oil and gas industry must ensure reductions
17 that are at least equivalent to:

18 (1) by 2030, a level of emissions of no more
19 than three-tenths of one percent methane emissions intensity;

20 (2) by 2040, a level of emissions of no more
21 than two-tenths of one percent methane emissions intensity; and

22 (3) by 2050, a level of emissions of no more
23 than one-tenth of one percent methane emissions intensity.

24 F. The environmental improvement board may amend or
25 adopt rules necessary or revise sector allocations to meet the

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1 statewide greenhouse gas emissions limits established in
2 Section 74-1-19 NMSA 1978.

3 G. For a rule adopted pursuant to this section, the
4 environmental improvement board and local board:

5 (1) shall ensure that the rules do not have a
6 disparate adverse effect on overburdened communities and apply
7 climate equity principles pursuant to the provisions of the
8 Environmental Improvement Act;

9 (2) shall rely, as deemed appropriate, on the
10 greenhouse gas emissions inventory and progress report
11 developed by the department pursuant to Subsection C of Section
12 74-1-19 NMSA 1978;

13 (3) may implement an emissions limitation or
14 control measure that results in an enforceable emissions
15 reduction, including those allowed by the federal Clean Air
16 Act, 74 U.S.C. 7410(a)(2);

17 (4) shall take into consideration other
18 relevant state and federal laws, rules and enforceable
19 requirements that contribute to reductions in greenhouse gas
20 emissions;

21 (5) may take into consideration federal, state
22 or philanthropic investments, grant programs and financial
23 incentives or voluntary actions taken by local governments and
24 private entities that contribute to reductions in greenhouse
25 gas emissions as the environmental improvement board or the

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1 local board deems appropriate;

2 (6) may take into consideration differences in
3 industry exposure to interstate or international competition
4 and the relative cost of carbon reduction mechanisms;

5 (7) may address sectors separately or in
6 combination as long as the requirements are otherwise met; and

7 (8) shall, at least once every five years,
8 based on information provided by the department, reevaluate the
9 effectiveness of the rules adopted pursuant to this section in
10 achieving the statewide greenhouse gas emissions limits in
11 Subsection A of Section 74-1-19 NMSA 1978.

12 H. The environmental improvement board and local
13 board shall develop and may amend a schedule of fees to defray
14 department administrative costs, which shall be deposited in
15 the state air quality permit fund."

16 SECTION 6. APPROPRIATION.--Three million dollars
17 (\$3,000,000) is appropriated from the general fund to the
18 department of environment for expenditure in fiscal year 2026
19 and subsequent fiscal years to administer the greenhouse gas
20 emissions reduction program. Any unexpended or unencumbered
21 balance remaining at the end of a fiscal year shall not revert
22 to the general fund.