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SENATE BILL

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

INTRODUCED BY

Antoinette Sedillo Lopez

AN ACT

RELATING TO CLEAN TRANSPORTATION FUELS; PROHIBITING  
TRANSPORTATION FUELS FROM BEING ASSIGNED A CARBON INTENSITY  
VALUE OF LESS THAN ZERO.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 74-1-18 NMSA 1978 (being Laws 2024,  
Chapter 54, Section 4) is amended to read:

"74-1-18. CLEAN TRANSPORTATION FUEL STANDARD PROGRAM--  
RULES.--

A. The board shall promulgate rules to implement a  
clean transportation fuel standard program no later than July  
1, 2026.

B. Prior to the board promulgating rules pursuant  
to this section, the secretary shall convene an advisory  
committee composed of stakeholders from in-state and out-of-

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1 state producers of transportation fuels, transportation fuel  
2 distributors, local governments, utilities, tribal governments,  
3 environmental protection groups, environmental justice groups  
4 and other individuals or entities with relevant expertise to  
5 provide input and periodically review program rules.

6 C. The clean transportation fuel standard program  
7 rules shall:

8 (1) establish a statewide technology-neutral  
9 clean transportation fuel standard based on a schedule for  
10 annually decreasing the carbon intensity of transportation  
11 fuels used in the state;

12 (2) apply the clean transportation fuel  
13 standard to account for the fuel lifecycle in order to reduce  
14 the carbon intensity of transportation fuels used in the state  
15 by at least twenty percent below 2018 carbon intensity levels  
16 by 2030 and at least thirty percent below 2018 carbon intensity  
17 levels by 2040;

18 (3) establish technology-neutral mechanisms  
19 for generating, obtaining, trading, selling and retiring  
20 credits among transportation fuel producers, fuel distributors  
21 and other individuals or entities in the transportation fuel  
22 market, including additional credit opportunities from  
23 activities and projects that support the reduction or removal  
24 of greenhouse gas emissions associated with transportation in  
25 the state;

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1 (4) establish mechanisms, including cost-  
2 containment measures and credit holding limits, to allow  
3 credits to be banked for future compliance periods to stabilize  
4 and incentivize investment in the transportation fuel credit  
5 market, verify the validity of compliance obligations, maximize  
6 savings and limit consumer costs, ensure program compliance,  
7 trade credits and allow for market participation by persons who  
8 register in the market to facilitate credit generation;

9 (5) require a utility that elects to  
10 participate in the program to invest all revenues from the sale  
11 of credits, not including administrative program costs, into  
12 distribution, grid modernization, infrastructure and other  
13 projects that support transportation decarbonization, with at  
14 least fifty percent of such revenues supporting low-income and  
15 underserved communities and with investor-owned utilities  
16 receiving regulatory treatment consistent with Section 62-8-12  
17 NMSA 1978;

18 (6) consider similar programs in other  
19 jurisdictions, allow for coordination with other jurisdictions  
20 to promote regional reductions or removal of greenhouse gas  
21 emissions and allow market participants to generate credits  
22 under any overlapping current and future federal transportation  
23 fuel regulations;

24 (7) not discriminate against fuels solely on  
25 the basis of having originated in another state or

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1 jurisdiction;

2 (8) establish a periodic review process that  
3 includes input from the advisory committee convened pursuant to  
4 Subsection B of this section to provide input on program rules  
5 and performance and determine potential adjustments if deemed  
6 necessary after review, including the superseding of the state  
7 program by federal legislation;

8 (9) allow for a deferral of the program based  
9 on emergency or forecasted conditions; and

10 (10) establish fees for the cost of the  
11 department's administration and enforcement of the program;  
12 provided that any fees are deposited in the state air quality  
13 permit fund.

14 D. For the purposes of the clean transportation  
15 fuel standard program, a transportation fuel shall not be  
16 assigned a carbon intensity value of less than zero.

17 ~~[D.]~~ E. As used in this section:

18 (1) "low-income" means annual household  
19 adjusted gross income, as defined in the Income Tax Act, of  
20 equal to or less than two hundred percent of the federal  
21 poverty level; and

22 (2) "underserved community" means an area in  
23 this state, including a county, municipality or neighborhood,  
24 or subset of such area where the median income of the area is  
25 low-income."

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