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FISCAL IMPACT REPORT

SPONSOR Sens. Woods and Muñoz/Reps. Pettigrew, Armstrong and Martinez, A. **LAST UPDATED** _____
ORIGINAL DATE 1/30/25
BILL
SHORT TITLE Zero-Emission Vehicle Rules **NUMBER** Senate Bill 131
ANALYST Davidson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMED		Up to (\$260)	Up to (\$300)	Up to (\$560)	Recurring	Motor Vehicle Manufacturer's Regulatory Fee-Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 139

Sources of Information

LFC Files

Agency Analysis Received From

Environment Department

Energy, Minerals and Natural Resources Department

Agency Analysis was Solicited but Not Received From

New Mexico Attorney General

Department of Transportation

Department of Health

SUMMARY

Synopsis of Senate Bill 131

Senate Bill 131 proposes to amend the clean transportation fuel standard program rules, a program administered by the Environmental Improvement Board (EIB), which statutorily resides within the Environment Department but is independent of it.

The bill would add language to the rules, requiring the board to not adopt or discontinue a rule that requires a manufacturer to produce or deliver for sale a certain percentage of zero-emission vehicles for a model year to control motor vehicle emissions or for any other lawful purpose.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The Environment Department (NMED) analysis states Senate Bill 131 could eliminate recurring funding for the department’s New Motor Vehicle Emissions Standards program, reducing the agency’s budget by up to \$260 thousand in FY26 and \$300 thousand in FY27.

SIGNIFICANT ISSUES

Analysis from the Energy, Minerals, and Natural Resources Department noted Senate Bill 131 restricts the Environmental Improvement Board’s ability to implement portions of the goals set by the Clean Transportation Fuel Standard Program (CTFSP), specifically CTFSP’s goal to reduce motor vehicle emissions and incentivize manufacturers to develop and produce clearer vehicles and accelerate adoption of new technologies. EMNRD analysis also notes Senate Bill 131 could potentially undermine goals set in the Governor’s Executive Order 2019-003 on addressing climate change and energy waste prevention.

In addition to goals set by the CTFSP and the executive order regarding emission reduction targets, New Mexico is subject to other federal and state mandates that aim to incentivize development of alternative fuel vehicles. The Governor’s Executive Order 2023-138 calls for 75 percent of the vehicles purchased by the state to be alternative fuel vehicles, though agencies have noted is implementation will be difficult due to vehicle shortages. The U.S. Department of Energy (DOE) encourages states and DOE facilities to use alternative fuels and also incentivizes states to purchase alternative fuel vehicles. The New Mexico Alternative Fuel Acquisition Act further codifies the federal policy and expands it to all state agencies, departments, and educational institutions. Passage of Senate Bill 131 could impact and complicate these existing initiatives.

Analysis from NMED echoes concerns from EMNRD analysis, with the agency noting Senate Bill 131 could be viewed as contradicting federal law and could jeopardize federal funding.

EMNRD analysis expresses concern regarding Senate Bill 131’s adoption and the complications it could cause with rules EIB has already adopted but would now be required not to enforce. EMNRD also pointed to issues passage of Senate Bill 131 could cause regarding the state’s Air Quality Control Act, in particular the act’s mandating of EIB to “prevent or abate air pollution” and EIB’s authority to adopt and promulgate rules and standards to do so.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 131 is similar to House Bill 76 from the 2024 legislative session. Both bills amend existing statute to stop a board from requiring a manufacturer to produce or deliver a certain percentage of zero-emission vehicles.

Senate Bill 131 is also similar to Senate Bill 139, with both bills calling for prohibition of rules from the EIB relating to alternative fuel vehicles and EIB/NMED’s authority to enforce those rules.

AD/rl/hg