

1 SENATE BILL 630

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

3 INTRODUCED BY

4 John M. Sapien

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10 AN ACT

11 RELATING TO THE ENVIRONMENT; ENACTING THE CARBON CREDIT ACT;
12 DEFINING CARBON CREDIT RIGHTS; PROVIDING FOR A CARBON CREDIT
13 OVERSIGHT BOARD; MAKING AN APPROPRIATION.

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

16 SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be
17 cited as the "Carbon Credit Act".

18 SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
19 Carbon Credit Act:

- 20 A. "board" means the carbon credit oversight board;
- 21 B. "carbon credit" or "carbon offset" means an
22 intangible asset representing a reduction corresponding to one
23 metric ton of carbon dioxide equivalent;
- 24 C. "carbon dioxide equivalent" means a numerical
25 value defined by multiplying the mass of the gas by its global

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1 warming potential;

2 D. "global warming potential" means a numerical
3 value representing the total energy that a gas absorbs over a
4 one-hundred-year period compared to carbon dioxide as defined
5 by the United States environmental protection agency;

6 E. "greenhouse gas" means any gas, as defined by
7 the United States environmental protection agency, having
8 global warming potential;

9 F. "natural resource" means any mineral or organic
10 material that can be extracted or harvested and located on or
11 beneath the surface of the earth;

12 G. "real property" means all land, structures,
13 firmly attached and integrated equipment, anything growing on
14 the land and all interests in the property, including its
15 natural resources;

16 H. "reduction" means a decrease in greenhouse gas
17 emissions resulting from:

18 (1) changes to a business, industrial or
19 agricultural operation, practice, process or methodology;

20 (2) remediation of contaminated land or
21 remediation of land damaged by natural disaster;

22 (3) the generation of electrical power
23 utilizing wind, solar, hydro, geothermal or nuclear sources
24 substituted for electrical power generated using fossil fuels;

25 or

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1 (4) sequestration; and

2 I. "sequestration" means the removal of greenhouse
3 gases from the atmosphere and the accumulation of those
4 greenhouse gases in a solid or liquid form within oceans, plant
5 matter, soil or geologic formations through an industrial,
6 chemical or biological process.

7 SECTION 3. [NEW MATERIAL] CARBON OFFSET RIGHTS.--

8 A. Except as defined in Subsection B of this
9 section, a carbon credit shall constitute a contract right.

10 B. A carbon credit may be intangible real property;
11 provided that the carbon credit is associated with a natural
12 resource having a specified location and having a verifiable,
13 unbroken chain of custody associating the natural resource to
14 the carbon credit.

15 SECTION 4. [NEW MATERIAL] BOARD--POWERS.--

16 A. The state auditor shall establish a five-member
17 "carbon credit oversight board" composed of the following
18 members:

19 (1) one board member representing the state
20 auditor;

21 (2) one board member representing the audit
22 and compliance division of the taxation and revenue department;

23 (3) one board member representing the energy,
24 minerals and natural resources department; and

25 (4) two industry board members who shall be

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1 New Mexico residents representing New Mexico businesses
2 directly involved in the creation, management or transfer of
3 carbon credits.

4 B. Board members representing government agencies
5 shall be appointed by the responsible department secretary for
6 a one-year term. Board members representing industry shall be
7 appointed by the governor for staggered two-year terms. The
8 initial terms for industry board members shall be one term of
9 two years and one term of three years.

10 C. The board shall review and audit chain of title
11 methodologies for compliance with the Carbon Credit Act.

12 D. Industry board members shall not receive a
13 salary but shall be entitled to per diem pursuant to the Per
14 Diem and Mileage Act.

15 SECTION 5. APPROPRIATION.--

16 A. One hundred thousand dollars (\$100,000) is
17 appropriated from the general fund to the state auditor for
18 expenditure in fiscal year 2016 to undertake the duties and
19 activities described in the Carbon Credit Act, to be allocated
20 as follows:

21 (1) eighty thousand dollars (\$80,000) for
22 carbon credit oversight board operations; and

23 (2) twenty thousand dollars (\$20,000) for per
24 diem and mileage reimbursement and other reasonable expenses
25 relating to the performance of the duties of the carbon credit

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1 oversight board.

2 B. Any unexpended or unencumbered balance remaining
3 at the end of fiscal year 2016 shall revert to the general
4 fund.

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