

<b>LFC Requester:</b>	<b>Davidson</b>
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

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*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2/10/2025 *Check all that apply:*  
**Bill Number:** HB328 Original  Correction   
 Amendment  Substitute

**Sponsor:** Pettigrew, Murphy **Agency Name and Code:** New Mexico Environment Department 667  
**Short Title:** Repeal Clean Fuel Standards **Number:** \_\_\_\_\_  
**Person Writing:** Michelle Miano  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	NA	NA	NA

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	(Indeterminate but Substantial loss)	(Indeterminate but substantial loss)	Recurring	OSF

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	0	NA	NA	0	NA	

(Parenthesis ( ) Indicate Expenditure Decreases)430

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Synopsis: HB328 repeals the inclusion of the Clean Transportation Fuel Program (CTFP) in the Environmental Improvement Act, which became law when the New Mexico Legislature approved, and the Governor signed, HB41 in 2024. HB41 authorized the CTFP, which creates a New Mexico fuel credit market system, based on grams of carbon dioxide equivalent per megajoule, in which high-carbon fuel (like diesel and gasoline) producers and importers offset the carbon footprint of their fuel by supplying low-carbon fuels to the transportation fuel market or by buying CTFP credits from other low carbon fuel producers or importers.

By passing HB328, the EIB would no longer be required to promulgate rules to implement a CTFP no later than July 1, 2026, and would be prohibited from adopting such a program into the future.

#### **FISCAL IMPLICATIONS**

To build the CTFP and the expertise needed for rulemaking and implementation, NMED has hired 4 FTE. If HB328 is approved, these staff would no longer be needed for the CTFP. Similarly, NMED has used approximately \$2.0 million of funding appropriated by the New Mexico Legislature to NMED to prepare the CTFP rule and the expert reports for the rulemaking before the EIB. If HB328 is approved, the funding NMED expended to date will have been for naught.

As NMED anticipates raising revenue from future program fees to operate the CTFP, such future revenue to operate the CTFP under HB328 would no longer be collected. During the passage of the law in 2024, a study conducted by Adelante Consulting conservatively estimated a clean fuel standard could generate millions in economic job investment in New Mexico including more than 1,600 permanent jobs and 2,300 construction jobs by 2030. HB 328 would negatively impact the ability of utility companies to participate in new infrastructure projects.

#### **SIGNIFICANT ISSUES**

HB328 reverses course on a bill the New Mexico Legislature passed last year and would cause current rulemaking efforts funded by the New Mexico Legislature through previous appropriation to come to an immediate halt.

#### **PERFORMANCE IMPLICATIONS**

None identified.

#### **ADMINISTRATIVE IMPLICATIONS**

None identified.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The repeal of Section 74-1-18 NMSA 1978 proposed in HB328 is also included in SB131. SB131, however, also repeals the New Motor Vehicle Emission Standards.

#### **TECHNICAL ISSUES**

None identified.

## **OTHER SUBSTANTIVE ISSUES**

None identified.

## **ALTERNATIVES**

None identified.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

By repealing Section 74-1-18 NMSA 1978 as proposed in HB328, New Mexico would not have a clean transportation fuel market where fuel credits are bought, sold and traded depending on the carbon intensity of the transportation fuel. New Mexico would thus lose out on the estimated \$470 million in workforce benefits - 1,600 permanent and 2,300 construction jobs - and \$240 million in investments in facilities and electrification infrastructure, according the HB41 FIR, that help diversify New Mexico's economy.

By repealing Section 74-1-18 NMSA 1978 as proposed in HB328, New Mexico will not reap the clean air and associated health benefits associated with the CTFP. One in seven New Mexicans suffer from respiratory illnesses, and air pollution disproportionately impacts overburdened communities that may suffer from the impacts of poor air quality, such as asthma, heart attacks, lung cancer, as well as lost wages from unpaid sick days.

By repealing Section 74-1-18 NMSA 1978 as proposed in HB328, the state will lose an opportunity to reduce greenhouse gas emissions in the hard-to-decarbonize transportation sector while driving innovation across the transportation industry.

## **AMENDMENTS**

None identified.