

LFC Requester: _____

**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date February 14, 2025
Bill No: HB 409

Sponsor: Rep. Kristina Ortez
Short Title: _____

Agency Name and Code EMNRD 521
Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	300	225	225	225	Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

HB 409 creates a new act, the Efficiency and Mercury Standards for Products and Lighting Fixtures Act. The Act will:

- Require the energy, minerals and natural resources department (“department”) to adopt rules to prohibit the sale, offering for sale, lease or rent of certain products unless they meet efficiency standards set by the department.
- Require the department to adopt provisions for the testing, certification and labeling of these products.

The Act would apply to the following products:

- Commercial dishwashers
- Commercial fryers
- Commercial hot food holding cabinets
- Commercial ovens
- Commercial steam cookers
- Computer and computer monitors
- Computer server power supply units
- Faucets
- Gas fireplaces
- Portable electric spas
- Residential ventilating fans
- Residential water softeners
- Showerheads
- Spray sprinkler bodies
- State-regulated battery charger systems
- Urinals
- Water closets
- Water coolers

The new standards promulgated by EMNRD will apply to new products sold or leased in New Mexico. The standards would not apply to:

- 1) new products manufactured in New Mexico and sold outside New Mexico;
- 2) products manufactured outside New Mexico and sold at wholesale inside New Mexico for final retail sale and installation outside New Mexico;
- 3) products installed in mobile homes at the time of construction, or
- 4) products designed expressly for installation and use in recreational vehicles.

On and after January 1, 2027, all products for sale must meet or exceed the standards.

On and after January 1, 2028, all products installed must meet or exceed the standards.

Additionally, the Act requires the department to adopt rules prohibiting the sale of general-purpose compact fluorescent lamps and general-purpose linear fluorescent lamps. Such rules must “be in alignment” with similar prohibitions adopted in other states.

Also, the Act allows utilities to “continue to offer rebates and incentives to accelerate a market transition away from any covered products.”

Last, HB 409 sets the penalties for violating the Act:

- 1) First violation: warning issued by the department
- 2) Second violation: civil penalty up to \$100
- 3) Third and subsequent violations: civil penalty up to \$250.

Each product “may constitute a separate violation; each violation may constitute a separate offense

and each day that such violation occurs may constitute a separate offense.”

FISCAL IMPLICATIONS

The fiscal implications for EMNRD would be significant. EMNRD would be required to:

- Establish energy efficiency standards. This requires research, outreach and rulemaking.
- Establish water efficiency standards. This requires research, outreach and rulemaking.
- Establish a new regulatory framework. This requires new staff, monitoring, tracking and compliance.
- EMNRD would also have the responsibility of updating these standards and the regulatory framework on a regular basis as new products are launched and pricing mechanisms are changed.

To have true enforcement authority, EMNRD would need to develop an enforcement program, including hiring dedicated staff who would conduct periodic inspections and issue notices of violation, an electronic infrastructure for accepting reports of violations, development of compliance materials, and undertaking educational outreach to targeted suppliers. EMNRD does not currently have the staffing or expertise to stand up such a program. We estimate this will require initial IT support to build the website and tracking tools, and 2 – 3 permanent FTEs for the duration of the Act.

SIGNIFICANT ISSUES

National appliance standards currently in place save the typical U.S. household about \$320 per year on energy bills. In addition to huge energy bill savings, the typical new refrigerator uses one-quarter the energy than its equivalent from 1973—despite offering 20% more storage capacity and being available at half the retail cost. Since 1990, additional efficiency gains in household appliances include:

- New clothes washers use 75% less energy
- New dishwashers use more than 53% less energy
- New air conditioners use about 50% less energy
- New furnaces use about 10% less energy

According to the U.S. Environmental Protection Agency (EPA), in addition to saving energy and saving customers money, appliance and equipment standards help reduce greenhouse gas (GHG) emissions and other air pollution.

States have historically led the nation in the development of new efficiency standards, with 19 states currently applying at least one standard.¹

Issues for EMNRD to contemplate while it establishes this new enforcement program include:

- Addressing online purchases, including purchases from overseas
- Impacts to SME retailers in New Mexico
- Analysis of the upfront costs of certain products compared to lifetime savings (including possible recommendations for incentives to ease any burdensome upfront costs)

¹ [State Standards | ASAP Appliance Standard Awareness Project](#)

- Health impacts
- Impacts to the electrical grid (including adopting “smart” and “connected” products wherever feasible, to unlock further savings on utility bills)
- Clarifying whether the Act applies to residential products, commercial products, industrial or all three.
- Defining “general purpose” and/or contemplating exceptions in the case of the film industry, theater and arts, and other special lighting situations such as jails or operating rooms where fluorescents may be the only acceptable product.
- Defining “Computer server power supply units” to protect operations of the high-performance supercomputer at our national labs and military bases and of in-state data centers, where appropriate
- When and how to regularly update standards

PERFORMANCE IMPLICATIONS

While history suggests that some level of industry self-enforcement is likely, ensuring success with respect to implementing the standards in New Mexico will depend on the strength of EMNRD enforcement and compliance-focused activities.

ADMINISTRATIVE IMPLICATIONS

EMNRD will incur administrative duties and responsibilities, as described above, as it creates an enforcement and compliance program to ensure successful implementation of the new standards.

In addition, EMNRD will need to broaden its in-house expertise from electrical appliances to include water usage and commercial kitchens.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 409 is not enacted, New Mexico will miss an opportunity to promote the conservation of energy and water through the adoption of standards for appliances and fixtures.

AMENDMENTS