

<b>LFC Requester:</b>	Jonas Armstrong
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**AGENCY BILL ANALYSIS  
2015 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)

*and*

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*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

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

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

**Date** February 19, 2015  
**Bill No:** SB 630

**Sponsor:** Sen. John Sapien  
**Short**    Carbon Credit Act  
**Title:** \_\_\_\_\_

**Agency Code:** Attorney General's Office - 305  
**Person Writing**    Tannis L. Fox, AAG  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

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

**SECTION III: NARRATIVE**

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

**BILL SUMMARY**

Synopsis:

SB 630 proposes to establish the Carbon Credit Act which establishes a carbon credit oversight board made up of a representative from the State Auditor; the Taxation and Revenue Department; and the Energy, Minerals and Natural Resources Department; and two members representing “New Mexico businesses directly involved in the creation, management or transfer of carbon credits.”

The board “shall review and audit chain of title methodologies for compliance with the Carbon Credit Act.”

SB 630 sets forth a number of defined terms.

SB 630 provides that a “carbon credit” shall constitute a contract right and may be “intangible real property” under certain circumstances.

There is an appropriation with the bill.

**FISCAL IMPLICATIONS N/A**

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

**SIGNIFICANT ISSUES**

1. SB 630 establishes a carbon credit oversight board and authorizes it to “review and audit chain of title methodologies for compliance with the Carbon Credit Act,” but the bill has few other substantive provisions, and therefore SB 630 is not clear as to how such a review is to be conducted or toward what purpose.

2. a. Section 2 of SB 630 has a number of defined terms that are not used in the substance of the bill and therefore the purpose of these terms is not clear. These terms include "carbon dioxide equivalent", "global warming potential", "greenhouse gas", "natural resource", "real property", "reduction", and "sequestration".

b. It is also not clear if these definitions are problematic because their purpose is not clear.

3. Membership of two industry members on the board could pose a conflict of interest, but because the function of the board is not clear, this is not clear.

**PERFORMANCE IMPLICATIONS** N/A

**ADMINISTRATIVE IMPLICATIONS** N/A

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP** None identified.

**TECHNICAL ISSUES** None identified.

**OTHER SUBSTANTIVE ISSUES** None identified.

**ALTERNATIVES** None identified.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL** A carbon credit oversight board will not be established.

**AMENDMENTS** *See* Significant Issues.