ISSUING AGENCY: Environmental Improvement Board

SCOPET: This part applies to any person who transfers a new motor vehicle for titling or registration in the State of New Mexico.

STATUTORY AUTHORITY: Environmental Improvement Act, NMSA 1978, Section 74-1-8(A)(4), and Air Quality Control Act, NMSA 1978, Sections 74-2-1 et seq.

DURATION: Permanent.

EFFECTIVE DATE: January 1, 2022.

OBJECTIVE: The objective of this part is to improve the health and welfare of New Mexico residents by reducing emissions of criteria pollutants, air toxics, and greenhouse gases resulting from new passenger motor vehicles.

DEFINITIONS: In addition to the terms defined in 20.2.2 NMAC – Definitions, as used in this Part, the following definitions apply:

A. “CARB” means the California Air Resources Board.

B. “California Standards” means those emission standards and requirements for motor vehicles and new motor vehicle engines that the State of California has adopted for Model Years 2025 and all subsequent model years, and for which it has received a waiver from the U.S. Environmental Protection Agency pursuant to 42 U.S.C. § 7543(b) as of the effective date of this rulemaking.

C. “Department” means the New Mexico Environment Department.

D. “Emergency vehicle” means any publicly owned vehicle operated by a peace officer in the performance of his duties, any authorized emergency vehicle used for fighting fires or responding to emergency fire calls, any publicly owned authorized emergency vehicle used by an emergency medical technician or paramedic, or any ambulance used by a private entity under contract with a public agency.
E. The terms “light-duty truck,” “LTD1,” and “LTD2” shall have the same meaning in this part as in California Code of Regulations, title 13, section 1900(b)(11).

F. “Military tactical vehicle” shall have the same meaning in this part as in California Code of Regulations, title 13, section 1905.

G. “Motor vehicle” means any self-propelled vehicle designed for transporting persons or property on a street or highway, other than motorized bicycles.

H. “NMOG” means non-methane organic gas.

I. “New motor vehicle” means a motor vehicle with 7,500 miles or fewer on its odometer.

J. “Passenger car” means any motor vehicle designed primarily for transportation of persons and having a design capacity of twelve persons or less.

K. “Test group” means a grouping of vehicles as defined by 40 C.F.R. section 86.1827-01.

L. “Transfer” means to sell, import, deliver, purchase, lease, rent, acquire, or receive a motor vehicle for titling or registration in New Mexico.

M. “Zero emission vehicle” or “ZEV” means a vehicle that produces zero exhaust emissions of any criteria pollutant (or precursor pollutant) or greenhouse gas under any possible operational modes or conditions.

[20.2.88.7 NMAC – N, xx/xx/2021]

20.2.88.8 SUMMARY OF REQUIREMENTS IMPOSED BY THIS PART: Effective model year 2025 and each model year thereafter:

A. No person may transfer a new motor vehicle in the State of New Mexico unless that vehicle (1) has been certified by CARB to comply with the California Standards applicable, as of the effective date of this rulemaking, to model year 2025 and all subsequent model years or (2) is subject to an exemption set forth in 20.2.88. Error! Reference source not found. NMAC.

B. Each manufacturer subject to this part shall comply with all the applicable requirements of this part, including the fleet average emission standards, the ZEV requirement, and the warranty, recall, reporting, and registration requirements.

C. Each motor vehicle dealer and rental car agency shall comply with any inspection and information requests issued under this part.

[20.2.88.8 NMAC – N, xx/xx/2021]
20.2.88.9 **EXEMPTIONS:** Effective model year 2025 and each model year thereafter:

The following vehicles are not subject to this part:

(a) Military tactical vehicles.

(b) A vehicle sold for registration and use in a state that has not adopted California’s vehicle emission standards.

(c) Previously registered vehicles with more than 7,500 miles, provided that for vehicle dealers, the mileage at the time of sale is determined by the odometer statement when the dealer acquired the vehicle.

(d) A vehicle transferred by inheritance or as a result of divorce, dissolution, or legal separation.

(e) Emergency vehicles when a public safety agency has demonstrated to the department’s satisfaction that a vehicle that meets the agency’s needs is not otherwise available.

(f) A vehicle acquired by a New Mexico resident to replace a vehicle registered to such resident that was stolen, damaged, or failed beyond reasonable repair while out of state, provided that such replacement vehicle is acquired before the owner returns to the State of New Mexico.

(g) A vehicle with a right-hand drive configuration that is not available in a California-certified model which vehicle is purchased by a rural route postal carrier and used primarily for work.

(h) A vehicle sold for the purpose of being wrecked or dismantled.

(i) A vehicle purchased by a nonresident before establishing residency in New Mexico, regardless of the mileage of the vehicle.

[20.2.88.9 NMAC – N, xx/xx/2021]

20.2.88.10 **FLEET AVERAGE EMISSION REQUIREMENTS**

Effective model year 2025 and each model year thereafter:

A. Each manufacturer must comply with the fleet average NMOG plus oxides of nitrogen emission values set forth in California Code of Regulations, title 13, section 1961.2. Each manufacturer may accrue and use credits and debits based upon the manufacturer’s sales of vehicles subject to this part in New Mexico, in accordance with the procedures set forth at California Code of Regulations, title 13, section 1961.2.
B. Each manufacturer of a Passenger Car, Light-Duty Truck, or Medium-Duty Passenger Vehicle produced and delivered for sale or lease in New Mexico shall comply with the fleet average greenhouse gas exhaust emission standards set forth in California Code of Regulations, title 13, section 1961.3. Manufacturers of Medium-Duty Vehicles produced and delivered for sale or lease in New Mexico shall comply with the CO\textsubscript{2} emission standards set forth in California Code of Regulations, title 13, section 1956.8(h)(6). Credits and debits may be accrued and utilized based upon each manufacturer’s sales of vehicles subject to this part in New Mexico, in accordance with the procedures set forth in California Code of Regulations, title 13, section 1961.3.

20.2.88.11 ZEV REQUIREMENT

A. Beginning with model year 2025, all ZEVs must be certified by the Executive Officer of CARB in accordance with section 1962.2(a) of Title 13 of the California Code of Regulations.

B. Effective model year 2025 and each model year thereafter, each manufacturer shall produce and deliver at least the minimum number of ZEV credits required by this section. The minimum number of ZEV credits required for each manufacturer is equal to the “applicable ZEV percentage” multiplied by the “manufacturer’s production volume.” For purposes of this provision, the “applicable ZEV percentage” means the relevant percentage set forth in California Code of Regulations, title 13, section 1962.2(b)(1). The “manufacturer’s production volume” means the number of passenger cars and light-duty trucks delivered to New Mexico by the manufacturer, which number shall be determined in accordance with California Code of Regulations, title 13, section 1962.2(b)(1)(B), substituting “New Mexico” for “California” wherever it appears.

C. Beginning with model year 2025, a manufacturer shall open an account in the California ZEV Credit System for banking credits generated in this State. The manufacturer may deposit and earn ZEV credits for each qualifying vehicle delivered for sale in this State in accordance with this section and sections 1962.2(c), (d) and (g) of Title 13 of the California Code of Regulations.

D. A manufacturer may earn early action credits for any 2023 and 2024 model year range extended battery electric vehicles, neighborhood electric vehicles, transitional zero emission vehicles and zero emission vehicles the manufacturer produces and delivers for sale in New Mexico by reporting the total production and delivery of such vehicles to the Department at the end of the 2023 and 2024 model years. Any early action credits earned for model years 2023 and 2024 earned pursuant to this section will be deposited into the manufacturer’s account in the California ZEV Credit System for model year 2025 in addition to the credits deposited pursuant to 20.2.88.12 NMAC.
Proposed 20.2.88 NMAC

E. A manufacturer may deposit into the account a number of credits equal to the manufacturer’s 2025 model year starting California credit balance multiplied by the number of new passenger cars and light-duty trucks the manufacturer produced and delivered for sale in New Mexico in model year 2025 and divided by the number of new passenger cars and light-duty trucks that the manufacturer produced and delivered for sale in California in model year 2025.

F. A manufacturer may not make a deposit pursuant to this section until all credit obligations for model years 2024 and earlier have been satisfied in California.

G. Credits awarded under subsection E:

1. May not be traded, sold, or used to satisfy a manufacturer’s credit obligation in any model year unless and until the regulations in this Part are superseded by new regulations updating New Mexico’s Clean Car Program, and

2. May only be traded, sold, or used in model years for which the credit obligation has been modified by such new regulations.

H. On or before September 1 of each year, following the close of the model year, each manufacturer must submit to the Department a report detailing the credits generated or credits transferred to or from any other manufacturer for each qualifying vehicle sold or delivered for sale in this State during the previous model year. The report must be prepared in the same format as the report submitted to CARB.

[20.2.88.11 NMAC – N, xx/xx/2021]
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4. Must take into account only existing ZEV credit banks, any changes in or
restrictions on use of ZEV credits, and the new regulatory requirements, and not
external factors such as the availability of infrastructure, incentives, or other
supporting measures.

[20.2.88.12 NMAC – N, xx/xx/2021]

20.2.88.13 REPORTING

A. The Department may require a manufacturer to submit any documentation that the
Department deems necessary to effective administration and enforcement of this part,
including any material submitted, or required to be submitted, to CARB under California
law.

B. Effective model year 2025 and each model year thereafter, each manufacturer shall
submit annually to the Department, no later than March 31 following the close of the
model year, a report documenting (1) the total deliveries for sale in New Mexico of
vehicles in each test group during the prior model year, (2) the average greenhouse gas
emissions of the fleet of vehicles delivered by the manufacturer to New Mexico during
the prior model year, and (3) the average NMOG exhaust emissions of the fleet of
vehicles delivered by the manufacturer to New Mexico during the prior model year. The
report shall be in the same format, and be prepared in accordance with the same
procedures, as the manufacturer uses when reporting similar information to CARB.

C. If the “Pooling Provision” option number two in the California Code of Regulations, title
13, section 1961.2 is chosen, or the “Calculation of Fleet Average Carbon Dioxide
Value” option number two in California Code of Regulations, title 13, section 1961.3
(5)(D) is chosen, or if the Department otherwise requires it, manufacturers must report
the data for the entire pool as well as the New Mexico specific portion.

[20.2.88.13 NMAC – N, xx/xx/2021]

20.2.88.14 EMISSION CONTROL SYSTEM WARRANTIES

Any manufacturer of a vehicle subject to this part shall comply with all applicable emission
control system warranties under California law, including those found in California Code of
Regulations, title 13, article 6. Reports generated by or for CARB and associated findings made
by CARB shall be acceptable for demonstrating compliance with this section.

[20.2.88.14 NMAC – N, xx/xx/2021]

20.2.88.15 RECALLS

Any order issued or enforcement action taken by CARB that results in the recall of a vehicle
pursuant to California Code of Regulations, title 13, Article 2.1 or Article 2.2, shall be prima
facie evidence that the vehicle is non-compliant with this part. If the manufacturer demonstrates
to the Department’s satisfaction that a recall of the vehicle in New Mexico is not appropriate
because the vehicles sold in New Mexico are compliant with this part, the Department shall not pursue a recall. Otherwise, the Department shall pursue a recall of the non-compliant vehicle, following the procedures set forth in procedures set forth in California Code of Regulations, title 13, Article 2.1 or Article 2.2, which are hereby incorporated by reference.

[20.2.88.15 NMAC – N, xx/xx/2021]

20.2.88.16 REGISTRATION AND FEES

A. After January 1, 2022, no affected manufacturer shall transfer a motor vehicle potentially subject to this part without first obtaining a registration from the Department.

B. The registration shall have a term of no more than 10 years and shall be subject to an annual fee.

C. The Department shall assess an annual registration fee of $10,000 to each affected manufacturer for the period beginning July 1 and ending June 30 of the next year.

D. Each affected manufacturer shall remit the specified amount payable to the New Mexico Environment Department by April 1, annually.

E. The term “affected manufacturer” as used in this section means any manufacturer that qualifies as a “large-volume manufacturer” or “intermediate volume manufacturer” as those terms are defined in 13 California Code of Regulations, title 13, section 1900.

[20.2.88.16 NMAC – N, xx/xx/2021]

20.2.88.17 INSPECTIONS AND INFORMATION REQUESTS

A. For the purpose of determining compliance with this part, the Department may inspect any new or used motor vehicle, and may inspect and copy relevant, non-financial records, including records documenting vehicle origin, certification, delivery, or sales, and any record of emission-related part repairs performed under warranty.

B. For the purpose of determining compliance with this part, the Department may require a vehicle dealer or rental car agency to submit relevant, non-financial documentation related to a motor vehicle subject or potentially subject to this part.

C. A vehicle dealer or rental car agency may assert a claim, pursuant to 20.2.1.115 NMAC, to have a record subject to protections applicable to confidential information.

[20.2.88.17 NMAC – N, xx/xx/2021]

20.2.88.18 SEVERABILITY
If any provision of this part, or the application of such provision to any person or circumstance, is held invalid, the remainder of this part, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

This part shall be liberally construed to carry out its purpose of improving the health and welfare of New Mexico residents by reducing emissions of criteria pollutants, air toxics, and greenhouse gases.

Compliance with this part does not relieve a person from the responsibility to comply with any other applicable federal, state, or local regulations.