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FISCAL IMPACT REPORT

SPONSOR <u>Dixon/Romero</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/14/2025</u>
SHORT TITLE <u>Direct Air Capture Technology</u>	BILL NUMBER <u>House Joint Memorial 4</u>
	ANALYST <u>Jorgensen</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NM Tech	No fiscal impact	Indeterminate but minimal	No fiscal impact	Indeterminate but minimal	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 New Mexico Institute of Mining and Technology (NM Tech)

SUMMARY

Synopsis of House Joint Memorial 4

House Joint Memorial 4 (HJM4) requests the New Mexico Institute of Mining and Technology (NM Tech) conduct a study of the benefits and costs of sequestering carbon dioxide emissions through direct air capture technology and make recommendations to facilitate the development of direct air capture technologies in the state.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

HJM4 requests NM Tech to conduct a study but does not contain an appropriation; additional costs would be paid out of the institution’s existing operating budget. The additional costs are unknown but much of the resource to conduct the study already exists within NM Tech. Therefore, the additional estimated operating budget impact is indeterminate but minimal.

SIGNIFICANT ISSUES

NM Tech reports:

There are over 4,000 direct air capture startups when there were only a handful five years ago. In part this is due to stimulus under Part 45Q of the U.S. tax code, which can give a tax credit of up to \$180 per ton of CO2 captured and stored, but also due to companies of all sorts with emissions that are hard to mitigate seeking to find storage offsets. An example of this is airlines which are pre-buying storage credits at over \$1000 per ton, and public utilities which are willing to pay similar amounts to offset emissions from natural gas peaker plants needed for grid stability when the sun is down or the wind is not blowing.

CJ/rl/SL2