

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(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: 2/11/2025 *Check all that apply:*
Bill Number: HJM004 Original Correction
Amendment Substitute

Sponsor: Meredith A. Dixon,
Andrea Romero **Agency Name and Code Number:** New Mexico Institute of
Mining and Technology
962

Short Title: Direct Air Capture Technology **Person Writing fsdfs** Analysis: The VPAF Office

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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 revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	More information is needed to evaluate	More information is needed to evaluate	More information is needed to evaluate			

(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

Synopsis:

Requesting the New Mexico Institute of Mining and Technology to study the benefits and costs of direct air capture technology and report recommendations for statutory and rule changes to facilitate the development of the direct air capture industry in the state.

FISCAL IMPLICATIONS

Fiscal implications could be dramatic. There are over 4000 Direct Air Capture Startups when there were only a handful 5 years ago. In part this is due to stimulus under part 45Q of the Us tax code which can give a tax credit of up to \$180 per tonne 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 tonne, 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.

As NM already has at least 5 storage sites under development through federally funded projects, the state could enjoy brisk economic activity as these technologies mature.

SIGNIFICANT ISSUES

Storage of CO2 in NM would benefit from Class VI well primacy, definitions of pore space, and long-term stewardship legislation. Primacy is under way at EMNRD, and bills are active in this session.

The technologies are expensive, though as with everything they get cheaper with development and scale-up. A test site to allow proving of technologies could greatly benefit the nascent industry

PERFORMANCE IMPLICATIONS

NMT is well suited to study this for NM. Already engaged in a number of storage projects, and DAC proposals. The expertise is in house already.

ADMINISTRATIVE IMPLICATIONS

Financing for the study would enhance present federal efforts, and may actually replace some of those efforts as federal projects are currently under question in this area of research.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Synergy with existing work would more rapidly accelerate these technologies and allow for a rapid and thorough evaluation of the utility of DAC in the state.

TECHNICAL ISSUES

A dedicated test site would be of great utility. Without the ability to test capture under operational conditions the evaluation would be focused on literature, and NMT's expertise in subsurface storage.

OTHER SUBSTANTIVE ISSUES

A potential gap in federally funded research could delay DAC implementation, if NM were to step into the gap these critical technologies could continue even without federal investments. To meet NM ETA requirements, Peaker plants will need DAC to operate.

ALTERNATIVES

Until substantive and large changes are made to battery technology, or fusion or some other emission free energy source is developed it will be very difficult to meet emission targets without DAC and Carbon Storage.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

A potential slow down in development of these technologies as federal priorities shift.

AMENDMENTS