Investing in New Mexico's Biomass Economy

Converting Wildfire Risk to Economic Opportunity

Presentation to the Economic Development and Rural Policy Interim Committee - September 8, 2026

Scaling Wildfire Mitigation Through Value-Chain Finance

Bills across forest-products value chain: thinning → transport → aggregation → utilization → demand

For full detail on proposal recommendations see the Senate Joint Memorial 1 report: (2025):

https://www.emnrd.nm.gov/sfd/forestry-publications/

Mitigating Wildfire Risk with Forest Treatments

Treating overgrown forests through thinning and prescribed fire - paired with defensible space around communities - is the state's most effective strategy for reducing wildfire risk.

Issues and Opportunities:

- More trees die than are removed at a pace of 13:1; tree deaths from beetle kill tripled in 2025
- Forest Action Plan goal is 125,000 ac/yr treated; ~1.7 million acres of treatment needed to improve forest health and wildfire resilience
- Forest treatment ROI is 9:1 on jobs and economics, which is a bonus to achieving the wildfire risk reduction goal
- Every dollar spent on wildfire risk-reduction saves an estimated $3 in suppression costs and up to $39 when post-fire damages are included.
- Forest biomass economy creates 16 jobs for every 1,000 acres thinned, with jobs ~60-130% above NM state median salary range.

References: USDA Forest Service. 2026. Forests of New Mexico, 2022: FIA Annual Snapshot. FS-821; NM EMNRD Forestry Division. 2025. Senate Joint Memorial 1 (SJM1) Report to the Legislature. NM EMNRD. 2025 EMNRD Forest Health Report; 2025. New Mexico Climate Action Plan; Beagles, J., et al. 2024. New Mexico 2021 Wood Products Industry Highlights; Barker, J., et al. 2024. Costs and Benefits of Pile Burning. Frontiers in Forests and Global Change. Troy, A., et al. 2022. The True Cost of Wildfire in the Western U.S. WFLC; Strabo, F., Bryan, C., and Reimer, M.N. 2025. Wildfire Damages and the Cost-Effective Role of Forest Fuel Treatments. SSRN 5337929. BLS Occupational Employment and Wage Statistics (OEWS), May 2024; NM Dept. of Workforce Solutions OEWS 2024 At a Glance.

New Mexico's Forest & Wildfire Challenges
Summary of SJM 1 Report

Scale of the Problem

- 16.8M acres of non-federal forested land; most are overstocked and fire-prone.
- Current treatment pace (~125,000 acres/year statewide) would take 136 years to restore priority acres.
- To reach healthy conditions within a generation, NM must treat 1.7M acres/year *(a 14x increase from current rate).*

Key Barriers

1. Capital constraints for landowners ("land rich, cash poor") and contractors.
2. Insufficient workforce for thinning, burning, and forest operations.
3. High transportation costs and lack of regional woodyard infrastructure.
4. Underdeveloped wood-products economy compared to AZ, CO, OR.
5. Rising wildfire risk (HPCC: 341,000 acres, >$5B claims).

Solutions Along the Value Chain

Biomass economy scale-up needs to be catalyzed across the value-chain:

- **Thinning:** lower removal-cost barriers for small-diameter material; unlock value from small-diameter wood;
- **Transport:** cut haul costs to make remote, low value-to-weight material marketable;
- **Aggregation:** multi-jurisdiction supply planning and diverse landowner engagement to smooth supply, wood banks as supply hedge;
- **Processing:** prioritize secondary processing capacity, diversify utilization of small-diameter wood and residuals;
- **Utilization:** build markets (mass timber, new products), mobilize small-scale biomass, including carbon removal;
- **Demand/offtake:** stimulate demand to sustain processing facilities.

Source: Ponderosa Pine Utilization Summit Report https://irp.cdn-website.com/447b03b9/files/uploaded/Ponderosa_pine_utilization.pdf

Accelerating Existing NM Priorities

Goals of bills fulfill the NM Forest Action Plan, Climate Action Plan, Water Action Plan, and range of policy priorities:

- Rural and Underserved Communities
- Job Creation and Workforce Development
- Rural Economic Development
- Private-Sector Investment and Capital Access
- Wood Economy Innovation
- State-Led Self-Determination
- Healthy Forests and Wildfire Risk Mitigation
- Source-Water and Watershed Security
- Carbon Emission Reduction
- Wood Products Market Development and Demand Stimulation

Bill 1: Forest Landowner Wildfire Risk Reduction and Rural Economic Development Act

THINNING

Concept

Bridge loans help “land rich, cash poor” landowners borrow against future cost-share reimbursements and land equity to fund thinning upfront, and for thinning contractors to use project agreements as collateral on equipment for wildfire risk reduction.

Purpose

Federal and state cost-share programs providing clear public benefit require landowners to pay first and be reimbursed later, an upfront burden many cannot carry, and many contractors lack the collateral to obtain loans for their equipment needs.

Core Provisions

Creates the Wildfire Risk Reduction Fund as a non-reverting fund under the authority of the Statewide Economic Development Finance Act to provide loan guarantees to landowners and contractors creating public benefit through wildfire risk reduction.

Bill 2: Forest Biomass Transportation and Logistics Efficiency Act

TRANSPORT

Concept

A Forest Logistics Innovation Fund finances companies and cooperatives building biomass infrastructure, returning value via revenue-sharing and positioning New Mexico as a “picks and shovels” supplier.

Purpose

Transportation is among the most persistent and costly barriers to scaling restoration; without affordable hauling, thinning projects stall, biomass piles up, and rural economies miss value-added processing.

Core Provisions

Creates the Fund with flexible financing on revenue-sharing or royalty terms, and designates Forest Innovation Corridors as pilot zones. Administered by the NMFA in coordination with other financial institutions.

Bill 3: Rural Economic Development for Promotion of Wood Industry Act

AGGREGATION AND PROCESSING

Concept

A state-supported pilot of cooperative wood yards that aggregate, sort, and store small-diameter wood from thinning, with government as anchor tenant and industry, non-profit, or governmental partners hosting and operating each site.

Purpose

Contractors and landowners cannot transport or sell small-diameter wood for lack of nearby aggregation and processing, slowing thinning and leaving biomass unused.

Core Provisions

Cooperative wood yards backed where possible by federal support; government anchor tenant via long-term access and delivery contracts; tax credits for intermediate biomass utilization. Agencies: EMNRD, NMDA, with local and tribal governments.

Bill 4: Innovation in Biomass and Economic Development Act

UTILIZATION

Concept

Competitive, non-dilutive grants expanding scope of EDD Research Development and Deployment Fund Act (NMSA 6-31a) to provide catalytic capital for forestry and biomass utilization.

Purpose

New Mexico has surplus wood stock and limited uses while emerging technologies can off-take that feedstock; catalytic capital builds an in-state innovation ecosystem and counters graduate brain drain.

Core Provisions

Grant funding prioritizing shovel-ready, cost-cutting projects. Administered through coordination of EDD and EMNRD; potential partners may include startups, universities, incubators, and tribal colleges.

Bill 5: Forest Products Demand Stimulation and Market Development Act

DEMAND AND MARKETS

Concept

Demand-side mechanisms pull restoration-grade biomass and small-diameter wood into durable end uses through three instruments: state procurement, end-use tax credits, and conditional mass timber building-code recognition.

Purpose

Supply-side build-out without anchor demand stalls; demand stimulation must accompany supply increases rather than follow them, moving demand at low public cost through existing State pipelines.

Core Provisions

Procurement preferences and a biomass-energy target for state construction and purchasing; consumer-side and outcomes-based end-use tax credits with EMNRD verification; conditional adoption of standardized tall mass timber building code.

Bill 6: Wildfire Risk Mitigation Data Act

CROSS-CUTTING FINANCE

Concept

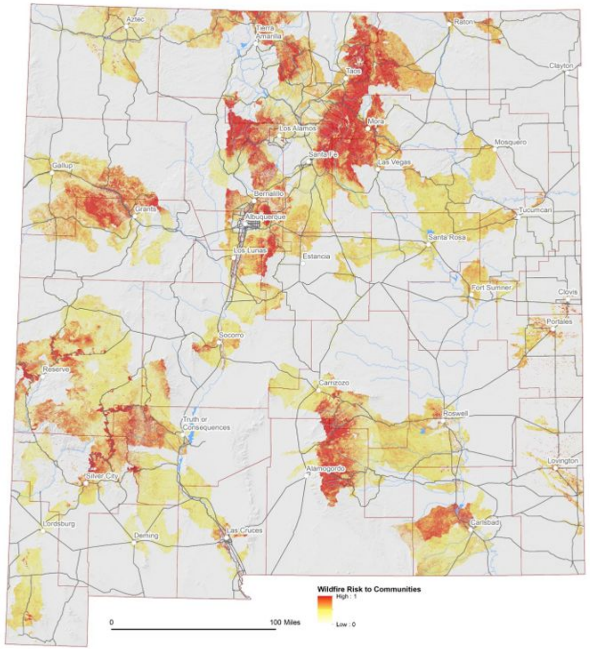
Establish a data stewardship initiative convened by EMNRD to annually update statewide wildfire risk analysis and mapping, and maintain a registry of wildfire and climate risk mitigation outcomes from forestry and biomass utilization projects.

Purpose

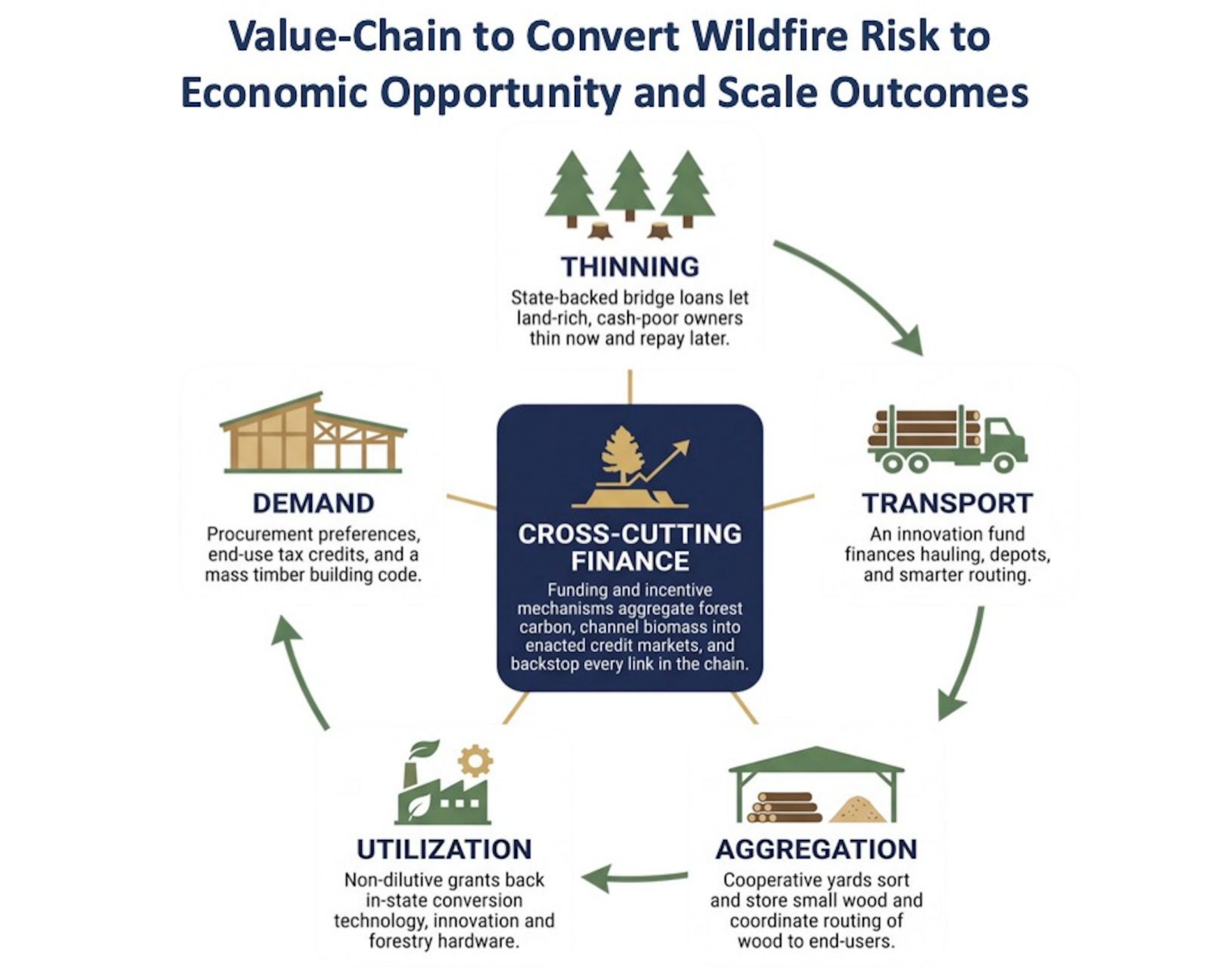
Creation of a centralized economic value and risk assessment data collection repository to inform planning, incentives and coordination advancing forestry and biomass utilization activities across public, private, and tribal lands.

Core Provisions

Authority and funding to formalize best practice methodologies for measuring and verifying progress from forestry and biomass utilization toward wildfire and/or climate risk reduction for enhancement of community protection and benefit.



Conclusion


Value-Chain to Convert Wildfire Risk to Economic Opportunity and Scale Outcomes
THINNING
State-backed bridge loans let land-rich, cash-poor owners thin now and repay later.
TRANSPORT
An innovation fund finances hauling, depots, and smarter routing.
AGGREGATION
Cooperative yards sort and store small wood and coordinate routing of wood to end-users.
UTILIZATION
Non-dilutive grants back in-state conversion technology, innovation and forestry hardware.
DEMAND
Procurement preferences, end-use tax credits, and a mass timber building code.
CROSS-CUTTING FINANCE
Funding and incentive mechanisms aggregate forest carbon, channel biomass into enacted credit markets, and backstop every link in the chain.