

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment _____
Correction Substitute _____

Date 2/11/2026
Bill No: HB 320

Sponsor: Rep. Dixon Agency Name and Code EMNRD 521
Short Industrial Carbon Reduction Act Number: _____
Person Writing Ben Bajema
Phone: 505-394-2581 Email Benjamin.bajema@emnrd.nm.gov

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 Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Tax credit for GHG-reducing technology—no annual cap, non-refundable, non-carryforward. See Narrative.

Duplicates/Conflicts with/Relates to:

SECTION III: NARRATIVE

BILL SUMMARY

The Industrial Carbon Reduction Act (HB 320) creates two new programs within the Economic Development Department (EDD):

1. A carbon reduction production incentive program, and
2. A carbon reduction investment program.

Under HB 320 the carbon reduction production incentive program is available only for new, incremental carbon reductions that fall below an established industry benchmark and meet the eligibility threshold (of 40 percent reduction from industry benchmark) outlined in Section 3. The bill directs EDD and the New Mexico Environment Department (NMED) to promulgate rules governing the competitive application process, eligibility criteria, industry benchmarks, and methodology for determining the Carbon Intensity (CI) of eligible products. Eligible products may receive \$85 per ton of carbon dioxide reduced below the industry benchmark, provided that the facility meets the eligibility threshold determined by NMED.

The grant program provides incentives for new or renovated industrial facilities to recover costs on qualified expenditures that reduce the CI of eligible products and is capped at 10%, up to \$5 million.

The bill appropriates \$50 million from the general fund on July 1, 2026, to capitalize the Carbon Reduction and Production Investment Fund.

FISCAL IMPLICATIONS

None for EMNRD.

SIGNIFICANT ISSUES

EMNRD, in consultation with NMED and EDD, created New Mexico's first emissions reduction plan, released December 2025. HB 320 would support this plan by allowing the state to pursue emissions reduction in the industrial sector, which is New Mexico's largest emitting sector. Creating incentives for the reduction of carbon dioxide from industrial facilities also moves the state towards meeting its emissions reductions targets defined in Executive Order 2019-003 while driving economic and workforce investment in the state.

PERFORMANCE IMPLICATIONS

None for EMNRD.

TECHNICAL ISSUES

Section 3, subsection I, states that “Certifications of eligibility shall not extend beyond December 31, 2026”. This is likely a typo and should be amended to read “Certifications of eligibility shall not extend beyond December 31, **2036**”.

ALTERNATIVES

N/A

CONSEQUENCES OF NOT ENACTING

If HB 320 does not pass, EDD will not create a carbon reduction production incentive or investment program to reduce industrial GHG emissions in the state.

AMENDMENTS

N/A