



Office of the Governor

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**New Mexico to boost clean energy economy
with Hydrogen Hub Development Act**
*Bill offers regional and statewide incentives for low-carbon
hydrogen*

SANTA FE — Governor Michelle Lujan Grisham on Tuesday announced the introduction of House Bill 4, the Hydrogen Hub Development Act, which will expand the clean energy economy in New Mexico while lowering greenhouse gas emissions through incentivizing low-carbon hydrogen production and export.

The public and private sectors are investing billions of dollars to deploy low-carbon hydrogen, with one report suggesting an estimated \$300 billion in worldwide spending on hydrogen-related projects by 2030. Further, the Biden Administration plans to invest \$8 billion to incentivize the development of four regional hydrogen hubs to produce and use low-carbon hydrogen in manufacturing, heating and transportation. This bill ensures the growing hydrogen economy aligns with New Mexico's ambitious climate goals while creating clean energy jobs for New Mexicans.

“By incentivizing clean hydrogen development through this legislation, we are steering this emerging industry toward a lower-carbon future,” said **Gov. Lujan Grisham**. “This is New Mexico's chance to reap the vast economic and environmental benefits of clean hydrogen, and I urge legislators to think boldly and support the Hydrogen Hub Development Act.”

Several key sectors of our economy cannot decarbonize without low-carbon hydrogen. Long haul trucks, for example, cannot electrify without dedicating an enormous percentage of space and weight to batteries. Low-carbon hydrogen provides the trucking, manufacturing, mining, construction, electric generation and other industries the means to decarbonize their operations.

Sponsored by Representatives Patricia Lundstrom and Nathan Small, the legislation would:

- Create tax incentives for low-carbon hydrogen production, distribution, use, refueling, and electric generating facilities across the state to further decarbonize our economy.

- Offer the option to develop regional hydrogen hubs through the creation of public-private partnerships, including funding options through the New Mexico Finance Authority.
- Prioritize the greatest tax incentives – both inside and outside a regional hydrogen hub – for negative-carbon intensity hydrogen.
- Establish a greenhouse gas emission limit for any hydrogen electric generating facility seeking tax incentives.

“This bill creates and protects good, family-supporting jobs for New Mexicans, while reducing emissions and addressing climate change, positioning our state as a leader in the just transition to a clean economy,” said **Rep. Patricia Lundstrom**. “We cannot turn back the clock on climate change, but we can use every tool at our disposal to slow it down and mitigate its impacts.”

"HB 4 aggressively reduces emissions, positions New Mexico to lead the way in the energy transition, puts us at the front of the line for federal funding, and will bring new jobs and a healthier environment to some of the most impacted communities in our state," said **Rep. Nathan Small**. "The energy transition offers hope for a cleaner, stronger, and more prosperous New Mexico, but only if we work together, and HB 4 puts us on a path to do that."

"As we make strides toward electrification and clean energy generation, there will still be difficult to decarbonize sectors like heavy trucking, aviation, and parts of the industrial sector. Clean hydrogen will be critical in solving these challenges. With science-based, rigorous standards in place, clean hydrogen production can become a quickly growing economic driver in New Mexico. By taking this step, New Mexico can become the nation's leader in clean hydrogen production, research, and workforce development," said **U.S. Senator Martin Heinrich**.

“Investing in the growing clean hydrogen economy will help New Mexico achieve a net-zero future and meet our climate goals. I look forward to working with Governor Lujan Grisham, our federal delegation, and state legislators to position New Mexico as a hub for clean hydrogen to create good-paying jobs and cut emissions to build healthier communities,” said **U.S. Senator Ben Ray Luján**.

HB 4 addresses climate change at every step in the production and use of hydrogen by guiding the industry towards low-carbon methods through impressive tax incentives. Producers who use cleaner methods get larger and larger tax incentives, with those producing hydrogen with a carbon intensity equal to or less than zero receiving the largest incentives, including a 100% gross receipts tax deduction.

Earlier this year, several state agencies [signed an MOU](#) focused on the development zero-carbon hydrogen with Los Alamos and Sandia National Laboratories.

“New Mexico’s prestigious science and technology ecosystem can lead the way in developing a carbon-free hydrogen economy that will stimulate investment, create jobs, and help the state grow into a clean energy powerhouse” said New Mexico Economic Development **Secretary Alicia J. Keyes**.

The New Mexico Economic Development Department also [released a study](#) envisioning what a clean hydrogen hub looks like in New Mexico.

“New Mexico is an energy leader and by pursuing a low-carbon hydrogen hub, we can remain the epicenter of innovation in the Southwest,” said New Mexico Environment Department **Secretary James Kenney**. “Without low-carbon hydrogen, New Mexico is walking – not running – to meet its ambitious climate goals.”

“Clean hydrogen can bring prosperity and job creation in New Mexico for generations to come, while diversifying the State’s revenue mix for stability and dependability,” said Tax and Revenue Department Secretary Stephanie Schardin Clarke.

[View the Hydrogen Hub Development Act here.](#)

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