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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/13  
 SPONSOR Cervantes LAST UPDATED 02/23/13 HB \_\_\_\_\_  
 SHORT TITLE NMSU Arrowhead Center SB 254  
 ANALYST Hartzler-Toon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$205.6	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, New Mexico State University, Arrowhead Center for Business Development

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>			\$205.6	\$411.2	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico State University (NMSU)  
 Economic Development Department (EDD)  
 Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 254 appropriates \$205.6 thousand from the general fund to New Mexico State University to support the Arrowhead Center for Business Development.

## **FISCAL IMPLICATIONS**

In FY13, the Arrowhead Center for Business Development (Arrowhead Center) received \$94.4 thousand in state general fund appropriations. House Bill 2 includes a general fund appropriation of \$151.9 thousand for the Arrowhead Center, a 61 percent increase over FY13 levels. If HB 2, as passed by the House, and SB 254 are enacted, the Arrowhead Center would receive \$357.5 thousand for FY14, for a 275 percent increase over the FY13 level.

The appropriation of \$205.6 thousand contained in this bill is a recurring expense to the general fund. While SB 254 states that any unexpended or unencumbered balance remaining at the end FY14 shall revert to the general fund, language in Section 4 of the General Appropriation Act would make this appropriation nonreverting unless explicitly stated otherwise.

## **SIGNIFICANT ISSUES**

According to NMSU, the increased appropriation would help the Arrowhead Center serve more New Mexicans and expand the geographic distribution of services. The center notes that it has evolved in its economic development contributions to and plans for the State of New Mexico, increasing its focus on technology commercialization and on building and maintaining partner relationships necessary for successful regional development. Arrowhead Center activities include providing support services for entrepreneurs and small business owners, offering directed business and entrepreneurship education to New Mexico's youth, creating an entrepreneur expert network linking small business owners to seasoned business professionals, providing intellectual property and technology commercialization services to the NMSU community, and delivering technology business incubation services. Workforce development activities include providing data such as identification of critical workforce development needs and exploration of innovative workforce development solutions. Policy analysis activities include economic impact analyses and economic base studies, particularly for rural and under-served communities.

[The Center serves as] the economic development initiative of NMSU into the state and region. Primary among its activities is development of the Arrowhead Research Park, the Entrepreneurship Institute (which employs students to work with entrepreneurs and clients throughout the State), Arrowhead Technology Incubator (which provides space and programs for start up companies, frequently in cooperation with Sandia and Los Alamos as part of the NM Small Business Assistance program), technology transfer (whose efforts in establishing a proof of concept center were recently recognized by the Office of Innovation and Entrepreneurship, Economic Development Administration, U.S. Department of Commerce with a grant), and policy analysis unit.

The HED noted that this bill reflects a university priority as stated during the FY14 budget development process.

## **PERFORMANCE IMPLICATIONS**

The Arrowhead Center reports performance measures to the HED as part of the department's annual budget process.

**DUPLICATION**

Senate Bill 254 duplicates the General Appropriation Act, New Mexico State University, Arrowhead Business Center provision.

THT/svb:blm