

## Economic Development: Uses and Outcomes of Nonrecurring Appropriations

Legislature has significantly invested in economic development over the past four sessions—appropriating \$569.5 million in nonrecurring funding to the Economic Development Department (EDD) between the 2023 and 2026 sessions. Funding supports a variety of economic development initiatives, such as supporting the growth of the state’s science and technology sectors, infrastructure, and job training. While these appropriations provide significant short-term funding, they are not ongoing and therefore require monitoring to ensure they are effectively deployed and achieving intended outcomes.

This LegisStat focuses on nonrecurring appropriations made to EDD between the 2023 and 2025 legislative sessions as the agency has now had sufficient time to implement many of these initiatives. Several appropriations have already expired or are set to expire at the end of the fiscal year. **Between the 2023 and 2025 sessions, the Legislature appropriated \$306 million in nonrecurring funding to the agency.** Approximately \$116 million of those funds were appropriated to nonreverting funds, such as the Local Economic Development Act fund, providing the agency with greater flexibility in the timing of expenditures.

Using the most recently available data from the state’s accounting system, SHARE, **EDD has expended or encumbered approximately \$166.2 million, or 54 percent, of total nonrecurring appropriations** made during the 2023 through 2025 legislative sessions. For purposes of this LegisStat, appropriations were grouped by purpose or policy focus: 1) support for science and technology sectors, 2) infrastructure, 3) job training, 4) business support programs, 5) initiatives supporting the state’s economic transition, 6) marketing, and 7) miscellaneous appropriations.

### Key Data

Appropriation	Reverts at the end of	Funding	Expended/ Encumbered	Percent
<b>Science and Technology</b>				
Research, development & deployment fund*	Nonreverting	\$40,000	\$38	0%
Talent recruitment in science & tech fields	FY26	\$10,800	\$10,800	100%
Incubators and venture studios, including quantum venture (\$10,000)	FY26	\$15,000	\$14,870	99%
Advanced energy award pilot program	FY26	\$8,000	\$0	0%
Science and technology business startup grants	FY26	\$4,000	\$925	23%
<b>Infrastructure</b>				
Trade ports fund*	Nonreverting	\$50,000	\$50	0%
Trail infrastructure grants	FY27	\$30,000	\$26,281	88%
Site readiness	FY28	\$24,000	\$1,472	6%
Local Economic Development Act*	Nonreverting	\$23,000	\$22,867	99%
LEDA site readiness	FY25	\$500	\$500	100%
Innovation hubs (\$5,000) and quantum space (\$10,000)	FY27	\$15,000	\$15,000	100%

Job Training				
Job Training Incentive Program*	Nonreverting	\$3,000	\$2,393	80%
Business Support				
Business incubator program	FY26	\$3,000	\$2,644	88%
Diversification				
Advanced energy, economic transition, border planning	FY27	\$50,000	\$45,930	92%
Economic Transition Act	FY24	\$5,900	\$5,900	100%
Community benefit fund	FY26	\$7,800	\$5,400	69%
Innovation in state government fund	FY27	\$1,000	\$0	0%
Marketing and Promotion				
Marketing campaign	FY24	\$500	\$300	60%
New Mexico Partnership	FY26	\$2,000	\$2,000	100%
Other				
Creative industries	FY26	\$6,000	\$3,657	61%
Outdoor equity grants	FY26	\$4,000	\$2,769	69%
Healthy food financing	FY26	\$2,000	\$1,925	96%
Management of film academy	FY24	\$500	\$500	100%
<b>Total</b>		<b>\$306,000</b>	<b>\$166,221</b>	<b>54%</b>

\*Indicates appropriations into nonreverting funds.

Source: LFC files

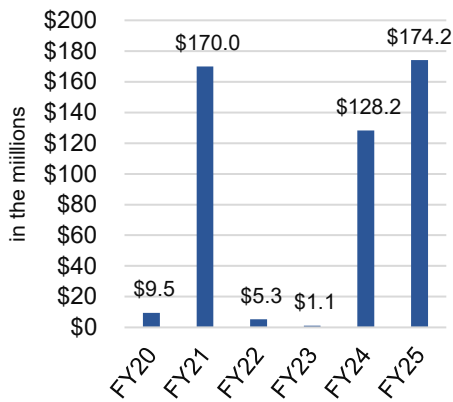
**Largest Unexpended Appropriations**  
(in thousands)

Appropriation	Total Funding	Reverts at the end of	Percent Encumb.	Unencumb.
Research, development & deployment fund*	\$40,000	Nonrev.	0.1%	\$39,963
Site readiness*	\$24,000	Nonrev.	6.1%	\$22,528
Trade ports fund*	\$50,000	Nonrev.	0.1%	\$49,950
		<b>Total</b>		<b>\$112,440</b>

Source: LFC files

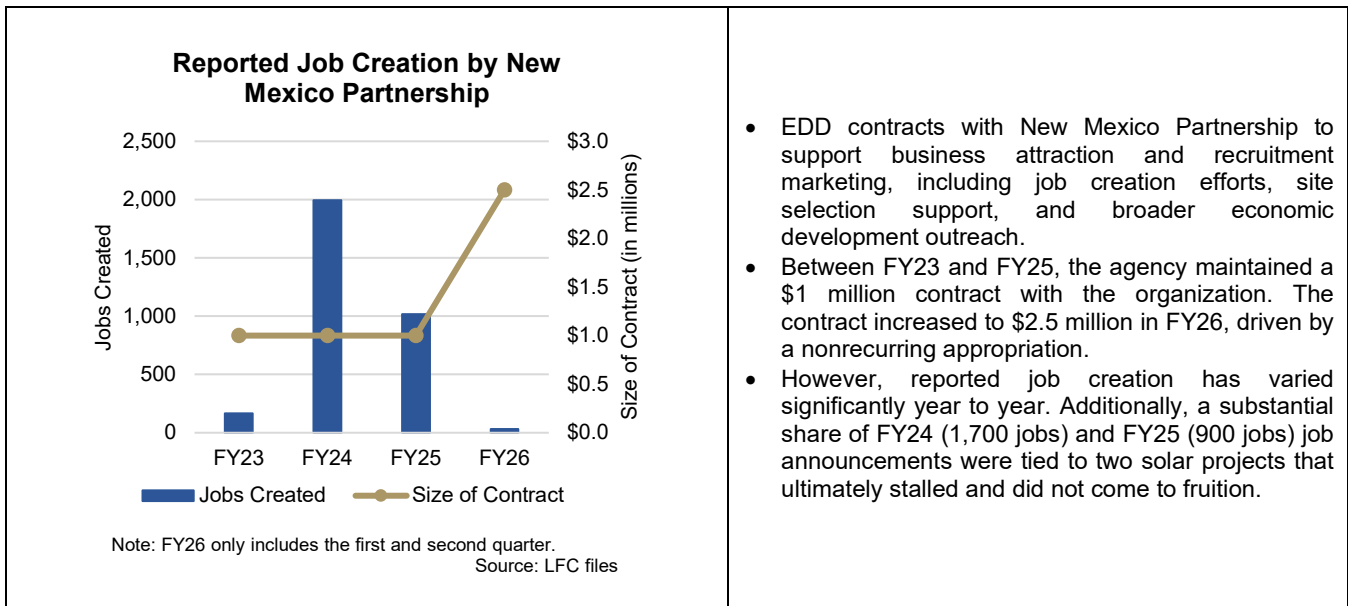
- Of the nonrecurring appropriations made between the 2023 and 2025 legislative sessions, approximately \$139.8 million, or 46 percent, remains unencumbered.
- However, the three largest unencumbered appropriations—totaling \$112.4 million—were made to nonreverting funds: the research, development, and deployment fund; site readiness fund; and trade ports development fund.
- All three funds were created during the 2025 legislative session, meaning the agency has had approximately one year to promulgate rules, establish governing boards, and hire personnel.

**Nonstate Investment in Companies as a result of OSST Programs**



Source: EDD

- EDD tracks follow-on nonstate investment received by companies after obtaining technical assistance or funding support from the office. These investments can include federal funding, venture capital, or other private financing.
- This measure helps gauge how effectively state support positions companies to attract additional outside investment and whether the state is targeting investments toward viable, high-growth firms.
- As shown in the adjacent chart, follow-on nonstate investment remained relatively consistent between FY24 and FY25.
- EDD has reported \$1.1 million in follow-on investment for FY26 to date; however, this figure only reflects the first two quarters of the fiscal year. EDD has previously indicated it expects additional investment announcements during the second half of the fiscal year.



- EDD contracts with New Mexico Partnership to support business attraction and recruitment marketing, including job creation efforts, site selection support, and broader economic development outreach.
- Between FY23 and FY25, the agency maintained a \$1 million contract with the organization. The contract increased to \$2.5 million in FY26, driven by a nonrecurring appropriation.
- However, reported job creation has varied significantly year to year. Additionally, a substantial share of FY24 (1,700 jobs) and FY25 (900 jobs) job announcements were tied to two solar projects that ultimately stalled and did not come to fruition.

### LegisStat Recap

Previous EDD LegisStats have discussed the agency’s efforts to support science and technology sectors. During the agency’s most recent LegisStat in July 2025, the committee focused on how EDD coordinates workforce training efforts with agencies such as the Workforce Solutions Department (WSD), Higher Education Department (HED), and the K-12 public education system, as well as the challenges of aligning initiatives and strategies across multiple agencies. The LegisStat also highlighted concerns that New Mexico’s workforce lacks the skills needed in many science and technology sectors. Committee members asked how EDD tracks job creation and other performance measures within its targeted science and technology sectors, coordinates with partner agencies to align workforce training efforts, and monitors the progress of appropriations, including funding from the community benefit fund and the research, development, and deployment fund.

### State Support for Science and Technology Sectors

In 2025, EDD released the *New Mexico Science & Technology Roadmap*, developed in partnership with TEconomy Partners, which identifies high-opportunity sectors in New Mexico and outlines three priority actions to translate those opportunities into long-term economic growth and high-paying jobs. The roadmap builds on EDD’s existing 2021 strategic economic development plan, which identified the state’s key industry sectors and associated action items.

**Opportunity sectors according to the *Science and Technology Roadmap*:**

- Quantum systems
- Advanced energy
- Aerospace and defense systems
- Bioscience
- Agricultural and water technology

The Legislature has supported the agency’s efforts to implement its strategic plan and new roadmap. In 2025, the Legislature created the Technology and Innovation Office (TIO), incorporating the former Office of Strategy, Science, and Technology (OSST), and increased the office’s FY27 operating budget to \$6.3 million. The office is tasked with managing many of the appropriations related to science and technology at the agency, including overseeing the buildout of the quantum venture studio; administering the research, development, and deployment fund; and overseeing the quantum benchmarking initiative with the Defense Advanced Research Projects Agency (DARPA).

**Three recommendations outlined in the *Science and Technology Roadmap*:**

1. Establish industry centers offering comprehensive economic development services,
2. Create an innovation ecosystem,
3. Expand sources of financial capital.

While the office is still relatively new, the agency has historically tracked follow-on nonstate investment received by companies after obtaining support from the former OSST. This measure is useful for evaluating whether the state is directing investments toward high-growth firms and whether state support is helping position companies to attract additional outside investment. Although follow-on nonstate funding has fluctuated between FY20 and FY25, the level of legislative investment in these companies should, over time, result in more consistent levels of outside funding.

### Suggested Questions

- Given that the office is still relatively new, performance measures are limited. Beyond these existing metrics, how are EDD and TIO measuring broader economic outcomes, commercialization activity, and the leverage of outside funding?
  - Does the office track the long-term viability or survival rate of companies receiving TIO support or funding?
  - How does the office track the number of companies that successfully advance from research and development to commercialization?
  - Has the office considered additional outcome measures, such as jobs created by supported companies, average wage growth within target sectors, employment growth in those sectors, or the amount of private investment leveraged per state dollar invested?
- What were the main findings or challenges identified by stakeholders through the request for information process for the research, development, and deployment fund?
  - When does the agency anticipate deploying funds from RD+D?
  - How will the fund coordinate with the technology enhancement fund to ensure complementary use of resources?
- Of existing grant programs at TIO, which ones have yielded the best results? What were those results? What contributed to the success of those programs? On the contrary, which grant programs were the least useful based on industry use?

## Infrastructure for Economic Development

In the past two years, the Legislature has passed two key bills to support infrastructure for economic development: the Trade Ports Development Act and the Strategic Economic Development Site Readiness Act. The Trade Ports Development Act enables public-private partnerships to finance projects in designated trade port districts and included a \$50 million appropriation to the trade ports development fund. The Strategic Economic Development Site Readiness Act focuses on identifying and preparing sites for business development through planning, permitting, and infrastructure improvements, with \$24 million allocated to the fund through FY28. Both efforts aim to expand business-ready locations and streamline development timelines across the state.

For the site readiness program, EDD contracted with Global Location Strategies to conduct site characterization studies. To date, more than 40 sites have been evaluated, including infrastructure reviews, on-site assessments, and recommendations to improve site readiness. Evaluated sites are published on EDD's interactive site selection map. From this pool, the advisory committee and EDD secretary may recommend and approve sites as designated strategic economic development sites, making them eligible to apply for grants or loans to support pre-development activities. According to the site readiness website, 23 sites have been formally designated as strategic economic development sites.

For the trade ports program, the agency has encumbered \$50 thousand for a contract with a law firm to draft rules, policies, and procedures. The agency is currently accepting applications for trade port evaluation and designation.

## Suggested Questions

- Related to the site readiness program, how many pre-development projects have been reviewed or vetted by the agency and advisory committee?
  - Of the total site readiness appropriation (\$28 million), how much is expected to be allocated to pre-development projects?
  - How does the agency determine which projects are in the state’s best interest or are likely to yield the highest return on investment?
  - Are sites and projects being targeted toward specific sectors or industries? Should the state target specific industries?
  - What is the ratio of privately owned sites versus publicly owned sites participating in the program, and how does that compare among sites designated as strategic economic development sites?
- For both the site readiness and trade ports programs, how is the agency measuring outcomes? LFC has previously identified several potential performance metrics, including:
  - Site occupancy rate
  - Total incentives and funding allocated per site
  - Return on investment
  - Permitting and construction timelines
  - New business establishments and jobs created as a result of funding
  - Business expansion and retention

## Marketing and Promotion

EDD contracts with the New Mexico Partnership to carry out business attraction and recruitment efforts aimed at supporting job creation and site selection activities. From FY23 through FY25, the contract amount remained steady at \$1 million annually, before increasing to \$2.5 million in FY26, primarily due to a nonrecurring appropriation.

While the organization has reported varying levels of job creation over time, a significant portion of the FY24 (1,700 jobs) and FY25 (900 jobs) figures were associated with two large solar projects that ultimately stalled and did not move forward. LFC has previously questioned the organization’s performance. However, the organization has consistently supported approximately 20 company visits per year.

## Suggested Questions

- Beyond job creation, what additional performance metrics does EDD use to assess the New Mexico Partnership’s effectiveness?
  - What prompted the increase in the organization’s contract from \$1 million to \$2.5 million, and are there expected additional outcomes associated with the expanded funding level?
  - What services does the organization provide that EDD is unable to perform?

## Other Relevant Data

Because of the timing of this report, this LegisStat does not address appropriations from the 2026 legislative session, as the agency has not yet had sufficient time to expend or encumber those funds. However, the Legislature appropriated \$263.5 million in nonrecurring funding to EDD during the 2026 session—the largest amount appropriated to the agency in recent years. Given the scale of these appropriations, many of which relate to topics discussed in this LegisStat, the report includes a table summarizing 2026 session appropriations.

<b>2026 Session Nonrecurring Appropriations to EDD (in thousands)</b>	
<b>Science and Technology</b>	
TIO account managers	\$500.0
<del>Time on the cloud for</del> quantum computing	\$10,000.0
DARPA quantum benchmarking initiative	\$49,300.0
Grants for small businesses, entrepreneurs, start-ups, and research and development	\$11,600.0
Endowed faculty positions	\$10,000.0
Innovation hubs	\$15,000.0
Open user facility for applied quantum information science research	\$38,000.0
Quantum New Mexico Institute	\$3,000.0
Research, development, and deployment fund	\$110,000.0
Space commission working group	\$200.0
Technology innovation prize program	\$1,000.0
<b>Quality of Life</b>	
<del>Creative industries grants</del>	<del>\$4,000.0</del>
Healthy food financing	\$2,000.0
Outdoor equity grants	\$350.0
Trails+ grants	\$10,000.0
Veteran outdoor recreational retreats	\$350.0
<b>Marketing</b>	
New Mexico Partnership	\$2,000.0
<b>Other</b>	
IT hardware and software	\$215.0
<b>Total</b>	<b>\$263,515.0</b>

Note: Items shown in red and struck through were vetoed.

Source: LFC files