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FISCAL IMPACT REPORT

SPONSOR: Lujan DATE TYPED: 2/26/01 HB 886
 SHORT TITLE: Dedicated Fusion Energy Laboratory in NM SB _____
 ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
\$ 500.0				Non-Rec	GF

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 Commission on Higher Education (CHE)
 CHE Files - Special Funding Requests Submitted by NMIMT

SUMMARY

Synopsis of Bill

House Bill 886 appropriates \$500.0 to the Board of Regents of the New Mexico Institute of Mining and Technology (NMIMT) to enable the NMIMT College of Engineering to conduct research and other activities related to the acquisition of federal funds for the establishment of a dedicated fusion energy laboratory in New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY02 shall revert to the general fund. This bill contains an emergency clause.

OTHER SUBSTANTIVE ISSUES

According to the Commission on Higher Education (CHE), a similar bill was introduced (HB466) during the 2000 regular legislative session. This bill, which would have appropriated \$400.0 to New Mexico State University for this same purpose, was not passed.

The following is provided for information only. It is not intended as a commentary on the merits of the program/project:

This program was not included in NMIMT's budget request to the NMIMT Board of Regents, and thus was not submitted by NMIMT to the Commission on Higher Education (CHE) for review.

The CHE did not recommend funding this program expansion.

According to the CHE, higher education institutions receive indirect cost revenues from federal contracts and grants. A great deal of this money is used as seed money to develop new research and public service projects at institutions. This money is unrestricted in the sense that the governing board of the institution has the flexibility to choose which projects are supported with these funds.

The state higher education funding formula allows institutions to retain 100% of this indirect cost revenue. One of the purposes of retaining these funds is to provide seed money and matching funds for projects such as the one proposed in this bill.

LG/prr