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FISCAL IMPACT REPORT

ORIGINAL DATE 2/01/06

SPONSOR Boykin LAST UPDATED _____ HB 51

SHORT TITLE NMSU Bioscience Research SB _____

ANALYST Williams

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 2 and House Bill 127

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

House Bill 51 appropriates \$200.0 thousand from the general fund to the board of regents of New Mexico State University for the purpose of supporting collaborative bioscience research with partners statewide to establish programs of cross-disciplinary teaching, research and industry development in complex biological systems.

FISCAL IMPLICATIONS

The appropriation of \$200.0 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

NMSU notes this project would emphasize emerging insect-vectored diseases threatening human and animal health (West Nile and Dengue Fever) as well as agricultural productivity (curly top virus). NMSU notes 209 recent confirmed human cases and 400 equine cases of West Nile virus in New Mexico, and losses of 30 to 50 percent losses in certain, affected fields.

NMSU is seeking to create a “Center for Emerging Diseases” and will also seek federal funding for the proposal. Funds would be used to conduct a baseline survey to determine which viral strains are in the state, determine how these strains are evolving, how they are maintained and how they are spreading across international borders.

PERFORMANCE IMPLICATIONS

HED requests a plan for program evaluation, including specific program goals and criteria for assessing program effectiveness be submitted by October 1, 2006. HED also notes a program evaluation covering a three-year period should be submitted to LFC and HED by June 30, 2009 reporting program benefits.

OTHER SUBSTANTIVE ISSUES

EDD notes bioscience will likely drive the US economy for many years, including biotechnology and biomedicine. In 2002 there were approximately 90 biotechnology/biomedical companies in New Mexico with a workforce of approximately 2,400.

ALTERNATIVES

In 2003, the legislation established the technology enhancement fund, administered by the commission on higher education, to support innovative, applied research to enhance the state’s economic growth pursuant to the recommendations of the blue ribbon task force on the higher education funding formula. House Bill 391 (Chapter 367) identified specific research areas including agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, water resources, aerospace, telecommunications and manufacturing science.

Grants from the technology enhancement fund are to be made available to the state’s research universities collaborating with corporate and nonprofit organizations. The commission on higher education is directed to award grant funds on a competitive basis with review by a panel of scientific and business experts. The award process would consider excellence in research design and innovation in cross-disciplinary, multi-campus and higher education-industry research collaboration. The university must have matching funds from non-state sources. To date, monies have not been appropriated to the fund.

Higher education institutions receive indirect cost revenues from federal contracts and grants. Further, 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. One of the purposes of retaining these funds is to provide seed money and matching funds for projects such as those proposed in this bill.

Further, Laws of 2005, Chapter 81 (Senate Bill 169) authorized in state statute the Technology Research Collaborative (TRC), with the New Mexico Institute of Mining and Technology acting as fiscal agent. The TRC was formed in 2003. TRC members include the state's national laboratories, major research institutes and three research universities: University of New Mexico, New Mexico State University and New Mexico Institute of Mining and Technology. General purposes of the collaborative are:

- Establishing advanced technology centers
- Developing, creating and commercializing new intellectual property
- Encouraging new opportunities for business and increased jobs
- Creation of a workforce to support new enterprises based on intellectual property

POSSIBLE QUESTIONS

1. What were the performance outcomes and economic impacts of the \$30.9 million of state funds previously provided to the state's Centers of Excellence?
2. Is this program related to existing state government and university initiatives?
3. How does this program compare/contrast with the Technology Research Collaborative and the BioTeP initiative task force?
4. Does the proposal incorporate best practices evident for economic development initiatives in other states? What examples can be provided?
5. How would the proposed program impact the New Mexico economy? What is the time frame for specific, achievable results?
6. How would rural communities benefit?
7. What is the total estimated cost of the initiative and the state's share?
8. How would funding be allocated between partners?
9. What percentage of funding would be used for administrative costs overall?
10. Can a non-state funds matching requirement be included in the bill?
11. How would planning and accountability be addressed? How would progress and outcomes be measured and promulgated?

AW/yr