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FISCAL IMPACT REPORT

ORIGINAL DATE 1/20/06

SPONSOR Cervantes LAST UPDATED _____ HB 185

SHORT TITLE NMSU Manufacturing & Engineering Center SB _____

ANALYST Earp

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$650.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates House Bill 185
Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

Senate Bill 4 appropriates \$650,000 from the general fund to the Board of Regents of New Mexico State University to provide technical assistance to businesses and entrepreneurs through the Manufacturing Technology and Engineering Center (M-TEC.)

FISCAL IMPLICATIONS

The appropriation of \$650,000 contained in this bill is indicated in the table above as a recurring expense to the general fund; however, the NMSU analysis states that \$460,000 of this amount is intended to be used for non-recurring purchases of advanced manufacturing equipment. The additional \$190,000 would support the hiring of additional technical staff to meet an increasing demand for services. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

Information submitted by NMSU indicates that this proposal is supported by the NMSU Board of Regents. However, it was not submitted to the Higher Education Department (HED) for consideration during the funding recommendation development process. Consequently, no recommendation for this purpose is included in the higher education funding recommendations for fiscal year 2007.

PERFORMANCE IMPLICATIONS

According to the NMSU analysis, approval of this funding would allow M-TEC to provide technical assistance to 50% additional businesses each year and would also improve the capability for M-TEC to design and prototype state-of-the-art products for its clients. The availability of this leading edge design and product development technology would be an advantage in attracting new businesses and improving the competitiveness of existing high tech industries.

ADMINISTRATIVE IMPLICATIONS

NMSU reports that no additional administrative support will be required in the event funding for this existing program is expanded.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 185 and Senate Bill 4 are duplicate measures.

Funding provided through this bill would augment approximately \$384,000 in recurring appropriations found in the General Appropriation Act for the Manufacturing Sector Development Program.

POSSIBLE QUESTIONS

Are the Manufacturing Sector Development Program and the Manufacturing Technology and Engineering Center distinct entities, or is NMSU changing the program name?

DE/mt