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FISCAL IMPACT REPORT

ORIGINAL DATE 01/26/07

SPONSOR Cisneros LAST UPDATED _____ HB _____

SHORT TITLE Technology Research Collaborative SB 34

ANALYST Williams

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$12,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates House Bill 132

Relates to LFC recommendation for FY08 for recurring general fund appropriation of \$1.5 million.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Higher Education Department (NMHED)

SUMMARY

Synopsis of Bill

Endorsed by Economic and Rural Development and Telecommunications Committee.

Senate Bill 34 appropriates \$12 million from the general fund to the board of regents of New Mexico Institute of Mining and Technology for the technology research collaborative (TRC). The appropriation would also provide state funding, to be matched with federal and private contributions to the TRC and the centers of excellence across the state.

FISCAL IMPLICATIONS

The appropriation of \$12 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund.

SIGNIFICANT ISSUES

The Technology Research Collaborative was established in state statute in 2005 pursuant to Senate Bill 169. There are 10 member institutions throughout the state to encourage collaboration between research universities and national laboratories. The TRC mission is to collaborate in the acceleration of new technology business formations and expansions that will benefit applied research programs. New Mexico Institute of Mining and Technology (NMIMT) is currently serving as fiscal agent for TRC.

The Blue Ribbon Task Force on Higher Education formula funding in January 2003 recommended incentive funds for higher education, including research incentive funding. The 2003 legislature established in state statute all incentive funds requested by the task force. Appropriations to these funds have been slow, and in the case of the Technology Enhancement Fund, no funds have been appropriated specifically to the fund.

In the case of research, rather than funding the Technology Enhancement Fund, the Legislature provided direct funding for Technology Research Collaborative (TRC). State appropriations are as follows:

- o 2005 session: \$1.1 million, nonrecurring
- o 2006 session: \$2.0 million, nonrecurring

The initial four funding grants for the 2005 appropriations were based on the following award criteria: Strategic value, commercial feasibility, economic potential, collaboration, management and matching resource requirement.

Grant Awards from 2005 Appropriations totaling \$996,800:

\$348,000	University of New Mexico Health Sciences Center and Los Alamos National Laboratory	Radiopharmaceutical Isotopes	Medical diagnostic applications
\$250,000	Sandia National Laboratories, Intelligent Energy and New Mexico Tech	Hydrogen generation/power systems	Advanced hydrogen generation and power systems
\$200,000	New Mexico Tech, AgrilOptics, Inc. and Air Force Research Laboratory	Adaptive optics	Commercial adaptive optics applications
\$198,800	Sandia, TPL, Inc., and University of New Mexico	Supercapacitor applications	Supercapacitors for commercial uses

The next round of grant awards will be announced approximately February 15, 2007.

The LFC recommendation for higher education for FY08 includes \$1.5 million in recurring funding for the TRC in place of the technology enhancement fund, to advance the concepts envisioned by the Blue Ribbon Task Force on Higher Education. The Higher Education Department notes “This proposal was not in the list submitted by NMIMT through Research,

Public Service and Special Program Requests to the Higher Education Department (NMHED) for review.”

PERFORMANCE IMPLICATIONS

Performance measures are not evident; see questions below.

ADMINISTRATIVE IMPLICATIONS

Recognizing a possible duplication of state funded programs, the Economic Development Department and the TRC entered into a JPA to transfer about \$200 thousand and 2 FTE from EDD’s Office of Science and Technology to the TRC. After the hiring of an executive director for TRC, that agreement was severed, and the current relationship is unclear.

TECHNICAL ISSUES

The language of the specified appropriation is not clear.

OTHER SUBSTANTIVE ISSUES

The proposed areas of strategic investment in 2006 were nanotechnology, optics, medical applications (including isotopes), digital media, sustainable natural resources and alternative energies (including solar and hydrogen). Attached is an NCSL LEGISBRIEF identifying state initiatives for nanotechnology-related projects. The report notes more than half the states introduced nanotechnology-related legislation in 2006.

The Economic Development Department notes “the Governor has asked his senior science advisor to take the lead in working out a viable plan for the Technology Research Collaborative’s future and its efforts to integrate investments with those of the State’s.”

Six advanced technology centers (ATCs) were proposed during an early stage of the development of TRC:

- Art, Research, Technology and Science Laboratory
- New Mexico Center for Isotopes in Medicine
- Center for Sustainable Natural Resources in the Southwest
- Hydrogen
- Fuel Cells and end-user technologies
- Collaborative Center for Technology Translation
- Integration of Security Technologies and Decision Support
- New Mexico Center for Optics

The current relationship between the ATCs, the TRC and centers of excellence is not clear.

POSSIBLE QUESTIONS

1. How is current funding split between:
 - a. projects
 - b. administrative costs
 - c. technology research collaborative
 - d. advanced technology centers
 - e. centers of excellence
2. What detail is available regarding the current and projected levels of budget sources and uses for TRC administration? For the centers of excellence?
3. How would the appropriation in this bill be split between the following potential uses?
 - a. for TRC administrative costs
 - b. for TRC designated research projects
 - c. for centers of excellence administrative costs
 - d. for centers of excellence research projects
4. How are priority investment areas determined? Are the priority investment areas aligned with the state's economic development strategic plan?
5. How is the grant funding used?
6. What is the expected success/failure rate of the selected projects?
7. Are firms that fail to commercialize the product or move to another state required to pay back the state investment?
8. Are performance measures available for the TRC, ATC's and centers of excellence?
9. What is the relationship with EDD Office of Science and Technology?

Attachment

AW/csd:nt