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FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/13

SPONSOR Keller LAST UPDATED _____ HB _____

SHORT TITLE Technology Collaborative SB 501

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, Higher Education Department, New Mexico Institute for Mining and Technology

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

No Responses Received From

New Mexico Institute of Mining and Technology

University of New Mexico (UNM)

New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

Senate Bill 501 appropriates \$500 thousand from the general fund to New Mexico Institute for Mining and Technology to support the Council of University Presidents' (CUPs') development of a technology research collaborative in fostering centers of excellence at participating research and higher education institutions.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY14 shall revert to the general fund. However, if language is contained in Section 4 of the General Appropriation Act

to NM Tech, the funds will be considered recurring unless explicitly stated otherwise.

The HED stated that this request was not submitted by NM Tech or other institutions as part of the department's FY14 budget process. For full consideration, the HED requires a project to have the approval of an institution's governing board and to submit an application for consideration by the department, the Department of Finance and Administration, and the LFC. Since this project did not go through this process for FY14, the HED recommends the collaborative effort be considered in the FY15 budget process.

SIGNIFICANT ISSUES

Laws 2005, Chapter 81, established the Technology Research Collaborative, with NM Tech to serve as the fiscal agent for the collaborative. (Section 21-11-8.5 NMSA 1978) The collaborative had multiple purposes: to establish advanced technology centers at participating institutions, to develop and create new intellectual property for the state and encourage new opportunities for jobs, commercialize intellectual property, and create a work force to support enterprises. The collaborative received \$2 million in general fund appropriations (Laws 2006, Chapter 111, Section 62 (19)) to be used for matching purposes and in furtherance of the collaborative's mission.

The law establishing the collaborative was repealed in 2009. (Laws 2009, Chapter 66, Section 15) Since the law establishing the collaborative has been repealed, the appropriation in SB 501 would be to NM Tech for the broad purposes of developing another collaborative effort without the benefit of the prior effort's structure and reporting requirements.

PERFORMANCE IMPLICATIONS

Should SB 501 be enacted, NM Tech and its collaborative partners would need to develop performance measures. Preferably such measures would be connected to the research institutions' missions, the HED's strategic plan for higher education, and a statewide economic plan. It is unclear whether performance measures from the prior-authorized technology research collaborative could be used for this project.

ADMINISTRATIVE IMPLICATIONS

New Mexico Institute for Mining and Technology would serve as the fiscal agent for the project.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 562 and SB 571 are similar bills. Both would re-establish the technology research collaborative repealed by Laws 2009, Chapter 66.

POSSIBLE QUESTIONS

1. What were the performance outcomes and economic impacts of the state funds previously provided to the state institutions' centers of excellence?
2. Is this program related to existing state government and university initiatives?
3. Does the proposal incorporate best practices evident for economic development initiatives in other states? What other examples can be provided?

Senate Bill 501 – Page 3

4. How would the proposed program impact the state's economy? What is the time for specific, achievable results?
5. How would funding be allocated? What percentage for the collaborative and institutions' centers of excellence?
6. How would planning and accountability be addressed? How would progress and outcomes be measured?

THT/blm