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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/26/13

SPONSOR Keller LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Technology Research Collaborative SB 571

ANALYST Hartzler-Toon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	NFI	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicate of House Bill 562, Technology Research Collaborative  
Relates to Senate Bill 501, Technology Collaborative

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

#### No Responses Received From

New Mexico Institute for Mining and Technology

### SUMMARY

#### Synopsis of Bill

Senate Bill 571 (SB 571) creates a “technology research collaborative,” with New Mexico Institute for Mining and Technology (NM Tech) to serve as the collaborative’s fiscal agent. This bill re-establishes the technology research collaborative, with same purposes and organizational structure, as initially created in Laws 2005, Chapter 81 (Section 21-11-8.5 NMSA 1978) and repealed in 2009. (Laws 2009, Chapter 66, Section 15) The collaborative and its assets were transferred to the New Mexico Research Applications Center (NMRAC), established by Laws 2009, Chapter 66. The NMRAC

This bill does not contain an appropriation to fund the TRC’s activities.

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**

The Economic Development Department stated that

Commercializing the technology developed in New Mexico is a critical component in the State's economic future. Technology-intensive companies create high-wage jobs and provide career opportunities for New Mexico graduates. Although the importance of technology commercialization is acknowledged, this State has struggled to capture a reasonable share of the vast array of intellectual property born here. Technology Ventures Corporation reports that it assisted 12 companies last year in successfully commercializing intellectual property, and also states that this number is far too low for a State with so many assets. Many other states that do not have three national laboratories have much more success in creating and growing tech-intensive companies.

Currently, all three research institutions – the University of New Mexico, New Mexico State University and New Mexico Institute for Mining and Technology – all have “technology transfer” organizations helping the institutions generate marketable products from research applications and activities. It is unclear how or whether the TRC proposed in SB 571 would assist or build on the existing individual institutional efforts in the technology research area.

## **PERFORMANCE IMPLICATIONS**

Should SB 571 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**

The NM Tech would serve as the fiscal agent for the TRC.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 571 relates to SB 501 and is a duplicate to HB 562.

## **ALTERNATIVES**

An alternative would be to determine the function, success and challenges faced by the NMRAC, which may still exist to a degree within the Economic Development Department. It is possible that the NMRAC, if provided with sufficient resources and guidance, could serve a more vibrant role in coordinating technology research activities with the state's research institutions, other federal and state departments, and private entities.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The NMRAC will continue to exist in statute and be able to serve the purposes described in SB 571.

## **POSSIBLE QUESTIONS**

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