

LFC Requester:	Norton Francis
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**AGENCY BILL ANALYSIS
2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply: Date _____
Original **Amendment** **Bill No:** _____
Correction **Substitute**

Sponsor: Senator George Munoz **Agency Name and Code** New Mexico State University/954
Short Title: General Fund Transfers to Other Funds **Number:** _____
Person Writing Clayton Abbey
Phone: 505-239-8821 **Email** nmsufir@nmsu.edu

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		
16M Direct to NMSU	0	Nonrecurring	PSL

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		
0	0	0	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB177 is a comprehensive public-finance measure providing appropriations to accelerate statewide economic-development initiatives in innovation hubs and strategic technology sectors, including quantum information science, national security, advanced energy, aerospace, and commercialization. The bill includes a one-time, nonrecurring \$16 million appropriation to New Mexico State University (NMSU) for the Physical Science Laboratory (PSL). No recurring revenues are created. In addition to the direct appropriation, NMSU may compete for several statewide competitive funding opportunities authorized in the bill across quantum, energy, defense/aerospace, entrepreneurship, and workforce development.

FISCAL IMPLICATIONS

The bill provides \$16 million nonrecurring General Fund support to NMSU’s PSL in FY27. The appropriation will be used to modernize and expand research, testing, and mission-support infrastructure, positioning PSL to pursue larger federal awards and technology-transition projects. The bill itself does not create recurring revenues; however, the investment is expected to increase federal contract competitiveness and catalyze private-sector partnerships that may yield future external funding.

SIGNIFICANT ISSUES

The appropriation aligns with PSL’s established strengths and New Mexico’s strategic position in national defense, aerospace, and advanced technology development. Given PSL’s more than 80-year partnership with White Sands Missile Range (WSMR) and the presence of two anchor federal mission partners at WSMR—the Naval Surface Warfare Center, Port Hueneme Division (NSWC PHD) White Sands Detachment, which conducts land-based live-fire testing of naval weapon systems and supports missile/rocket assembly and launch operations, and the Transformation Decision Analysis Center (TDAC), a newly established Army organization formed through the consolidation of the Decision Analysis Center and the Research Analysis Center, an anchor tenant supporting Army test, data, and analysis missions at WSMR—the proposed appropriation positions New Mexico to leverage longstanding federal relationships at a time of expanding national investment.

Immediate opportunities and capability upgrades enabled by the appropriation include:

- Acquisition of a new anechoic chamber to support precision development, testing, and validation of advanced RF antenna and telemetry systems critical to hypersonic flight

testing and other extreme-environment missions. Sophisticated chambers provide interference-free environments necessary to ensure signal integrity and performance for range instrumentation and high-dynamics platforms.

- Instrumentation and build-out of an AI-enabled, cyber-secure electronic warfare (EW) laboratory to support advanced signal detection, adaptive spectrum operations, and resilient, mission-aligned EW system development in support of defense modernization priorities.
- Acquisition of advanced radar systems to expand PSL’s unmanned aerial systems (UAS) “beyond visual line of sight” (BVLOS) capabilities, including enhanced detect-and-avoid sensing, range surveillance, and multi-sensor fusion to support large-scale UAS and counter-UAS operations.
- Support acquisition of a new hypersonics wind tunnel to advance research in high-Mach aerodynamics, thermal protection systems, propulsion, materials behavior, and flight-test instrumentation, addressing critical national capacity gaps in hypersonic test infrastructure.

Federal funding is anticipated to grow in aligned domains—hypersonics; RF and telemetry; cybersecurity; AI-enabled electronic warfare; UAS and counter-UAS; next-generation computing in secure environments; and complementary workforce development—areas in which PSL provides critical range and mission support in partnership with federal defense and defense industry-related sectors.

Economic and regional implications: Enhancing PSL’s instrumentation, research infrastructure, and testing capabilities will generate direct and indirect economic impact across southern New Mexico. Strengthened capacity is expected to attract additional federal programs, expand private-sector partnerships, and stimulate technology-development contracts—supporting high-wage job creation and the growth of aligned aerospace and defense service and supply-chain industries. PSL serves as a regional anchor institution for the aerospace and defense ecosystem in southern New Mexico; investments in its capabilities reinforce the broader innovation environment and help retain and attract firms aligned to federally driven missions.

Faculty endowments and start-up funds: To ensure academic leadership grows in parallel with infrastructure, NMSU recommends adding two endowed faculty positions in aerospace and defense (with associated start-up funding) to align with the bill’s existing faculty support for Quantum and Advanced Energy.

PERFORMANCE IMPLICATIONS

Funding directed to PSL will significantly enhance NMSU’s ability to meet federal performance expectations across mission-critical areas, including mission support; UAS operations and test-range capacity; hypersonics applied research; directed-energy experimentation; and classified program execution. Improvements in core instrumentation and facilities will increase competitiveness for federal programs and accelerate applied research, technology development, and workforce training that support the aerospace and defense sectors.

Beyond the enhanced research and testing capabilities at PSL, SB177 supports broader institutional performance across NMSU’s innovation, commercialization, and workforce ecosystem. **Arrowhead Center** is positioned to expand its Venture Studio model, entrepreneurship programming, and commercialization services to accelerate the transition of PSL and private sector-developed technologies—such as advances from the anechoic chamber, EW laboratory, radar/BVLOS systems, and hypersonics assets—into investable

start-ups and industry partnerships. Arrowhead’s structured venture-creation model, proof-of-concept development, and capital-access networks strengthen NMSU’s ability to convert federally aligned research into high-growth companies and to expand the regional aerospace and defense supply chain.

Doña Ana Community College (DACC) can scale technical training, certifications, and applied-skills programs aligned with rapidly growing workforce needs in UAS operations, advanced manufacturing, electronics, cybersecurity, and test-range support roles—providing an accelerated and industry-aligned talent pipeline that complements PSL’s expanded mission areas.

NMSU Global can further extend performance impacts by delivering flexible online, hybrid, and micro-credential programs tailored to emerging aerospace, defense, and advanced-technology skill requirements. This expands access to upskilling and reskilling statewide and helps meet federal partner expectations for sustained, high-capacity workforce development.

Collectively, Arrowhead Center, DACC, and NMSU Global provide an integrated innovation, commercialization, and workforce-development framework that strengthens NMSU’s ability to fulfill performance obligations, expand economic impact, and sustain long-term competitiveness associated with the investments proposed in SB177.

ADMINISTRATIVE IMPLICATIONS

NMSU has the administrative capacity to manage the appropriation and associated projects. A portion of funds may be used for project management. Sustained growth in research and testing volume may necessitate additional longer-term administrative support to manage compliance, security, sponsorship, procurement, and reporting associated with increased federal and industry activities.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

No direct conflicts or companions identified at this time.

TECHNICAL ISSUES

No technical issues. Appropriations will advance and elevate existing capabilities and testbed/research facilities.

OTHER SUBSTANTIVE ISSUES

None beyond the recommendation to expand faculty endowment parity to include aerospace and defense.

ALTERNATIVES

n/a

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Not enacting SB177 would reduce momentum in statewide science and technology initiatives and limit New Mexico’s competitiveness for federal research, testing, and NM S&T--related investments. The state could miss opportunities to address strategic challenges in quantum technology, aerospace/defense, advanced energy, and bioscience and to grow associated workforce and supply-chain capacity in New Mexico.

AMENDMENTS

Section 20 – Appropriate – Quantum and Advanced Energy Faculty Endowments and Resources

Line 7: add “two aerospace and defense” to read “for a total of three quantum, two aerospace and defense, and two advanced energy faculty...”

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Section 20 – Appropriation – Quantum and Advance Energy Faculty Endowments and Resources

Insert after line 25: “D. (reappropriate dollars across section 20.B and 20.C) is appropriated from the general fund to the economic development department for expenditure in fiscal years 2027-2029 for research teams and laboratory usage for two endowed aerospace and defense faculty teaching positions at New Mexico research universities.....”