

2015 Briefing: New Mexico Jobs Council

Legislation - A True Partnership

- Laboratory Partnership with Small Business Tax Credit Act - *"It is the purpose of the Act to bring the technology and expertise of the national laboratories to small businesses in New Mexico to promote economic development in the state, with emphasis on rural areas."*
- NMSBA is a catalyst for the transfer of cutting-edge technology from two of our nation's leading national laboratories to address a wide range of small business needs across New Mexico.
- This is a great partnership with state of New Mexico, Los Alamos National Laboratory, Sandia National Laboratories, and small businesses to strengthen the economy of New Mexico.
- The Act provides:
 - Up to \$2.4M annually per lab, in the form of a gross receipts tax credit, to solve problems for small businesses in New Mexico
 - \$20,000 worth of technical assistance per business annually to help companies in rural counties
 - \$10,000 worth of technical assistance per business annually to help companies in urban counties (Bernalillo)
 - No cash or equipment to the participating businesses

Accountability & Transparency

- The Taxation and Revenue Department is the administrator of the NMSBA Program.
- Language in the Act requires us to consult with the Secretary of Economic Development to seek advice on improvements in the operation of the NMSBA Program.
- Each year, we meet with the Taxation and Revenue Department, the Economic Development Department, and appropriate legislative committees, typically the Revenue Stabilization and Tax Policy Committee and/or the Economic and Rural Development Committee. At these meetings, we submit our Annual Report, which details the program metrics.
- Surveys
 - Economic Impact: Third-party survey and collection of data, followed by a third party performing economic impact analyses
 - Customer Satisfaction: On-line survey and collection of data

LANL/SNL Joint Program Impact

- Results (2000 – 2014)
 - \$43.7M of assistance provided to small businesses
 - 2341 small businesses assisted – 65% in rural New Mexico
 - 33 counties throughout NM served
- Results (2014)
 - Nearly \$4.7M of assistance provided to small businesses
 - 352 small businesses assisted
 - 31 counties throughout NM served
- Economic Impact (2000 – 2014)
 - 4863 jobs created/retained (2014: 777)
 - \$236M increase in revenue (2014: \$36.3M)
 - \$105M decrease in operating costs (2014: \$19.7M)
 - \$98M investment in NM goods and services (2014: \$29.2M)
 - \$87M new funding or financing received (2014: \$10.2M)

Success Stories

- Sandia National Laboratories: Sisneros Bros. Manufacturing from Belen, NM
- Los Alamos National Laboratory: Pharma Connect Xpress from Santa Fe, NM

Proposed Initiative: New Mexico Technology Maturation Program

- Background

The transfer of technology to the private sector from the national labs is a critical piece of the DOE's mission to contribute to national economic security. Typically, only larger companies have the capability of licensing national laboratory technology and funding the additional work needed to commercialize it. Through this proposed initiative, small NM businesses could receive support from the national labs (and research universities under contract to the national labs) to mature their licensed technology with the aim of attracting investors and/or entering the commercial market.

- Ideal State

- NM companies license and commercialize more technologies from the national labs.
- NM companies start or expand more technology-based companies in the state.
- NM companies increase revenues, create more jobs and pay more taxes.

- New Mexico Challenge

- National labs have customer-specific funding for research and development, but not for proof-of-concept or prototyping; Technology Readiness Level (TRL) gap
- Funding is needed to leverage R&D funds and develop the technology into something that has commercial or investment potential.
- Companies and entrepreneurs can license technology from the national labs, but often need the help of the original inventor to mature that technology.
- NM companies and entrepreneurs often cannot afford to pay the national labs for this technology maturation work.

- Proposed Solution

- **New Mexico Technology Maturation Program**, modeled after the successful New Mexico Small Business Assistance (NMSBA) program, a public-private partnership with management rigor, quality, economic impact, and accountability
- Steps
 1. NM creates New Mexico Technology Maturation Program tax credit.
 2. NM small businesses license technologies from NM national labs/universities.
 3. NM small businesses apply to Program for help maturing the technology they licensed.
 4. NM small businesses receive support from national labs/universities to conduct proof-of-concept or prototyping.
 5. NM small businesses now have a technology which is more market-ready or investment-ready with less risk on their part.

- Proposed Funding

- \$2.5M per year for 5 years (Pilot program to be evaluated after 5 years.)
- \$50K to \$250K per project

- Eligibility

- Small for-profit businesses located in NM, holding a license from a NM national lab or university

- NM Research University Participation

- NM research universities license technologies to NM small businesses and provide technology maturation services under contract from the national labs.