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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/06
 SPONSOR Smith LAST UPDATED 2/14/06 HB _____
 SHORT TITLE NMSU Natural Resources Renewal Program SB 109
 ANALYST Earp

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates House Bill 186
 Relates to Senate Bill 2

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 New Mexico State University (NMSU)
 Energy, Minerals & Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 109 appropriates \$200,000 from the general fund to the Board of Regents of New Mexico State University (NMSU) to establish a collaborative natural resources sustainability and renewal program.

FISCAL IMPLICATIONS

The appropriation of \$200,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

This proposal was submitted to the Higher Education Department (HED) by NMSU as a component of the university's "strategic research clusters initiative" which was ranked #5 out of 9 requests for special program expansion. However, this request was not included in HED's fiscal year 2007 funding recommendations to the Legislature.

The proposed Natural Resources and Sustainability and Renewal Research Center appears to be one of five "advanced technology centers" defined by the New Mexico Technology Research Collaborative established pursuant to Laws of 2005, Chapter 81 (Senate Bill 169).

ADMINISTRATIVE IMPLICATIONS

NMSU would be responsible for providing administrative support for the proposed program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 109 and House Bill 186 are duplicate measures.

This bill is related to Senate Bill 2 which provides \$5 million to New Mexico Institute of Mining and Technology to support the Technology Research Collaborative.

OTHER SUBSTANTIVE ISSUES

Laws of 2005, Chapter 81 (Senate Bill 169) authorized in state statute the Technology Research Collaborative (TRC), with the New Mexico Institute of Mining and Technology acting as fiscal agent. TRC members include the state's national laboratories, major research institutes and three research universities: University of New Mexico, New Mexico State University and New Mexico Institute of Mining and Technology. General purposes of the collaborative are:

- Establishing advanced technology centers
- Developing, creating and commercializing new intellectual property
- Encouraging new opportunities for business and increased jobs
- Creation of a workforce to support new enterprises based on intellectual property

The TRC has identified five advanced technology centers to be developed as elements of its overall program. These include the Center for Sustainable Natural Resources in the Southwest at NMSU, which appears to be the same entity to be supported via Senate Bill 109.

Information provided by NMSU states that the purpose of the proposed Natural Resource Sustainability & Renewal Research program is to take a systems approach to research to integrate the utilization of resources across power and water utilities. The Natural Resource Sustainability and Renewal program has over 100 researchers across all colleges that include expertise in energy, water, and land resources. This appropriation will enhance the ability to respond to the specific needs facing the natural resources industries, such as energy and mineral extraction, water resources, forest health, agriculture, and rangeland management.

NMSU states that, traditionally, energy and water utilities in New Mexico have been developed as centralized production centers with very long and inefficient transmission systems. While this approach offers some local economic benefits, economies, energy production, and water sources change, and a new vision for utility development and management is now needed. Energy, wa-

ter, wastewater, and solid waste utilities that are decentralized, integrated with local land uses, and located near their point of use are more economic, secure, and sustainable than their conventional counterparts. With its widely distributed population, natural resources, and agricultural base, New Mexico offers an ideal incubator for the development and deployment of integrated land, water, and energy systems that will define the new vision for distributed sustainable utilities.

ALTERNATIVES

House Bill 391 (Chapter 367) of the 2003 legislative session established the Technology Enhancement Fund, administered by the Commission on Higher Education (now the Higher Education Department), to support innovative, applied research to enhance the state's economic growth pursuant to the recommendations of the blue ribbon task force on the higher education funding formula. This legislation identified specific research areas including agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, water resources, aerospace, telecommunications, and manufacturing science. Grants from the technology enhancement fund are to be made available to the state's research universities collaborating with corporate and nonprofit organizations. To date, monies have not been appropriated to the fund; however, it could be a mechanism to support the type of research envisioned by Senate Bill 109.

It is also noted that higher education institutions receive indirect cost revenues from federal contracts and grants. Further, this money is unrestricted in the sense that the governing board of the institution has the flexibility to choose which projects are supported with these funds. One of the purposes of retaining these funds is to provide seed money and matching funds for projects such as those proposed in this bill.

POSSIBLE QUESTIONS

How will the research efforts proposed via this initiative be coordinated with the broader activities of the NM Technology Research Collaborative?

How is NMSU currently supporting this initiative? Could indirect cost revenues be used for this purpose?

DKE/nt