

LFC Requester:	Connor Jorgensen
-----------------------	-------------------------

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

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:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date 1/31/2024
Bill No: HB 270

Sponsor: Rep. Joseph L. Sanchez
Short Title: Higher Ed Tech Enhancement Fund

Agency Name and Code University of New Mexico-952
Number: _____
Person Writing Lenaya Montoya
Phone: 5052771670 **Email** lenayamontoya@unm.edu

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$30,000.00	\$70,000.00	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
0	0	0	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	30,000	70,000	0	100,000	Nonrecurring	General

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 270 amends the Technology Enhancement Fund (“TEF”), Section 21-1-27.2, and adds new appropriations. The TEF was a fund created in statute in 2003 by the State of New Mexico, but it remained dormant with a zero balance until the 2022 state legislative session when it received \$45 million (non-recurring) via HB 2 (2022). An additional \$30 million was appropriated to the TEF via HB 2 (2023). HB 270 seeks to add an additional \$70 million dollars to the TEF for use in FY 2025 and 2026. In addition, HB 270 clarifies language in Section 21-1-27.2 and adds language that the TEF should benefit rural and tribal communities and that the money in the TEF should not supplant matching money that an applicant has expended or encumbered for a previously received grant.

FISCAL IMPLICATIONS

HB 270 will provide seventy million dollars from the general fund to the technology enhancement fund for expenditure in fiscal year 2025 and subsequent fiscal years. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

Based on the successes in leveraging new non-state funding in fiscal year 2023 and projections for fiscal year 2024, we estimate that a 5-fold instantaneous return on investment for any new funding. If successful, this seventy-million-dollar addition to the Technology Enhancement Fund would generate an additional three hundred and fifty million in non-state funds.

SIGNIFICANT ISSUES

The federal government supports research at all stages of the “technology readiness levels” pathway from basic research to the deployment of new technologies, with some agencies focused more on particular stages. Federally supported research awards are also extremely competitive and often require institutional support in various forms. For New Mexico to effectively compete with better-resourced states, policy levers like the TEF are needed to provide additional capacity for state institutions in New Mexico, along with our public and private partners, to improve our position as we work collaboratively to apply for federal and other non-state grants that require significant up-front cash match dollars to be eligible or competitive. Additional TEF funds will be used to support collaborative university research and technology development grants, primarily opportunities announced by federal agencies, maximizing New Mexico’s ability to draw down available federal dollars in specific fields for university research that are prioritized for further high-potential intellectual property, workforce, and commercial development in New Mexico.

PERFORMANCE IMPLICATIONS

Rules promulgated by HED govern how the TEF funds are to be utilized and distributed.

ADMINISTRATIVE IMPLICATIONS

The Technology Enhancement Fund is administered by HED promulgated rules that have established a committee that makes funding recommendations. UNM Main Camps, UNM Health Sciences Campus, and the UNM Rainforest, each have a member on this committee, and one or two additional administrators supporting the review process. In addition, UNM Main Campus utilized their InfoReady software license and Faculty Research Development Office to share applications and reviews for the entire committee. These administrative duties are provided as a voluntary service to HED.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 270 is not enacted, then the balance of Technology Enhancement Fund will be expended, and the research institutions will not be able to secure the additional non-state funds that would have been attainable with the additional seventy million dollars. In fiscal year 2023, research universities leveraged over \$127 million in non-state funding with about \$14 million of TEF funds. That represents a 9-fold instantaneous return on investment. If that level of leveraging is sustained, then not appropriating the \$70 million in additional TEF funds could result in failure to leverage an additional \$630 million in non-state funds. We estimate that a 5-fold instantaneous return on investment is more likely over the full expenditure of funding, which would result in failure to leverage an additional \$350 million in non-state funds if this bill is not enacted.

AMENDMENTS

N/A