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FISCAL IMPACT REPORT

SPONSOR Tallman ORIGINAL DATE 1/24/2022
 LAST UPDATED 1/28/2022 HB _____

SHORT TITLE CNM Venture Studio SB 90

ANALYST Fischer

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$5,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates House Bill 103

SOURCES OF INFORMATION

LFC Files

Responses Received From

Central New Mexico Community College (CNM)

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 90 appropriates \$5 million from the general fund to Central New Mexico Community College (CNM) to develop and launch a venture studio to build and develop local companies. There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2026 shall revert to the general fund. Although Senate Bill 90 does not specify future appropriations, establishing a new program could create an expectation that the program will continue in future fiscal years, therefore this cost is scored as recurring.

SIGNIFICANT ISSUES

CNM did not submit this request to the the Higher Education Department nor the LFC for possible incorporation into the either's higher education funding recommendation. The department and LFC have a formal process for reviewing earmarked budget requests for higher education institutions when developing their respective funding recommendations.

According to the Higher Education Department, SB90 supports a CNM-led team called the New Mexico Space Valley Coalition, which consists of CNM, CNM Ingenuity, the New Mexico Trade Alliance, New Space New Mexico, and Spaceport America.

The Coalition was notified in December 2021 by the U.S. Economic Development Administration (EDA) it was one of 60 finalists for the federal Build Back Better Regional Challenge. EDA awarded each finalist approximately \$500 thousand to develop their proposed projects further. The competition will ultimately award 20 to 30 regional coalitions between \$25 million and \$100 million sometime in 2022. The EDA reports that it will require between 0 and 20 percent cost-share for the awards, depending on the project. It is unclear if the appropriations contained in this bill could be used for such matching requirements.

Part of the work of the Coalition is CNM's proposed Venture Studio which would build and fund start-ups with product, legal, marketing, design, and development needs to help grow companies from idea to execution and beyond. The studio would support companies through the expansion of an existing Ingenuity Venture Fund, a private fund managed by CNM that supports New Mexico-based technology ventures.

CNM anticipates that enacting SB90 could lead to two to four new additional startups.

MF/acv