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## FISCAL IMPACT REPORT

SPONSOR Tripp DATE TYPED 02-25-05 HB 851

SHORT TITLE NM Tech Magdalena Ridge Observatory SB \_\_\_\_\_

ANALYST Woods

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$5,000.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to the appropriation for the New Mexico Institute of Mining and Technology in the General Appropriations Act.

### SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Commission on Higher Education (CHE)

### SUMMARY

#### Synopsis of Bill

House Bill 851 – Making an Appropriation to the Board of Regents of New Mexico Institute of Mining and Technology for Operation of the Magdalena Ridge Observatory – appropriates \$5,000,000 from the general fund to the Board of Regents of the New Mexico Institute of Mining and Technology for expenditure in FY06 and subsequent fiscal years for operation of the Magdalena Ridge observatory. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

#### Significant Issues

The New Mexico Institute of Mining and Technology indicates that the Magdalena Ridge

Observatory project is an international scientific collaboration between New Mexico Tech, the University of Cambridge (England), New Mexico State University, New Mexico Highlands University, the University of Puerto Rico, and Los Alamos National Laboratory.<sup>1</sup> The project is overseen by the U.S. Naval Research Laboratory and has as its joint aims:

- the delivery of a dedicated 2m-class single telescope;
- a multi-element imaging optical/IR interferometer; and,
- a broad astronomical education and outreach program.

The observatory is primarily intended for astronomical research and will be composed of two facilities, a single telescope and an array of optical/infrared telescopes called an interferometer. Located on the main ridge of the Magdalena mountains, some 30 miles west of the New Mexico Tech campus, at an elevation of 10,600 ft. above sea level, it will be the fourth highest observatory in the world.

The project is scheduled for completion in 2008. The 2.4-meter-diameter single telescope will be completed first, followed by the interferometer composed of ten telescopes, each approximately 1.4 meters in diameter. The telescopes making up the interferometer will be spaced by distances of up to 400 meters and will be optically linked in order to make images of astronomical objects with unprecedented detail. This setup will simulate the resolving power of a single telescope up to 400 meters in diameter. As a result of the large number of telescopes in the array, the interferometer will be able to make accurate images of complex astronomical objects many times faster than other existing and planned arrays.

CHE notes that this request was not in the list of priority projects submitted by New Mexico Institute of Mining and Technology to the commission for review. Accordingly, the request was not included in the commission's funding recommendation for FY06.

### **FISCAL IMPLICATIONS**

The appropriation of \$5,000,000 contained in this bill is a recurring expense to the general fund. The funds are authorized for expenditure in FY06 and subsequent fiscal years, and any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

### **ADMINISTRATIVE IMPLICATIONS**

The New Mexico Institute of Mining and Technology will retain oversight of this appropriation.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to the appropriation for the New Mexico Institute of Mining and Technology in the General Appropriations Act.

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<sup>1</sup> <http://mro.nmt.edu/>

**OTHER SUBSTANTIVE ISSUES**

CHE observes that higher education institutions receive indirect cost revenues from federal contracts and grants. 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. A great deal of this money is used as seed money to develop new research and public services projects at institutions. A portion of the indirect cost revenue, and earned overhead, is used to support items such as the salaries of the accountants responsible for monitoring the contract and grants, or for paying utilities and other expenses required to maintain the space where the contract and grant activities are housed. Further, that the higher education funding formula allows institutions to retain 100 percent of this indirect cost revenue. One of the purposes of retaining these funds is to provide seed money and matching funds for projects such as the one proposed in this bill.

**BFW/lg**