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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/03/06

SPONSOR Wallace LAST UPDATED \_\_\_\_\_ HB 313/aHEC

SHORT TITLE NMSU Bioscience Research SB \_\_\_\_\_

ANALYST Williams

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$7,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Senate Bill 2 and House Bill 127  
Relates to House Bill 51

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
Economic Development Department (EDD)  
Department of Health (DOH)  
Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment deletes language regarding the establishment of the center and instead provides replacement language regarding “operation and support”.

#### Synopsis of Original Bill

House Bill 313 appropriates \$7.0 million from the general fund to the board of regents of the University of New Mexico for the purpose of establishing a center for isotopes in medicine at the University of New Mexico Health Sciences Center.

### FISCAL IMPLICATIONS

The appropriation of \$7.0 million 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**

According to HED, the Center for Isotopes in Medicine would develop applications for unique medically useful radioisotopes that will become available from Los Alamos National Laboratory. UNM Radio Pharmaceutical Sciences Program (RSP) will address handling and formulation of medical isotopes to establish medically useful radiopharmaceuticals. RSP seeks to develop radiochemical procedures and formulation and test the radiopharmaceuticals in appropriate models leading to clinical trials for diagnostics and therapeutics.

HED notes the project was not included in the UNM HSC research and public service project requests.

## **PERFORMANCE IMPLICATIONS**

The bill does not specifically place an emphasis on linking the initiative to the state's strategic plans for economic development and higher education and does not include performance accountability components, such as outcomes-oriented performance measures.

## **OTHER SUBSTANTIVE ISSUES**

DOH notes this is a collaborative effort between the University of New Mexico Health Sciences Center, Los Alamos National Laboratory and Lovelace Respiratory Research Institute. Isotopes are elements, such as iodine and iridium that give off energy or radiation and can be used for the diagnosis or treatment of diseases. They attack cancer cells from inside the body out, causing less harm to healthy tissues and organs than an external shot of radiation. They can be implanted in the body, taken as a pill, or pumped into the bloodstream through a vein.

HPC notes the center has already been established.

HPC notes: "According to the UNM Health Sciences Center, medical isotopes can be used for diagnosis and treatment of cancer, mental illness and other diseases more effectively and with less harm to patients. However, making such drugs is difficult because isotopes can decay rapidly; in some cases as quickly as a couple of days. By utilizing the isotope production facility at Los Alamos, the center can develop new products, perform the required pre-clinical and patient testing and make the new drugs available for use around the state and throughout the U.S. that will result in better care for current and future patients. On March 8, 2005, Governor Bill Richardson co-signed an agreement to establish the first medical isotopes center in the country."

EDD notes the state's biomedical cluster.

## **ALTERNATIVES**

In 2003, the legislation established the technology enhancement fund, administered by the commission on higher education, 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. House Bill 391 (Chapter 367) 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. The commission on higher education is directed to award grant funds on a competitive basis with review by a panel of scientific and business experts. The award process would consider excellence in research design and innovation in cross-disciplinary, multi-campus and higher education-industry research collaboration. The university must have matching funds from non-state sources. To date, monies have not been appropriated to the fund.

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.

Further, 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. The TRC was formed in 2003. 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

According to [www.nm-trc.org](http://www.nm-trc.org), the TRC identified six advanced technology centers from which advanced technologies will create opportunities for private sector companies, research institutions, investors and entrepreneurs. These include the New Mexico Center for Isotopes in Medicine.

## **POSSIBLE QUESTIONS**

1. What were the performance outcomes and economic impacts of the \$30.9 million of state funds previously provided to the state's Centers of Excellence?
2. Is this program related to existing state government and university initiatives?
3. How does this program compare/contrast with the Technology Research Collaborative and the BioTeP initiative task force?
4. Does the proposal incorporate best practices evident for economic development initiatives in other states? What examples can be provided?
5. How would the proposed program impact the New Mexico economy? What is the time frame for specific, achievable results?
6. How would rural communities benefit?
7. What is the total estimated cost of the initiative and the state's share?
8. What percentage of funding would be used for administrative costs overall?
9. Can a non-state funds matching requirement be included in the bill?
10. How would planning and accountability be addressed? How would progress and outcomes be measured and promulgated?