

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/28/13

SPONSOR Garcia Richard LAST UPDATED _____ HB 562

SHORT TITLE Create Technology Research Collaborative SB _____

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	NFI	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicate of Senate Bill 571, Technology Research Collaborative
Relates to Senate Bill 501, Technology Collaborative

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
Economic Development Department (EDD)

No Responses Received From

New Mexico Institute for Mining and Technology

SUMMARY

Synopsis of Bill

House Bill 562 (HB 562) creates a “technology research collaborative (TRC),” with New Mexico Institute for Mining and Technology (NM Tech) to serve as the collaborative’s fiscal agent. The bill describes the purpose of the TRC, creates a board and grants administrative authority for TRC functions, allows for the TRC’s receipt of appropriations and other items of value, and establishes criteria for owning intellectual property rights developed in association with the TRC.

This bill re-establishes the TRC, with exact same purposes and organizational structure, as created in Laws 2005, Chapter 81 (Section 21-11-8.5 NMSA 1978) and repealed in 2009. (Laws 2009, Chapter 66, Section 15) Upon repeal of the TRC, its assets were transferred to the New Mexico Research Applications Center (NMRAC), established by Laws 2009, Chapter 66. The

NMRAC exists within the Economic Development Department (EDD) and is charged with fostering economic development in the area of intellectual property, attracting investments related to technological innovations, and creating high-value technology jobs in New Mexico.

FISCAL IMPLICATIONS

This bill does not contain an appropriation to fund the TRC's activities.

The HED stated that this request was not submitted by NM Tech or other institutions as part of the department's FY14 budget process. For full consideration, the HED requires a project to have the approval of an institution's governing board and to submit an application for consideration by the department, the Department of Finance and Administration, and the LFC. Since this project did not go through this process for FY14, the HED recommends the collaborative effort be considered in the FY15 budget process.

SIGNIFICANT ISSUES

The Economic Development Department stated that

Commercializing the technology developed in New Mexico is a critical component in the State's economic future. Technology-intensive companies create high-wage jobs and provide career opportunities for New Mexico graduates. Although the importance of technology commercialization is acknowledged, this State has struggled to capture a reasonable share of the vast array of intellectual property born here. Technology Ventures Corporation reports that it assisted 12 companies last year in successfully commercializing intellectual property, and also states that this number is far too low for a State with so many assets. Many other states that do not have three national laboratories have much more success in creating and growing tech-intensive companies.

Currently, all three research institutions – the University of New Mexico, New Mexico State University and New Mexico Institute for Mining and Technology – all have “technology transfer” organizations helping the institutions generate marketable products from research applications and activities. It is unclear how or whether the TRC proposed in HB 562 would assist or build on the existing individual institutional efforts in the technology research area.

PERFORMANCE IMPLICATIONS

Should HB 562 be enacted, NM Tech and its collaborative partners would need to develop performance measures. Preferably such measures would be connected to the research institutions' missions, the HED's strategic plan for higher education, and a statewide economic plan. It is unclear whether performance measures from the prior-authorized technology research collaborative could be used for this project.

ADMINISTRATIVE IMPLICATIONS

The NM Tech would serve as the fiscal agent for the TRC.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 562 relates to SB 501 and is a duplicate to SB 571.

ALTERNATIVES

An alternative would be to determine the function, success and challenges faced by the NMRAC, which may still exist to a degree within the Economic Development Department. It is possible that the NMRAC, if provided with sufficient resources and guidance, could serve a more vibrant role in coordinating technology research activities with the state's research institutions, other federal and state departments, and private entities.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The NMRAC will continue to exist in statute and be able to serve the purposes described in HB 562.

POSSIBLE QUESTIONS

1. What were the performance outcomes and economic impacts of the state funds previously provided to the TRC and transferred to the NMRAC?
2. Is this program related to existing state government and university initiatives, including the NMRAC?
3. Does the proposal incorporate best practices evident for economic development initiatives in other states? What other examples can be provided?
4. How would the proposed program impact the state's economy? What is the time for specific, achievable results?
5. How would funding be allocated? What percentage for the collaborative and institutions' centers of excellence?
6. How would planning and accountability be addressed? How would progress and outcomes be measured?

THT/blm