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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/15
 SPONSOR Maetz LAST UPDATED 3/12/15 HB 225
 SHORT TITLE Innovation & Entrepreneurship Commission SB _____
 ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		~\$2.9	~\$2.9	~\$5.8	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)
 New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 225 creates the Innovation and Entrepreneurship Commission and administratively attaches it to the Economic Development Department (EDD). The commission is composed of 11 members – two appointed by the speaker of the House, two by the president pro tempore of the Senate, four by the governor, and one each by the presidents of the University of New Mexico, the New Mexico Institute of Mining and Technology (New Mexico Tech), and New Mexico State University (NMSU).

The commission shall identify and develop partnership opportunities between higher education, the national laboratories, and small resident businesses; work to improve access to capital for these businesses that focus on technology and research and development, and prepare an annual report. The bill defines “small resident business” as employing 50 or fewer full-time employees, rents or owns real property and pays taxes in the state, and meets certain resident employment and property requirements if it is a relocated business.

FISCAL IMPLICATIONS

There would be a minimal operating budget impact because the bill provides for reimbursement for per diem and mileage for members of the commission. The estimates provided in the chart above assume the 11 members meet twice per year and get reimbursed for a total of \$950 for per

diem and \$500 for mileage (assuming approximately 100 miles per member) for each of the two meetings.

However, the bill does not explicitly specify what entity or entities shall reimburse the members for per diem and mileage. Being administratively attached to EDD does not require that agency to make the reimbursements to commission members.

SIGNIFICANT ISSUES

By October 1 of each year, the commission would be required to report to the appropriate legislative interim committee, the governor, and presidents of the research universities a technology report that summarizes the commission's work and makes policy and appropriation recommendations on various partnership opportunities and any improvements in access to capital. This has the opportunity to generate new ideas and increase coordination of efforts between the organizations.

However, EDD and NMSU note the bill also duplicates to some extent the function of the new Technology Research Collaborative, housed at New Mexico Tech and partnering with EDD to study how to promote technology coordination with the universities and laboratories and fund startup and growing technology companies. The newly created commission may also partially duplicate the function and purpose of the existing Economic Development Commission, which is tasked with annually approving a statewide economic development plan, which has a focus on innovation and technology-related entrepreneurship.

ALTERNATIVES

This task potentially could be assigned to the existing Economic Development Commission and add to that commission's duties.

POSSIBLE QUESTIONS

Should there be a sunset date for this commission to provide an opportunity for the Legislature to reevaluate its functionality and achievements in the future?

Should the commission be required to meet a minimum number of times each year?

JC/bb