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## FISCAL IMPACT REPORT

**SPONSOR** Serrato **ORIGINAL DATE** 2/2/2022  
**LAST UPDATED** \_\_\_\_\_ **HB** 143  
**SHORT TITLE** Higher Ed Innovation Accelerator Project **SB** \_\_\_\_\_  
**ANALYST** Fischer

### APPROPRIATION (dollars in thousands)

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

(Parenthesis ( ) Indicate Expenditure Decreases)

Related to HB103, SB90  
 Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
 New Mexico State University (NMSU)  
 New Mexico Independent Community Colleges (NMICC)

### SUMMARY

#### Synopsis of Bill

House Bill 143 appropriates \$5 million from the general fund to the Higher Education Department to conduct an “innovation accelerators for progress” pilot project. The pilot is a five-year study administered by the Higher Education Department of the efficacy of innovation business accelerators at community colleges. The bill also creates a nonreverting fund for the pilot project. 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 nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2023 shall not revert to the general fund.

## SIGNIFICANT ISSUES

House Bill 143 creates an “innovation accelerators for progress pilot project” as a five-year study at community colleges, including branch community colleges, of the efficacy of innovation accelerators on the success of business start-ups, economic development, and diversification of New Mexico’s economy. The Higher Education Department is tasked with administering the project and overseeing the application and selection process of community colleges for the project. The department and the participating community colleges are directed to apply for grants and seek donations for the pilot project and innovation accelerator centers.

If accepted by the HED, a community college would establish an “innovation accelerator center” to support cohorts of early-stage, growth-driven businesses for fixed periods of time. HB145 specifies that the accelerators would provide businesses support in developing products and supply chains, acquiring capital, and refining their business models. The bill also directs the accelerators to develop sector-specific curricula and mentors, provide office space for participants, and require graduating cohorts to participate in a competitive, public presentation. Each participant demonstrates its product and business to an audience of qualified investors.

HB145 directs each innovation accelerator to track participants for one year and collect data on their profits and operations. HB145 also directs the Higher Education Department to collect data, evaluate the success of each innovation accelerator center, and report to the governor and Legislature periodically on the efficacy of the innovation accelerators for progress pilot project.

Several community colleges already host business development and support programming and it is unclear if these incumbent activities would be eligible to be included in the innovation accelerators for progress pilot project. Some examples of existing small business development programming at community colleges include the state’s Small Business Development Centers (supported with \$3.95 million in recurring state general fund appropriations and federal support from the U.S. Small Business Administration.) The New Mexico Independent Community Colleges also provided two other examples of business development projects at their colleges.

***San Juan College.*** San Juan College offers a business incubation facility where a business can operate in an SJC facility with little to no rent for a set period of time. This allows the start-up to operationalize the business and develop a client base before they move on to their own facility in the community.

***CNM Ingenuity at Central New Mexico Community College.*** CNM Ingenuity offers a variety of small business and start-up support opportunities and features a strong mentorship component. In addition, CNM Ingenuity houses the Fuse Makerspace. This is a space where small business owners and early-stage start-ups can access high-end equipment to manufacture prototypes of products. Start-ups can also join Fuse Makerspace for ongoing access to equipment so that they can build a customer base and build working capital before having to invest in their own expensive equipment.

The community colleges are also not the only higher education entities participating in business development activities. The Arrowhead Center for Business Development at New Mexico State University (\$321.5 thousand in recurring state funding) and Innovate ABQ at the University of New Mexico are two examples of business development projects hosted by four-year institutions. Under HB145 these entities would not be able to participate in the innovation accelerators for progress pilot project.

**ADMINISTRATIVE IMPLICATIONS**

The Higher Education Department reported that it does not possess the expertise in evaluating business needs to run this type of pilot project singlehandedly and that assistance would be needed from the New Mexico Economic Development Department to carry out this initiative.

**RELATIONSHIP**

House Bill 143 relates to duplicate bills HB103 and SB90 appropriating \$5 million to establish a Venture Studio at CNM to deploy capital and mentorship to entrepreneurs.

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