

LFC Requester:

Julisa Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: February 15, 2025

Check all that apply:

Bill Number: HB 20

Original Correction
Amendment Substitute

Sponsor: Rep. Meredith A. Dixon, Rep.
Nathan P. Small, Rep. Joy Garratt,
Rep. Cristina Parajón, and Rep.
Doreen Y. Gallegos

Agency Name and Code Number: 305 – New Mexico
Department of Justice

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$100,000,000	recurring	General fund
	\$10,000,000	Recurring for FY26-FY29	General fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis: HB 20 would add new sections and amend Section 9-15-4 NMSA 1978 of the Economic Development Department Act, NMSA 1978, §§ 9-15-1 to -36 (1983, as amended through 2023) (the EDD Act), to create a new department within the Economic Development Department (EDD), called the Technology and Innovation Division (the T&I division). HB 20 would also create a new Research, Development, and Deployment Fund Act. Below is a summary of each section in HB 20:

Section 1 amends the current language of Section 9-15-4 (D) to change the name of one of the seven divisions of the EDD from the Technology Enterprise Division to the T&I division.

Section 2 adds a new section to the EDD Act with the T&I division’s enumerated duties. Generally, these duties authorize the T&I division to engage in various activities to support and promote technology and innovation in NM. Notably, T&I division would, among other things, administer the Research, Development and Deployment Fund Act (discussed below in Sections 5-10).

Section 3 adds a new section to the EDD Act to create the Technology and Innovation Network Advisory Board (the T&I advisory board). Section 3 establishes the duties of the T&I advisory board, membership requirements, meeting frequency, quorum requirements, appointment procedures, and member term lengths. The T&I division would provide staff support for the T&I advisory board. The T&I advisory board would consist of an executive committee and four subcommittees: aerospace and space; advanced computing; biosciences; and clean energy and water.

Section 4 adds a new section to the EDD Act to describe the duties and composition requirements for the T&I advisory board’s executive committee and four subcommittees. The executive committee is tasked with overseeing the T&I advisory board’s operations. This section also establishes executive and subcommittee meeting frequency and quorum requirements.

Section 5 would constitute new legislation that gives the title of the proposed Research, Development and Deployment (RD&D) Fund Act.

Section 6 lists relevant definitions for the RD&D Fund Act. They are: applicant, applicant match, board, business, department, division, documented need, fund, public entity, and target sector.

Section 7 addresses RD&D funding. The fund would be created as a nonreverting fund in the state treasury. It would consist of distributions, appropriations, gifts, grants, donations, and income from investment of the fund. Money in the fund would be appropriated to the EDD to provide financial support to emerging technologies, start-ups, and research initiatives in support of catalyzing innovation and economic growth. Monies paid from the fund would need to be authorized by the secretary of finance and administration through vouchers signed by the secretary of economic development or their authorized representative.

Section 8 requires that the RD&D fund provide project match funding to applicants that meet certain eligibility requirements. This Section mandates the T&I division create and implement a process for applicants to apply for project match funding. Eligibility requirements and funding priorities would be established by the T&I division in consultation with the T&I advisory board. In addition to mandating T&I division responsibilities for project match funding, this section also prescribes deadlines for project match funding applicants.

Section 9 provides eligibility requirements for project funding. Generally, these require an applicant to be a public entity or business registered in New Mexico seeking to advance innovation and promote economic growth. This Section contains detailed requirements for an applicant's submission for project funding.

Section 10 provides evaluation standards to guide which projects would receive funding.

Section 11 contains reporting requirements for the EDD regarding the administration, efficacy, and performance of the RD&D Fund Act. The EDD would be required to provide annual funding reports to the governor, legislative finance committee, and appropriate interim committees. These reports would address projects that have been funded, funding amounts, project updates and outcomes, job creation, and return on investment.

Section 12 would add a new section to the EDD Act that would require that the EDD establish and administer the Technology Innovation Prize Program (TIPP). TIPP would award funding prizes to companies providing technological innovation in enumerated sectors. The top TIPP award would be no less than \$5,000,000 dollars. The next two award recipients would receive no less than \$1,000,000 each. Section 12 also lists TIPP recipient eligibility requirements. To receive a TIPP award, the recipient would be required to enter a contract with the EDD. The contract would contain terms requiring the recipient maintain operations and a substantial presence in NM for three years after receiving the award; create a certain number of jobs in NM; participate in STEM initiatives in NM; and repay the EDD if the recipient accepts the prize money and fails to meet one of the terms. This section would also require the EDD establish or coordinate with existing programs to provide TIPP prize recipients access to NM's national laboratories for consultation, as well as other consulting and mentorship opportunities. The EDD would need to create a steering committee to administer the TIPP. The steering committee would be subject to approval by the T&I advisory board.

Section 13 amends Section 9-15-18 of the EDD Act. It strikes the word "enterprise" in two places to rename the Technology Enterprise Division the T&I Division.

Section 14 repeals the current language in Section 9-15-9 of the EDD Act and creates the Technology and Innovation Fund. This fund would be a nonreverting fund in the state treasury that would replace the Technology Enterprise Fund. It would consist of distributions, appropriations, gifts, grants, donations, money from research and technology transfer agreements, and income from fund investment. The EDD would administer this fund. The money in this fund would be subject to legislative appropriation to administer provisions of Section 2.

Section 15 states that it is a temporary provision that would transfer the Office of Strategy, Science, and Technology and the Office of Entrepreneurship (both already under the EDD) to the T&I division. The funds currently in the Technology Enterprise Fund would be transferred to the newly created Technology and Innovation Fund. Any existing contractual obligations of the transferred Offices would remain obligations of the EDD.

Section 16 contains two legislative appropriations for HB 20. In the first, \$100,000,000 would be appropriated from the general fund to the RD&D fund for FY 26 and for subsequent fiscal years. It requires that remaining balances in the fund not revert to the general fund at the close of a fiscal year. In the second, \$10,000,000 would be appropriated from the general fund to the EDD to fund TIPP awards in FY 26 - FY 29. Any remaining balance after funding TIPP awards would revert to the general fund.

Section 17 repeals Sections 9-15-16 and 9-15-17 of the EDD Act. Section 9-15-16 established the Technology Enterprise Division. Section 9-15-17 established the position of Director for the Technology Enterprise Division.

Section 18 makes the effective date of this act July 1, 2025.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

HB 20 would create the RD&D fund. This fund could be used to provide financial assistance to non-governmental entities, such as start-up businesses and research initiatives (See HB 20 Section 7). HB 20 also proposes to use state monies to fund the TIPP award program (See HB 20 Section 12). The Anti-Donation Clause prohibits the State from using public funds to benefit a private organization if the State does not receive anything of value in return. N.M. Const. Art. IX, § 14. However, subsection D allows the State to:

create[e]new job opportunities by providing land, buildings, or infrastructure for facilities to support new or expanding businesses if this assistance is granted pursuant to general implementing legislation that is approved by a majority vote of those elected to each house of the legislature. The implementing legislation shall include adequate safeguards to protect public money or other resources used for the purposes authorized in this subsection.

N.M. Const. Art. IX, § 14(D). HB 20 may present possible violations of the Anti-Donation Clause if the RD&D and TIPP funds are deemed as not adequately creating new job

opportunities. Moreover, to fall under the exception of subsection D, HB 20 must also provide adequate safeguards to protect public money.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

Section 7 says that the EDD shall administer the RD&D fund. This diverges from Section 2, which says that the T&I division shall administer the RD&D fund. If “department” in section 7 refers to the EDD (as defined in Section 6), then the language in Section 2 should be revised accordingly.

OTHER SUBSTANTIVE ISSUES

Section 12(E)(1) provides, “[t]he department shall establish or coordinate with existing programs to provide technology innovation prize money recipients with access to New Mexico’s national laboratories for consultation.” The term “access” can be construed very broadly, and this may raise an issue with federal programs that are subject to security access limitations.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

N/A