

LFC Requester:

Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) and email to billanalysis@dfa.nm.gov****(Analysis must be uploaded as a PDF)****SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Date Prepared: 2/13/25 *Check all that apply:*
Bill Number: HB 20 Original x Correction
 Amendment Substitute

Sponsor: Reps. Dixon, Small, Garratt and Parajon **Agency Name and Code Number:** NM DoIT - 361
Person Writing Analysis: Raja Sambandam
Short Title: Technology & Innovation Division **Phone:** 505-660-3280 **Email:** Raja.Sambandam@cyber.nm.gov

SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
0	0		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
0	0	0		

(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	0	0	0			

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 20 (HB 20) would amend Section 9-15-4 NMSA 1978, to change the “technology enterprise division” to the “technology and innovation division” (the division) in the economic development department (the department). This new division would consist of the office of strategy, science and technology, as well as any organizational units, programs or funds that the secretary assigns. The division would have the following duties:

- (1) engage and coordinate with the technology and innovation network advisory board and the broader business community;
- (2) support and coordinate with the target sector subcommittees of the technology and innovation network advisory board;
- (3) represent New Mexico at national conferences and trade shows related to technology and innovation, focusing on the target sectors;
- (4) identify and support applications for federal grant opportunities in the target sectors;
- (5) support and develop ecosystems in New Mexico in the target sectors;
- (6) provide program staff for each target sector to coordinate and serve as liaisons to target sector ecosystems in New Mexico;
- (7) market and promote New Mexico's target sectors within and without New Mexico;
- (8) administer the Research, Development and Deployment Fund Act, including:
 - (a) establishing, maintaining and administering the application process;
 - (b) reviewing and evaluating grant proposals;
 - (c) monitoring the progress and outcomes of projects awarded funding;
 - (d) ensuring compliance with fund matching requirements;
 - (e) tracking and reporting on the performance of the research, development and deployment fund; and
 - (f) coordinating and managing the awards process in consultation with the technology and innovation network advisory board;
- (9) develop and maintain a statewide technology and innovation strategic plan that:
 - (a) aligns with state economic development goals;
 - (b) identifies key innovation assets and opportunities;
 - (c) establishes metrics for measuring progress and success; and
 - (d) outlines strategies for the development of target sector ecosystems;
- (10) collect, analyze and report to the department on innovation metrics, including:
 - (a) economic impacts of division programs;
 - (b) state innovation performance indicators;
 - (c) ecosystem development metrics; and
 - (d) returns on investment of state funding;
- (11) support technology transfer and commercialization through:
 - (a) facilitating connections between researchers and industry;
 - (b) providing technical assistance for technology commercialization;
 - (c) supporting small business innovation and incubation programs; and
 - (d) coordinating with federal and state technology transfer programs;
- (12) coordinate innovation initiatives across state agencies, including:

- (a) identifying opportunities for collaboration;
 - (b) aligning resources and programs;
 - (c) reducing duplication of efforts; and
 - (d) maximizing impact of state investments; and
- (13) maintain databases and resources, including:
- (a) state innovation assets and capabilities;
 - (b) funding opportunities and resources;
 - (c) technical assistance providers; and
 - (d) ecosystem support organizations.

HB 20 would also create a technology and innovation network advisory board in the division. The advisory board would consist of an executive committee and four subcommittees: the aerospace and space subcommittee, the advanced computing subcommittee, the biosciences subcommittee and the clean energy and water subcommittee. The committee would be composed of the following:

- (1) the secretary or the secretary's designee, to serve as chair;
- (2) ten members who may collectively be referred to as "core members", including the president of the New Mexico independent community colleges or that president's designee, the president of the New Mexico chamber of commerce or that president's designee and one representative from each of the following:
 - (a) Sandia national laboratories;
 - (b) Los Alamos national laboratory;
 - (c) the United States air force research laboratory;
 - (d) New Mexico state university;
 - (e) the university of New Mexico;
 - (f) the university of New Mexico health sciences center;
 - (g) the New Mexico institute of mining and technology; and
 - (h) Navajo technical university;
- (3) a representative from each center of excellence established pursuant to Section 21-1-27.11 NMSA 1978;
- (4) a representative from each authority created in statute that is administratively attached to a state agency or political subdivision of the state; and
- (5) the following public members to be appointed by the secretary:
 - (a) one representative from a skilled trades association in New Mexico;
 - (b) one representative from a regional economic development organization;
 - (c) one representative from an Indian nation, tribe or pueblo;
 - (d) one representative from the private equity industry with at least five years of relevant experience;
 - (e) one representative from the venture capital industry with at least five years of relevant experience;
 - (f) one representative from a New Mexico business incubator or accelerator with at least five years of relevant experience; and
 - (g) eight representatives who are industry alliance members or have at least five years of relevant experience working in entrepreneurial support. Two representatives shall be from each of the following four target sectors: aerospace and space, biosciences, clean energy and water and advanced computing.

The purpose of the board would be to unite various sector perspectives to assist in the guidance and ongoing strategic planning of the division. To do this, the board would:

- (1) provide to the technology and innovation division recommendations for strategic

engagement, industry perspective, sectors that the division should make target sectors and feedback on the division's programs and initiatives;

(2) assist with ensuring active engagement between the state and the private sector;

(3) assist the technology and innovation division with administering the Research, Development and Deployment Fund Act, including providing recommendations to that division for eligibility requirements, funding priorities and the awarding of project funding; and

(4) publish annual performance reports by December of each year that identify near-term constraints and challenges, identify opportunities and long-term trends and provide sector survey metrics and policy recommendations.

HB 20 would also establish terms of board members, meeting requirements, and administrative support for the board.

HB 20 would establish composition of the subcommittees of the advisory board, as follows.

The executive committee:

(1) the chair;

(2) two core members;

(3) two of the public members appointed by the secretary; and

(4) one representative from each of the following four target sectors: aerospace and space, biosciences, clean energy and water and advanced computing.

Each of the four subcommittees is composed of two representatives from the corresponding target sector, one representative from a laboratory, one representative from a university, one representative from private industry and the secretary or the secretary's designee to serve as chair.

HB 20 would also establish duties of each subcommittee and meeting requirements.

HB 20 would also establish the "Research, Development and Deployment Fund Act" (the Act), which would contain definitions for terms used in the Act and establish the research, development and deployment fund (the fund). The fund would be a non-reverting fund administered by the department, for the purposes of catalyzing innovation, economic growth and job creation by providing early-stage capital and financial support to emerging technologies, start-up businesses and research initiatives that align with the state's economic development plan. The division would administer the funds to provide project match funding to applicants that meet all eligibility requirements. The requirements would be established in consultation with the advisory board. The Act would establish requirements for assessing and expediting applications and reporting obligations for recipients of funds. The Act would also establish eligibility requirements for project funding as well as priority funding eligibility.

The department would be required to provide a report to the governor, the legislative finance committee and the appropriate interim committees that study economic development regarding the administration, efficacy and performance of the Research, Development and Deployment Fund Act, on or before December 1 of 2025 and of every year thereafter. The Act would establish minimum requirements for the report.

HB 20 would also establish "technology innovation prize program" to be administered by the department. This program would provide:

(1) no less than five million dollars (\$5,000,000) for the top award recipient;

(2) no less than one million dollars (\$1,000,000) each for the next two award recipients; and

(3) additional award amounts as recommended and approved by the technology and innovation network advisory board.

Prizes would only be awarded to companies that provide technological innovation in the following sectors:

- (1) clean energy and water;
- (2) aerospace and space;
- (3) advanced computing, including quantum computing, artificial intelligence and cybersecurity;
- (4) biosciences; or
- (5) other sectors that are recommended through resolution of the technology and innovation network advisory board.

To be eligible for a technology innovation prize, an applicant would have to:

- (1) be a business registered in New Mexico;
- (2) have a substantial presence in New Mexico or commit to establishing such presence; and
- (3) in the case of an international applicant, maintain a contractual partnership with a New Mexico-based entity.

Before receiving technology innovation prize money, a recipient would be required to enter into a contract with the department that requires the recipient to:

- (1) maintain operations and a substantial presence in New Mexico for a minimum of three years after receiving the award;
- (2) create and maintain for at least three years after receiving prize money a number of jobs in New Mexico, as required by the department;
- (3) participate in science, technology, engineering and mathematics education initiatives within the state; and
- (4) repay to the department the prize money at a fair current market interest rate if the recipient accepts the prize money and fails to meet a requirement of the Act.

The department would establish or coordinate with existing programs to provide technology innovation prize money recipients with:

- (1) access to New Mexico's national laboratories for consultation;
- (2) mentorship opportunities with industry experts; and
- (3) networking events with potential investors and partners.

The department would create a steering committee, develop program timelines, establish application rules and guidelines, establish partnerships and determine resource allocation. The department would also promulgate rules.

HB 20 would amend Section 9-15-18 NMSA 1978, to replace the word “enterprise” with “and innovation” throughout the Section.

HB 20 would also establish a temporary provision transferring functions, personnel, appropriations, money, records and other property of the office of strategy, science and technology of the economic development department and the office of entrepreneurship of the economic development department to the technology and innovation division of the economic development department.

HB 20 would appropriate one hundred million dollars (\$100,000,000) from the general fund to the research, development and deployment fund for expenditure in fiscal year 2026 and subsequent fiscal years for the purposes of the fund. It would also appropriate ten million dollars (\$10,000,000) from the general fund to the economic development department for expenditure

in fiscal years 2026 through 2029 to award prizes pursuant to the technology innovation prize program. Any unexpended or unencumbered balance remaining at the end of fiscal year 2029 would revert to the general fund.

The effective date of HB 20 would be July 1, 2025.

FISCAL IMPLICATIONS

No fiscal impact to DoIT.

SIGNIFICANT ISSUES

Although the focus of this bill is economic development for the state of New Mexico, which is focused on private sector technology and innovation development, the Department of Information Technology should have a place in the process, to coordinate innovation efforts in the state government with the efforts of the technology and innovation division. Also, the Cybersecurity Office should be involved to provide input and ensure that these innovation efforts are following cybersecurity best practices to protect the state.

DoIT and the Cybersecurity Office should be members of the technology and innovation network advisory board, in order to provide input and coordination between state agency technology and innovation efforts and the efforts of the technology and innovation division.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS

Amend Section 3 of HB 20 to add representatives from DoIT and the Cybersecurity Office to the membership of the technology and innovation network advisory board.