

LFC Requester:

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

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**SECTION I: GENERAL INFORMATION**

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

**Date Prepared:** 2/11/2025 *Check all that apply:*  
**Bill Number:** House Bill 20 Original  Correction   
 Amendment  Substitute

**Sponsor:** Reps. Dixon, Small, and Garratt **Agency Name** Economic Development  
**Short Title:** Technology and Innovation Division **and Code** Department  
**Person Writing** Nora Meyers Sackett **Number:** 41900  
**Phone:** 505-795-3966 **Email** Nora.Sackett@edd.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$100,000.0	Nonrecurring	General Fund
	\$10,000.0	Nonrecurring	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)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$1,200.0	\$1,200.0	\$1,200.0	\$3,600.0	Recurring	General

(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 creates the Technology and Innovation Division within the Economic Development Department (EDD) to market, support, and grow the state's science and technology target sectors, support technology transfer and commercialization, develop and maintain a statewide technology and innovation strategic plan, and administer multiple sources of award funding. The bill creates and directs the department to administer the Technology Innovation Prize Program for technological innovation in certain specified science and technology sectors.

HB20 also creates the Technology and Innovation Network Advisory Board. The Technology and Innovation Division is tasked with coordinating the advisory board. The Board is composed of an executive committee, with four sector-focused sub-committees, and is chaired by the EDD secretary or their designee. The Board includes representation from state institutions of higher education, national laboratories, and industry, and totals over 30 members. The Board is directed to meet at least quarterly and publish an annual performance report.

HB20 also creates the Research, Development and Deployment Fund (RD&D Fund), a non-reverting fund administered by the Technology and Innovation Division and the Technology and Innovation Network Advisory Board for catalyzing innovation, economic growth, and job creation by way of funding awards. The bill establishes various requirements for funding award processes, applications, and project eligibility. The department is required to produce an annual report on the activity and impact of the fund.

HB20 also creates the Technology Innovation Fund, which is a non-reverting fund. The fund is directed to replace the Technology Enterprise Fund and to be used as appropriated by the legislature.

HB20 makes two appropriations from the general fund:

- A one-time appropriation of \$100 million to the Research, Development and Deployment Fund for expenditure in fiscal year 2026 and subsequent fiscal years.
- A reverting, nonrecurring appropriation of \$10 million to the department for the Technology Innovation Prize Program for expenditure from fiscal year 2026 through fiscal year 2029.

#### **FISCAL IMPLICATIONS**

The bill contains two nonrecurring appropriations, totaling \$110 million, from the general fund.

HB20 creates significant staffing needs for the Economic Development Department. The new division and the significant funding allocated to the division and the department are a marked increase in the current activity of the relevant team within the department and require added staff

to administer. Due to its large size and broad mandate, the Technology and Innovation Network Advisory Board created by the bill also requires additional staff to successfully operate. Additional staff needs are estimated at a minimum of ten: one staff member assigned to each of the four board subcommittees, one staff member to serve as admin for the board, and five additional staff to support the deployment of funding and execution of the new division's mission.

## SIGNIFICANT ISSUES

HB20 will catalyze and dramatically increase the state's efforts to support and grow science and technology innovation and industries in New Mexico, leading to scientific advancement and innovation, economic growth, and job creation.

While the Economic Development Department (EDD) currently provides grant awards to support the development and advancement of technology transfer, commercialization, and business growth in science and tech, the department's available resources for grants have historically been a fraction of the proposed fund ~~limited~~ and ~~are~~ far outstripped by demonstrated demand and potential. The EDD Office of Strategy, Science & Technology frequently works with growing science and technology companies in search of funds and support for pilot projects and technology demonstrations, but the state currently lacks consistent funds to provide such support. Dedicated funding for additional grant programs and technology demonstration projects will enable the state to support more New Mexico startups and advance relevant technologies at a faster pace. Additionally, businesses will be attracted from out of state, which will grow economic activity and accelerate high wage job growth in New Mexico.

In particular, the Research, Development & Deployment (RD&D) Fund will make a dramatic difference in enabling and supporting broad coalition proposals for large-scale federal funding opportunities. In recent years, EDD has seen such proposals from New Mexico fail to be awarded federal dollars funding due to a lack of dedicated and available state match funding for such projects – other states have established mechanisms to ensure this kind of fund availability, which has enabled them to make successful proposals for additional federal funds that catalyze technology commercialization and drive economic growth in their states.

The size and broad scope of the makeup of the Technology and Innovation Network Advisory Board is commendable but also of some concern. With New Mexico's small size and the board's directed involvement in funding award decisions, there are likely to be numerous conflicts of interest, which could present difficulties in making award decisions. Additionally, the size of the board could make convening all members difficult, presenting a challenge for full board engagement or when the board is required for EDD or the Technology and Innovation Division to make policy or funding decisions.

The Economic Development Department also raises concerns about two additional aspects of the legislation: requiring award processes to be conducted on a rolling basis, and requiring all awards made from the RD&D fund to include a public partnership aspect.

First, HB20 requires the application process for RD&D award funds to be administered on a rolling basis, as opposed to within set time periods. The legislation's requirement of the board's involvement in funding award review and decision, combined with the board's size and the realities of coordinating so many people to score applications, could result in making award decisions logistically difficult. The current Office of Strategy, Science & Technology works with

the Technology Research Collaborative Board to evaluate grant applications and make recommendations for award and already faces logistical difficulties in organizing its ten volunteer, non-state employee members to score applications and meet to discuss funding recommendations for three grant cycles per year.

Lastly, HB20 requires that applications for funding from a non-private entity like a business must include a “partnership agreement entered into for the purposes of the project with a public entity.” This requirement would exclude any grant funding from the RD&D Fund from being awarded to New Mexico businesses that are commercializing a new technology without involvement in a larger-scale project – currently, the majority of grants made by EDD’s Office of Strategy, Science & Technology to New Mexico small businesses in science and technology fit that description and would be ineligible to receive these new funds. While the specifications of the RD&D Fund are well-suited to support coalition projects or proposals for federal funding that require partnerships, they do not allow for supporting small businesses technology commercialization. Given that this is currently the primary mission of the Office of Strategy, Science & Technology (OSST), which would be absorbed by the new Technology and Innovation Division, this bill language is of great concern. OSST operates numerous grants ~~that~~ awarding funding to New Mexico small businesses engaged in research and development to support the commercialization of new technology – while many of these businesses work with the state institutes of higher education or are commercializing technology licensed from a state institute of higher education, that does not mean they have an ongoing partnership directly tied to their work. These businesses are the lifeblood of the state’s startup ecosystem, and to exclude them from accessing this monumental increase in funding meant to support the state’s science and technology sectors would be hugely detrimental. The existing grants operated by OSST have been able to increase award amounts in recent years due to appropriations from the Legislature, and these awards would subsequently be in question under HB20’s current language.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

HB20 creates significant staffing needs for the Economic Development Department. The new division and the significant funding allocated to the division and the department are a marked increase in the current activity of the relevant team within the department and require added staff to administer. Due to its large size and broad mandate, the Technology and Innovation Network Advisory Board created by the bill also requires additional staff to successfully operate. Additional staff needs are estimated at a minimum of ten: one staff member assigned to each of the four board subcommittees, one staff member to serve as admin for the board, and five additional staff to support the deployment of funding and execution of the new division’s mission. If HB20 is enacted without additional funded staff positions, the Economic Development Department will not be able to carry out the directives of the legislation.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL  
AMENDMENTS**