



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

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

##### Synopsis:

HB 20 proposes to create a new Technology & Innovation Division within the New Mexico Economic Development Department (NMEDD) as well as a technology and innovation network advisory board to review requests and advise the NMEDD on funding decisions. The bill appropriates \$100 million dollars 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. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

The bill also appropriates \$10 million dollars 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 shall revert to the general fund.

#### **FISCAL IMPLICATIONS**

The first appropriation of \$100 million dollars for the research, development and deployment fund is a nonrecurring expense to the general fund, and shall remain in the fund for future years. The second appropriation of \$10 million dollars to the NMEDD is also a nonrecurring expense to the general fund, any unexpended or unencumbered balance remaining at the end of FY 29 shall revert to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services, create an expectation that the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

#### **SIGNIFICANT ISSUES**

#### **PERFORMANCE IMPLICATIONS**

This bill creates a new fund that fills gaps between the existing Technology Enhancement Fund and the New Mexico Match fund. Both of those funds primarily support match funding for more common Federal awards that require cost share levels that are well under \$1 million dollars and that often only involve single organizations. In contrast, the Technology & Innovation Division funding would allow highly competitive submissions for large, often state-wide or regional funding opportunities, that require millions to tens of millions of dollars in commitments from the State to be successful. These opportunities are often new programs created by the Federal government like the Economic Development Agency's Tech Hub program or the National Science Foundation's Regional Innovation Engines program. The solicitations for these programs are often announced with only a few months notice and require rapid commitment of resources. Even when pre-solicitation announcements are made, and when year-long, multi-stage review processes extend the timeframe for proposal updates, there is still a need to secure large amounts of funding much faster than our regular legislative process can manage. In addition, agencies regularly provide new guidance during the application and award processes that change

the nature of the supporting funding that is needed to be successful, and that requires flexibility and fast responses that can only be accomplished if existing funding is available for the New Mexico Economic Development Department to use. In addition, many of the recent funding opportunities are targeted to stimulate economic development but funding a combination of public and private sector agencies that would not fall under the jurisdiction of other departments.

One other critical difference is that the proposed funds for the Technology & Innovation Division could be used to advance innovative and economically important research, development, and deployment projects that are independent of specific funding announcements. This is critical because the State of New Mexico has generated multiple excellent regional proposals that received initial funding from the Federal government because they were finalists, but ultimately not awarded. These projects, including the New Mexico Space Valley NSF Engine, the Regional Advancement Leveraging Innovations for Water and Energy Security Transformation (RALI-WEST) NSF Engine, and the EDA Build Back Better Create New Mexico program, among others, were heavily vetted at the national level making it through many stages of evaluation because of their excellence, but only receiving initial phase or development funds largely due to limited funding at the national level. The funding in HB 20 would allow New Mexico to invest in those highly ranked teams in order to meet the goals of our state and increased our competitiveness nationally.

In addition, the New Mexico Artificial Intelligence Consortium has recently formed to ensure the national and global leadership of New Mexico in the rapidly growing area of artificial intelligence. Many new opportunities are expected in this area and the coalition needs to prepare for them as well as advance research. Unlike the NM Match Fund and the Technology Enhancement Fund, the new funding in this bill would allow the State of New Mexico to support preparation of proposals and other research, development, and deployment activities.

#### **ADMINISTRATIVE IMPLICATIONS**

Adoption of the funding in the bill requires significant administrative effort, and the plans to handle that effort are also described in the bill, including creation of the new Technology & Innovation Division within the New Mexico Economic Development Department. It also describes the composition of a broad technology and innovation network advisory board that would vet potential projects before funding was made available.

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

#### **TECHNICAL ISSUES**

#### **OTHER SUBSTANTIVE ISSUES**

#### **ALTERNATIVES**

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

If HB 20 is not enacted, then the State of New Mexico will be severely restricted in the ability of its stakeholders to compete for large national funding opportunities that support new technologies and innovations that could grow and diversify our economy. It will also restrict the ability of the New Mexico Economic Development Department to accelerate innovations that would demonstrate national and global leadership in key areas include aerospace, biosciences, advanced computing, clean water, and clean energy.

Not enacting this bill will also reduce the chance of success of two large proposals that are in the process of being submitted and reviewed by the National Science Foundation. The NSF Engine: San Juan-Rio Grande Energized Watershed Engine (Energized Watershed) and the NSF Engine: Quantum Moonshot grant applications are each competing for \$15 million over 2 years and up to \$160 million over ten years. These are the only two proposals from New Mexico that were invited to apply for the NSF Engine. Furthermore, these proposals are not competing directly with each other because they are in different topic areas. North Carolina had two NSF Engines awarded in the first round of NSF Engine applications and New Mexico could be the second state to win two Engines in a single round. It is critical to note that in the first round, where the precursor to the Energized Watershed was a semi-finalist, the ultimate NSF Engine awardees had secured over twice the awarded funding in commitments to their ecosystem. The Energized Watershed had no commitments from the State of New Mexico, and the other competing NSF Engine from New Mexico (the Space Valley) only had the commitment by the State to seek support during the legislative session. It is highly likely that the inability of the State to commit funds to either proposal while they were under review contributed to neither proposal receiving anything beyond a development award.

## **AMENDMENTS**