

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 119

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

AN ACT

RELATING TO ECONOMIC DEVELOPMENT; AMENDING AND ENACTING
SECTIONS OF THE BIOSCIENCE DEVELOPMENT ACT; AUTHORIZING
INVESTMENT IN BIOSCIENCE COMPANIES; ESTABLISHING REQUIREMENTS;
PROVIDING PENALTIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 9-15E-1 NMSA 1978 (being Laws 2017,
Chapter 134, Section 1) is amended to read:

"9-15E-1. SHORT TITLE.--~~[This act]~~ Chapter 9, Article 15E
NMSA 1978 may be cited as the "Bioscience Development Act"."

SECTION 2. Section 9-15E-2 NMSA 1978 (being Laws 2017,
Chapter 134, Section 2) is amended to read:

"9-15E-2. DEFINITIONS.--As used in the Bioscience
Development Act:

A. "authority" means the New Mexico bioscience

1 authority;

2 B. "bioscience" means the scientific areas
3 represented by life sciences and biotechnology that are
4 included in the five industries recognized by the United States
5 department of labor:

- 6 (1) drugs and pharmaceuticals;
- 7 (2) medical devices and equipment;
- 8 (3) research testing and medical laboratories;
- 9 (4) bioscience-related distribution; and
- 10 (5) agriculture and chemicals related to

11 bioscience;

12 C. "board of directors" means the board of
13 directors of the authority;

14 D. "financial assistance" means tax incentives,
15 grants, loans and other financial benefits provided for
16 projects to a qualified entity on terms and conditions approved
17 by the authority;

18 E. "national laboratories" means Los Alamos
19 national laboratory and Sandia national laboratories; ~~[and]~~

20 F. "New Mexico business" means, in the case of a
21 corporation or limited liability company, a business with the
22 business's principal office and a majority of the business's
23 full-time employees located in New Mexico or, in the case of a
24 limited partnership, a business with the business's principal
25 place of business and at least eighty percent of the business's

1 assets located in New Mexico;

2 G. "portfolio business" means a bioscience business
3 in which the authority has made an investment; and

4 [~~F-~~] H. "research institutions" means the
5 university of New Mexico, New Mexico state university and the
6 New Mexico institute of mining and technology."

7 **SECTION 3.** Section 9-15E-7 NMSA 1978 (being Laws 2017,
8 Chapter 134, Section 7) is amended to read:

9 "9-15E-7. FUND CREATED.--

10 A. The "bioscience development fund" is created in
11 the state treasury. Separate accounts within the fund may be
12 created for any project. Money in the fund, subject to
13 appropriation by the legislature, may be expended by the
14 authority for the purposes of carrying out the provisions of
15 the Bioscience Development Act. Any general fund balance from
16 money appropriated by the legislature in the fund shall not
17 revert at the end of a fiscal year.

18 B. Except as provided in this section, money
19 received by the authority shall be deposited in the fund,
20 including:

- 21 (1) money appropriated by the legislature;
22 (2) interest earned upon money in the fund;
23 (3) property or securities acquired through
24 the use of money belonging to the fund;
25 (4) all earnings of property or securities

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1 acquired pursuant to Paragraph (3) of this subsection;

2 (5) all earnings on investments made by the
3 authority;

4 [~~5~~] (6) all of the money received by the
5 authority from a public or private source; and

6 [~~6~~] (7) fees, rents or other charges imposed
7 and collected by the authority.

8 C. Disbursements from the bioscience development
9 fund shall be made only upon warrant drawn by the secretary of
10 finance and administration pursuant to vouchers signed by the
11 secretary of economic development or the secretary's designee
12 pursuant to the Bioscience Development Act."

13 SECTION 4. Section 9-15E-8 NMSA 1978 (being Laws 2017,
14 Chapter 134, Section 8) is amended to read:

15 "9-15E-8. REPORT TO THE GOVERNOR AND THE LEGISLATURE.--
16 The authority shall submit a report of its activities for the
17 prior fiscal year to the governor and to the appropriate
18 interim committees of the legislature not later than October 1
19 of each year, and the report shall be posted on the authority's
20 website."

21 SECTION 5. A new section of the Bioscience Development
22 Act is enacted to read:

23 "[NEW MATERIAL] INVESTMENTS--REQUIREMENTS--REIMBURSEMENT
24 OBLIGATIONS.--

25 A. The authority may invest in a bioscience

1 business that:

2 (1) is a New Mexico business that shall
3 maintain a minimum in-state workforce of five employees with a
4 minimum median annual salary of sixty thousand dollars
5 (\$60,000) as a condition of the investment; or

6 (2) pursuant to a contract with the authority,
7 shall relocate to New Mexico and agree to maintain the
8 bioscience business as a New Mexico business for a minimum
9 period of five years as a condition of the investment and
10 maintain a minimum in-state workforce of five employees with a
11 minimum median annual salary of sixty thousand dollars
12 (\$60,000).

13 B. The authority shall assess a bioscience business
14 prior to making an investment decision. An assessment shall
15 include the following assessment factors with scoring weights
16 determined by the authority by rule:

17 (1) the market opportunity presented by the
18 product or service offered by the business;

19 (2) the current financial stability and status
20 of the business;

21 (3) the expertise and experience in bioscience
22 and business start-ups of the officers of the business;

23 (4) the business's business plan and strategy
24 to capture or create a market for the business's products or
25 services;

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- 1 (5) the business's competitive assets,
2 including intellectual and physical properties;
3 (6) the established business's exit strategy;
4 (7) the projected economic benefits of the New
5 Mexico business over the next five years, including projected
6 sales, revenue and the number of in-state employees; and
7 (8) the projected social benefits of the
8 business in accordance with procurement preferences provided in
9 state or federal law.

10 C. Investments made pursuant to this section shall
11 be made with a co-investing organization chosen by the
12 authority in consultation with the university of New Mexico
13 purchasing office through a competitive process; provided that
14 the co-investing organization meets the following requirements:

- 15 (1) the officer of the co-investing
16 organization with final decision-making authority for a co-
17 investment with the authority shall have a minimum of five
18 years of experience investing in bioscience companies or a
19 minimum of ten years of experience investing in start-up
20 companies; and
21 (2) the authority's investment in a bioscience
22 business shall be no more than one-third of the combined
23 investment of the authority and a co-investor organization in
24 that business within a twelve-month period, making the
25 co-investor organization the lead investor and the authority a

1 follow-on investor.

2 D. An investment contract with a portfolio business
3 shall specify that:

4 (1) if the portfolio business fails to meet
5 its contractual obligations pursuant to this section, it shall
6 either:

7 (a) fully reimburse the authority for
8 the bioscience development fund's cost basis in the portfolio
9 business; or

10 (b) document to the satisfaction of the
11 authority that the portfolio business has provided economic
12 benefits to the state that exceed the authority's cost basis in
13 the business;

14 (2) in any sale of a majority of the assets or
15 a majority of the voting stock of the business to a single
16 entity or set of affiliated entities, the acquiring entity or
17 set of affiliated entities shall assume the legal obligations
18 of the contract with the authority;

19 (3) in a bankruptcy proceeding, liquidation or
20 deemed liquidation event for the portfolio business, a claim by
21 the authority shall be paid first, except as otherwise provided
22 by federal or state law; and

23 (4) milestones shall be met quarterly, semi-
24 annually or annually on a case-by-case basis dependent on the
25 type of investment to release a disbursement of funds; provided

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1 that milestones may include:

- 2 (a) key hires;
- 3 (b) reaching a higher technological
4 readiness level;
- 5 (c) signing partnership or collaboration
6 agreements;
- 7 (d) being awarded grants and contracts
8 with agencies, foundations or private industry;
- 9 (e) filing new intellectual property
10 patents and receiving granted patents;
- 11 (f) sales and sales agreements for
12 equipment, goods and services;
- 13 (g) investigational new drug approval;
- 14 (h) in vitro or in vivo proof of
15 technology;
- 16 (i) immunogenicity data to support
17 investigational new drug filing; and
- 18 (j) other milestones deemed appropriate
19 for the investment by the authority.

20 E. When a portfolio business must compensate the
21 authority pursuant to this section due to an acquisition by
22 another entity or a relocation outside of the state, the
23 authority, in collaboration with local investors, may accept
24 stock in the acquiring entity or in the relocated business in
25 lieu of a cash payment if the value of the stock would be equal

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1 to or greater than the amount that the business must
2 compensate."

3 SECTION 6. A new section of the Bioscience Development
4 Act is enacted to read:

5 "[NEW MATERIAL] EMPLOYMENT RESTRICTIONS.--

6 A. An entity that has benefited from a contractual
7 or other activity with the authority, including the receipt of
8 co-investment funding, shall:

9 (1) have no employee related to a member of
10 the board of directors; and

11 (2) not hire a member of the board of
12 directors nor an employee of the authority within one year of
13 the completion of the board member's term of office or the
14 employee's service with the authority.

15 B. Any person who knowingly and willfully violates
16 the provisions of Subsection A of this section is guilty of a
17 misdemeanor and shall be sentenced pursuant to the provisions
18 of Subsection B of Section 30-1-6 NMSA 1978. An alleged
19 violation of Subsection A of this section may be reported to
20 the attorney general or district attorney for enforcement."

21 SECTION 7. A new section of the Bioscience Development
22 Act is enacted to read:

23 "[NEW MATERIAL] INVESTMENT REPORTING.--Quarterly reports
24 for all investments shall be presented to the board of
25 directors by the board of the investment committee during

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1 regular board meetings, and such reports shall be publicly
2 available pursuant to the Open Meetings Act."

3 SECTION 8. EFFECTIVE DATE.--The effective date of the
4 provisions of this act is July 1, 2025.

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