

Notice of Proposed Rulemaking and Public Hearing

The Technology and Innovation Division (“Division”) of the New Mexico Economic Development Department (“Department”) will hold a public hearing on Monday, August 31, 2026, from 10:00 – 11:00 a.m. The hearing will be conducted in person at the following location:

Monday, August 31, 2026, 10:00-11:00 a.m. Mountain Time

Mabry Hall located in the Jerry Apodaca Education Building, 300 Don Gaspar Ave., Santa Fe, NM 87501

Microsoft Teams Meeting Information

Meeting Link: <https://teams.microsoft.com/meet/275478541732380?p=9xRs1QSXfVe4GAH4xG>

Meeting ID: 275 478 541 732 380

Passcode: nb69eg72

The purpose of the rule hearing is to obtain input and public comment on proposed new rules relating to 2.96.1 NMAC, Research, Development and Deployment Fund Act, Laws 2025, Ch. 133 (House Bill 20 Approved April 9, 2025).

Copies of the proposed rule may be accessed online at <https://edd.newmexico.gov/about-us/public-notice/> or contact Department staff at info@edd.nm.gov (505) 827-0300.

The Department will accept written public comments on the proposed rule beginning July 28, 2026. Please submit written comments on the proposed rule to the Department via electronic mail at info@edd.nm.gov or by regular mail at 1100 S. Saint Francis Dr., Santa Fe, New Mexico, 87505. Written comments must be received no later than 5 p.m. on August 30, 2026. Comments received prior to the rule hearing will be posted to the Department website at <https://edd.newmexico.gov/about-us/public-notice/>. Interested persons will also be given the opportunity to present their comments during the rule hearing.

Individuals who require this information in an alternative format or need any form of auxiliary aid to attend or participate in this meeting are asked to contact the Department Staff as soon as possible at info@edd.nm.gov or (505) 827-0300. The Committee requests advance notice to provide required special accommodations at least one week prior to the meeting or as soon as possible.

Statutory Authority: Legal authority for this rulemaking may be found in the Research, Development and Deployment Fund Act, Section 6-31A-1 et seq., NMSA 1978, specifically 6-31A-4(A)(8).

Proposed Rule:

This is a new Rule, 2.96.1 NMAC, Sections 1 through 11, effective September 22, 2026.

TITLE 2 PUBLIC FINANCE CHAPTER 96 RESEARCH, DEVELOPMENT AND DEPLOYMENT FUND ACT PART 1 GENERAL PROVISIONS

2.96.1.1 ISSUING AGENCY: Economic Development Department.
[2.96.1.1 NMAC - N, xx/xx/2026]

2.96.1.2 SCOPE: All public entities or businesses registered to transact business in New Mexico applying for Research, Development and Deployment funds through the Economic Development Department and meeting the eligibility requirements of the Economic Development Department technology and innovation division.
[2.96.1.2 NMAC - N, xx/xx/2026]

2.96.1.3 STATUTORY AUTHORITY: Section 6-31A-4, NMSA 1978.
[2.96.1.3 NMAC - N, xx/xx/2026]

2.96.1.4 DURATION: Permanent.
[2.96.1.4 NMAC - N, xx/xx/2026]

2.96.1.5 EFFECTIVE DATE: xx/xx, 2026 unless a later date is cited at the end of a section.
[2.96.1.5 NMAC - N, xx/xx/2026]

2.96.1.6 OBJECTIVE: To drive innovation, stimulate economic growth, and create jobs by offering early-stage capital and financial support for emerging technologies, start-up enterprises, and research initiatives that align with the state's economic development strategy through project awards pursuant to the act.
[2.96.1.6 NMAC - N, xx/xx/2026]

2.96.1.7 DEFINITIONS:

A. "Act" means the Research, Development and Deployment Fund Act, Sections 6-31A-1 through 6-31A-7, NMSA 1978, as the same may be amended and supplemented.

B. "Applicant match" means money for a project provided by an applicant or a partnering entity that is not a political subdivision of the state.

C. "Application" means a written document or other information filed with the division for the purpose of evaluating an applicant's proposal for funding opportunities.

D. "Business" means any corporation, partnership, limited liability company, joint venture or other similar legal entity registered in the state.

E. "Department" means the economic development department.

F. "Division" means the technology and innovation division of the department.

G. "Documented Need" has the meaning given in the act and refers to a non-state funding source's own requirements, such as cost-sharing, matching, or institutional or regional commitments used in evaluating proposals for that funding rather than an applicant's general need for project funding.

H. "Eligible applicant" means a public entity or a business registered to transact business in New Mexico.

I. "Sleeve" means a portion of the fund with its own investment strategy aligned with the purpose of the Act.

J. "Solicitation" means a call for applications for funding from one or more sleeves.

K. "State" means the state of New Mexico.

[2.96.1.7 NMAC - N, xx/xx/2026]

2.96.1.8 ELIGIBILITY, APPLICATION, EVALUATION, AND AWARD: The division, in consultation with the board, will develop policies and consider a variety of factors in reviewing and evaluating applications from eligible applicants for project funding opportunities.

A. Applicant Eligibility. To be eligible for funding, applicants must meet all eligibility requirements established by the division.

B. Project Eligibility. To be eligible for funding, a project must reasonably expect to result in at least two of the following in New Mexico:

- (1) advance innovation in at least one of the target sectors;
- (2) foster collaboration between at least two of the following: private industry, a national laboratory, a federal agency or a public entity;
- (3) leverage federal or private investment;
- (4) create new economic opportunities;
- (5) create new jobs and workforce training opportunities; and
- (6) advance the commercialization of a technology in at least one of the target

sectors;

C. Solicitations. The division will release solicitations that specify the application, evaluation, and award processes and procedures for one or more sleeves consistent with this rule, the Act, and other applicable laws and regulations. In solicitations or otherwise, the division shall establish a streamlined application process pursuant to the requirements of the act. Notwithstanding the foregoing, the division may at its discretion source projects independently of any solicitation.

D. Application Requirements. The division will set forth application requirements in each solicitation.

E. Matching Requirements of Complementary Programs. If an applicant is seeking project funding in connection with or as part of a separate application for grant money that requires cost sharing, matching funds, institutional support or regional financial commitments as a condition of eligibility for that grant money, the applicant shall submit written evidence from the entity providing that grant money that clearly states such requirements will be used in the evaluation of applications for that grant money. If no such written evidence exists of the requirements for institutional support or regional financial commitment, the applicant may submit alternative proof of the requirements and the division shall establish criteria and, on a case-by-case basis, evaluate whether the proof is sufficient.

F. Alternative to Documented Need. In lieu of evidence of documented need as defined by the act for project funding, an applicant may include with the applicant's application a justification for why project funding is necessary for the project to be successful and effectively promote state interests in one or more target sectors.

G. Applicant Match. The division may or may not require applicant match for a particular project, solicitation, sleeve, or for the fund overall and will set forth any such requirement in the relevant solicitation, in policy, or in another appropriate form and manner. In cases where the division does require applicant match, the division may reduce applicant match requirements by up to fifty percent for projects:

- (1) that primarily benefit communities that are rural or part of Indian nations, tribes or pueblos;
- (2) that are led by minority-serving public post-secondary educational institutions as defined in federal law; or
- (3) that address critical state needs as determined by the department in its statewide economic plan.

H. In-Kind Contributions. The division may allow in-kind contributions as permitted by the act and as set forth in the relevant solicitation, in policy, or in another appropriate form and manner. An in-kind contribution to a project may qualify as a portion of an applicant's required match when the:

- (1) value of the in-kind contribution can be independently verified;
- (2) in-kind contribution is essential to the project's success, as determined by the division;
- (3) in-kind contribution would otherwise be a legitimate project expense; and
- (4) total in-kind contributions to a project constitute no more than fifty percent of the applicant match.

I. Timing of Application Submissions. Applications are submitted in response to the division's solicitations or as otherwise sourced by the division. Consistent with the act, the division will design solicitations and other sourcing mechanisms to accommodate applications submitted:

- (1) up to three hundred sixty-five days prior to anticipated federal or private sector grant deadlines for new or recurring published opportunities;
- (2) for pending proposals with multistage reviews that have been submitted but have not had an award finalized or, subject to division approval, within ninety days after such an award is finalized;
- (3) for project funding awards pending successful non-state funding or private grant applications; and
- (4) for re-application by an applicant who has previously been denied project funding, provided that the applicant makes changes and improvements based on any feedback received

from the prior application.

J. Application Evaluation and Award. The division will:

- (1) award project funding in consultation with the board's recommendations;
- (2) verify applicant match funding requirements for a project when a match is applicable or match funding is being requested; and
- (3) consider applications in light of any priorities and of any other requirements or goals set forth in the relevant solicitation.

K. Project Priority. The division shall set forth any such priorities in the relevant solicitation, in policy, or in another appropriate form and manner. Priority shall be given to projects that

- (1) create high-quality, high-wage jobs in New Mexico;
- (2) when applicable, have higher percentages of matching funds from non-public entities;

L. Timing and Use of Project Funding. Awards of project funding shall:

- (3) demonstrate strong potential for commercialization in a target sector;
- (4) support the growth of New Mexico-based companies;
- (5) benefit communities that are rural or in an Indian nation, tribe or pueblo;
- (6) provide opportunities for broad regional participation; and
- (7) fulfill any other requirement or advance any other goal established by the division and consistent with the act as set forth in any solicitation, with respect to one or more sleeves, or with respect to the fund overall.

- L. Timing and Use of Project Funding.** Awards of project funding shall:
- (1) allow for multiyear project periods aligned with federal or private sector grant or other non-state funding opportunity timelines;
 - (2) permit pre-award project spending by applicants when necessary to meet non-state grant application deadlines, provided that applicants shall use non-state funding or other institutional funding for pre-award spending; and
 - (3) provide that a certain amount of the funding may be used for an applicant's administrative costs to implement the project.

[2.96.1.8 NMAC - N, xx/xx/2026]

2.96.1.9 ADMINISTRATION OF THE RESEARCH, DEVELOPMENT AND DEPLOYMENT FUND:

A. Nature and Makeup of the Fund. The fund is a nonreverting fund in the state treasury and is administered by the department. The fund consists of distributions, appropriations, gifts, grants, donations and income from investment in the fund, including appropriations from the technology and innovation fund as permitted by Section 9-15-19, NMSA 1978, as the same may be amended or supplemented.

B. Purpose of Awards. Money in the fund may be used 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 through project awards made pursuant to the act.

C. Monitoring and Oversight. The division shall monitor and oversee projects in accordance with the act and as set forth in any applicable solicitation, policy, or award document or in another appropriate form and manner.

D. Mechanism of Expenditures. Expenditures from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary or the secretary's authorized representative.

[2.96.1.9 NMAC - N, xx/xx/2026]

2.96.1.10 REPORTING: On or before December 1, 2026, and every year thereafter, the department shall 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 fund, including:

- A.** projects that have been awarded funding;
- B.** for each project, the dollar amounts awarded, the amount of non-state matching funds the project received, if applicable, and the amount of non-state funding leveraged;
- C.** updates on the progress, performance, outcomes and impacts of each project that was awarded funding;
- D.** total jobs created and retained in the state;
- E.** return on investment of state money spent pursuant to the act;
- F.** any additional investment that was attracted to the state and state-owned businesses; and
- G.** other relevant performance metrics, including those recommended by the board, to measure the success of the act and the state's investment of public money pursuant to the act.

[2.96.1.10 NMAC - N, xx/xx/2026]

2.96.1.11 AMENDMENT OF RULES: This rule may be amended or repealed at any time by the department in accordance with the provisions of the state rules act.

[2.96.1.11 NMAC - N, xx/xx/2026]

HISTORY OF 2.96.1 NMAC: [RESERVED]