



NEW MEXICO LEGISLATURE

# JOBS COUNCIL

2016 INTERIM FINAL REPORT

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## INTERIM SUMMARY



## **Jobs Council 2016 Interim Summary**

In its fourth year, the Jobs Council continued to refine its understanding of the scale and scope, by region, of unemployment in New Mexico. The council examined job-creation potential, and it proposed measures for accelerating job creation. As it has since its inception, the council approached its undertaking through an economic-base-job lens — that is, with a focus on attracting to and expanding within New Mexico jobs fueled primarily by revenue originating outside the state.

Most council meetings drew representatives of the economic development community and others motivated to help reduce unemployment and improve the state's economy. Those attendees participated actively in many of the council's discussions, including some focused on identifying the key barriers to job creation. In that context, the topics of broadband infrastructure development and workforce development, among others, surfaced repeatedly.

The council heard presentations by key leaders of public agencies and private entities and industries on a wide range of topics related to overcoming job-creation barriers. Many of those experts spoke on the state of the economy and on their organizations' efforts to position the state to more easily expand employment — both in specific industries and across industries.

The council also formed a subcommittee to explore border-area job creation. The subcommittee met for one day in Santa Teresa — a bright and promising spot for the state economy. Following presentations on development in and expansion planned for the area, the subcommittee toured the region and got a firsthand look at the bustling activity within it.

Toward the end of the interim, the council endorsed the following pieces of legislation:

- Public Regulation Commission jurisdiction over incumbent local exchange carriers (204952.2);
- statewide employment-law uniformity (204767.3);
- Local Economic Development Act funding for broadband infrastructure (205002.1);
- solo-worker program appropriation (205077.2); and
- study of retirement-related tax incentives (205079.1).



## WORK PLAN AND MEETING SCHEDULE



**2016 APPROVED  
WORK PLAN AND MEETING SCHEDULE  
for the  
JOBS COUNCIL**

**Members**

Sen. Mary Kay Papen, Co-Chair  
Rep. Don L. Tripp, Co-Chair  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Stuart Ingle  
Rep. Tim D. Lewis  
Rep. Sarah Maestas Barnes  
Rep. W. Ken Martinez

Sen. George K. Munoz  
Sen. Michael Padilla  
Sen. John C. Ryan  
Sen. Michael S. Sanchez  
Sen. Mimi Stewart  
Sen. Pat Woods

**Advisory Members**

Rep. David E. Adkins  
Rep. Alonzo Baldonado  
Rep. Cathrynn N. Brown  
Sen. William F. Burt  
Sen. Carlos R. Cisneros  
Rep. Kelly K. Fajardo  
Rep. Stephanie Garcia Richard  
Rep. Bealquin Bill Gomez  
Rep. Yvette Herrell

Rep. Conrad James  
Rep. Larry A. Larrañaga  
Rep. Bill McCamley  
Sen. Howie C. Morales  
Sen. Steven P. Neville  
Rep. Debbie A. Rodella  
Rep. Patricia Roybal Caballero  
Sen. William P. Soules  
Rep. Monica Youngblood

**Public Members**

Vicente Alvarado, Business Manager/Financial Secretary, Sheet Metal Worker's Local Union  
No. 49

Dale Armstrong, President, TLC Plumbing & Utility

Scott Bannister, Director, Amistad Family Services

Terry Brunner, State Director, United States Department of Agriculture Rural Development

Terri L. Cole, President and Chief Executive Officer, Greater Albuquerque Chamber of  
Commerce

Jason Espinoza, President and Chief Executive Officer, New Mexico Association of  
Commerce and Industry

William F. Fulginiti, Executive Director, New Mexico Municipal League

Justin Greene, New Urban Design & Development

Steven Kopelman, Executive Director, New Mexico Association of Counties

Sherman McCorkle, Chairman and Chief Executive Officer, Sandia Science & Technology Park  
Development Corporation

Alex O. Romero, Chair, Economic Development Commission, and President and Chief  
Executive Officer, Albuquerque Hispano Chamber of Commerce

Eric Witt, Executive Director, Santa Fe Film Office

## **Guest Members**

The cabinet secretaries of the Department of Finance and Administration, the Economic Development Department, the Higher Education Department, the Tourism Department and the Workforce Solutions Department are invited to participate as guest members at all Jobs Council meetings.

## **Work Plan**

The New Mexico Legislative Council first created the Jobs Council in 2013 to respond to the state's recession-caused jobs loss. The New Mexico Legislative Council recreated the Jobs Council in 2014 and 2015 and again on May 9, 2016.

## **Jobs Council**

During the 2016 interim, the Jobs Council will continue the job-creation assessment process it began in 2013 and continue to identify ways to promote economic-base job creation. To these ends, the council will participate in developing state and regional 10-year economic development plans in conjunction with job-creation stakeholders.

Further, the council will receive testimony on:

- revisions to, and the validity of, local-level jobs data whose collection the Jobs Council has sponsored;
- Jobs Council contractors' efforts to develop a proposal for an accountability and planning program to evaluate the effectiveness of state and local economic development investments;
- Jobs Council contractors' efforts to develop a retirement-oriented job-creation program model;
- Jobs Council contractors' efforts to assess the workforce needs in the health care and technical sectors and the needs for entry-level workers' soft skills;
- job-creation prospects in the categories of: 1) economic development organizations; 2) the visitor-driven economy; 3) innovation-to-enterprise entrepreneurship; 4) federally derived jobs; 5) film and digital media jobs; 6) energy and extractive jobs; 7) agriculture jobs; and 8) attracting retirees;
- measures supported by the Jobs Council in the previous interim, including the council's support for maintaining at least \$50 million in the Local Economic Development Act program and for appropriating \$950,000 for a broadband infrastructure study and broadband infrastructure expansion;
- job-creation strategies of neighboring states experiencing employment growth;
- the urbanization of western states and its implications for employment; and
- other employment-related topics.

Lastly, the council will evaluate legislative measures to strengthen job creation and will consider proposed legislation for endorsement.

### Jobs Council Subcommittee

A subcommittee of the Jobs Council will consist of a limited number of council members and will meet for one day only. The meeting will take place in Santa Teresa. Members of the subcommittee will engage in the Jobs Council's job-creation assessment process. They will focus on economic development and job creation in the New Mexico-Mexico border region.

**Jobs Council  
2016 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
May 27	Santa Fe
July 1	Santa Fe
August 19	Las Cruces
September 12-13	Albuquerque
October 24	Santa Fe

**Jobs Council Subcommittee  
2016 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
August 18	Santa Teresa

# AGENDAS AND MINUTES



**TENTATIVE AGENDA  
for the  
FIRST MEETING  
of the  
JOBS COUNCIL**

**May 27, 2016  
Room 307, State Capitol  
Santa Fe**

**Friday, May 27**

- 10:00 a.m.        **Call to Order**  
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair  
—Representative Don L. Tripp, Speaker of the House of Representatives, Co-Chair
- 10:15 a.m.        (1)    **Jobs Council's Process and Findings**  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico
- 11:30 a.m.        (2)    **Previously Approved Jobs Council Initiatives**  
—Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico
- 12:15 p.m.        (3)    **Proposed Work Plan and Meeting Schedule**  
—Tessa Ryan, Staff Attorney, LCS  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico
- 1:00 p.m.        **Adjourn**



**MINUTES  
of the  
FIRST MEETING  
of the  
JOBS COUNCIL**

**May 27, 2016  
Room 307, State Capitol  
Santa Fe**

The first meeting of the Jobs Council (council) was called to order by Representative Don L. Tripp, co-chair, on May 27, 2016 at 10:03 a.m. in Room 307 of the State Capitol.

**Present**

Sen. Mary Kay Papen, Co-Chair  
Rep. Don L. Tripp, Co-Chair  
Vicente Alvarado  
Dale Armstrong  
Jason Espinoza  
William F. Fulginiti  
Rep. Roberto "Bobby" J. Gonzales  
Justin Greene  
Steven Kopelman  
Rep. Tim D. Lewis  
Rep. Sarah Maestas Barnes  
Sherman McCorkle  
Sen. Michael Padilla  
Alex O. Romero  
Sen. John C. Ryan

**Absent**

Scott Bannister  
Terry Brunner  
Terri L. Cole  
Sen. Stuart Ingle  
Rep. W. Ken Martinez  
Sen. George K. Munoz  
Sen. Michael S. Sanchez  
Sen. Mimi Stewart  
Eric Witt  
Sen. Pat Woods

**Advisory Members**

Rep. Alonzo Baldonado  
Sen. Carlos R. Cisneros  
Rep. Kelly K. Fajardo  
Rep. Stephanie Garcia Richard  
Rep. Conrad James  
Rep. Larry A. Larrañaga  
Rep. Bill McCamley  
Sen. Howie C. Morales  
Rep. Patricia Roybal Caballero  
Sen. William P. Soules

Rep. David E. Adkins  
Rep. Cathrynn N. Brown  
Sen. William F. Burt  
Rep. Bealquin Bill Gomez  
Rep. Yvette Herrell  
Sen. Steven P. Neville  
Rep. Debbie A. Rodella  
Rep. Monica Youngblood

**Guest Members**

Elizabeth Davis, Research and Marketing Director, Economic Development Department (EDD)  
Barbara Damron, Secretary, Higher Education Department (HED)  
Rebecca Latham, Secretary, Tourism Department

**Staff**

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)  
Monica Ewing, Staff Attorney, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**Friday, May 27**

Representative Tripp welcomed council members and attendees. He said that the three-year-old council is unique because its membership includes representatives from executive agencies and the community and its policy recommendations and legislative endorsements are made only with the unanimous support of its members. As a result, legislation endorsed by the council in previous years has had bipartisan support. He explained that during the 2016 interim, the council will focus on several topics aimed at job creation, including a middle school physics program and initiatives to support solo workers.

**Council's Process and Findings**

Mark Lautman, lead program consultant to the council, said that, when the council began, the contract team was asked to develop a process for prioritizing economic development initiatives and legislation. As part of that process, the council estimated the number of new economic-base jobs that should be created over 10 years to ensure the state's economic health and to return the state to pre-recession employment levels. The council also considered which areas of the state could support creation of those jobs and the employment sectors in which the jobs could be created. Those sectors include: business expansion and recruitment; federal government; energy and extractives; visitor-driven industry; retirees; solo workers; film industry; startup businesses and entrepreneurs; and agriculture. In addition, the council discussed the factors that would need to be addressed in each area of the state to improve the job-creation climate.

Mr. Lautman said that in previous years, council meetings and meetings of local economic development representatives were held throughout the state to work toward the council's goals. Data from across the state were collected, and an online database was developed to show local- and state-level data relevant to job creation and the council's work. He explained that local-level population and employment data are important to understanding the unique

economic development and job-creation situation in the diverse areas of the state. Using these data, the council determined that the state could create approximately 160,000 economic-base jobs over the next 10 years and that approximately 140,000 economic-base jobs would need to be created to return the state to pre-recession employment levels.

Mr. Lautman noted the importance of local-level economic development planning to job-creation efforts. He said that identification of "factor of production gaps" — i.e., impediments to job creation — is most effectively undertaken in local communities.

Mr. Lautman noted that some of the council's endorsed initiatives became law, while other initiatives await funding by the legislature. He added that in the months between the 2015 and 2016 interims, the council's contract team, including him, Charles Lehman, another consultant to the council and others, has continued work related to supporting the state's solo workers and the middle school physics program. The physics program has been implemented in 45 schools in Colorado and one school in Gallup. Sixteen other New Mexico schools will implement the program in the next school year. The one-time set-up fee for a school is \$50,000. Some schools have paid that fee through school or community budgets, dedicated tax revenue and, in some cases, using a payment plan. A member noted that there are restrictions on the uses of federal education funding that might prohibit a school from using federal funding for the physics program.

Mr. Lautman reported that a pilot program to support solo-worker job creation is under way in Grants. He added that solo-worker programs can involve either workers who are on an employer's payroll but working remotely or entrepreneurs working alone. Some solo workers face the challenge of being isolated from other workers. A solo-worker support program might address that concern in an effort to reduce worker attrition.

The Grants program will involve an employer whose payroll would, within five years, include between one-third and one-half solo-worker employees. Currently, students at the Grants branch of New Mexico State University can participate in a 144-hour training program, which includes job placement with one of 65 participating employers upon graduation. The program also offers mentors and job coaches for participants and will result in the creation of approximately 120 economic-base jobs in the next five years. Pilot programs like the one in Grants could partner with other programs to identify potential participants among hard-to-employ and chronically poor populations.

A member expressed support for the solo-work pilot program but noted that the success of a given program could depend on whether the program's region has adequate access to broadband. Legislation was introduced in 2016 to address the inadequate broadband infrastructure in many parts of the state. The member said that a public-private partnership model could be used to build the necessary infrastructure for regions lacking broadband access, and the member suggested that the council consider supporting such legislation.

Another member expressed interest in the council's online database and jobs data repository but noted that the data currently show that no jobs have been created in the state. The member asked whether that information would be updated. Mr. Lautman said that in light of recent significant shifts in the state's economy, the information in the database would be reviewed and re-calibrated in July, August and September of this year.

Finally, Mr. Lehman reviewed the council-developed criteria for prioritizing legislation. He reiterated that legislation supported by the council should: be essential to economic-base job creation; create jobs within 10 years; have the unanimous support of the council; and have the support of the legislature, of the executive branch and of constituents.

### **Previously Approved Jobs Council Initiatives**

Ms. Ryan reviewed a summary of legislation endorsed, and initiatives approved, by the council in 2015. She provided information on the status, following the 2016 legislative session, of the bills the council endorsed and the bills that embodied council-approved initiatives. Ms. Ryan also noted that several initiatives were approved by the council in 2015 but were not pursued through legislation in that session.

Remarking that all of the recent recipients of the state's Job Training Incentive Program funds were located in Albuquerque, Los Alamos or Santa Fe, a member asked whether any efforts are being made to award funding outside those few geographic areas. Ms. Ryan replied that the EDD administers that program and that the program received appropriations during the 2016 legislative session, but she did not have information about how the funds are allocated.

Ms. Davis commented that it was difficult for the department to provide rural-area job-creation assistance through any of its programs during the past year. She added that the department markets the Job Training Incentive Program through its statewide regional representatives and that it has considered simplifying the application process. She noted that many cities' economic development organizations are focusing their efforts on pursuits other than the Job Training Incentive Program.

### **Proposed Work Plan and Meeting Schedule**

Ms. Ryan reviewed the 2016 proposed work plan and meeting schedule. She noted that the work plan was developed in cooperation with Mr. Lautman, Mr. Lehman and the council's co-chairs.

Ms. Ryan noted that four new public representatives were added to the council's membership: Scott Bannister, director of Amistad Family Services; William F. Fulginiti, executive director of the New Mexico Municipal League; Justin Greene of New Urban Design & Development; and Steven Kopelman, executive director of the New Mexico Association of Counties.

Ms. Ryan outlined details of the 2016 proposed work plan and meeting schedule. The council proposes to: 1) continue its job-creation assessment process and its efforts to identify ways to promote the creation of economic-base jobs; 2) with stakeholders' participation, create regional 10-year economic development plans; 3) receive testimony on several topics, including regional data collection; an accountability planning program related to economic development investments; a retirement-oriented job-creation program; workforce needs assessment for health care and technical sectors; job-creation prospects in certain sectors; initiatives supported by the council; and other employment-related topics; and 4) evaluate legislative measures for possible endorsement. The council further proposes the creation of a subcommittee for a one-day meeting focused on job creation in the New Mexico-Mexico border region.

Ms. Ryan reviewed the council's proposed meeting schedule, which includes six meeting days.

Representative Tripp emphasized that the council would continue to use a meeting format that uses small discussion groups, which are interactive and productive.

Mr. Lautman added that at its July meeting, the council would review existing job-creation data estimates and make any necessary revisions. The majority of the remaining council meetings would be devoted to discussion of job creation in the various employment sectors. Those discussions would focus on necessary actions to ensure that adequate numbers of jobs are created in each sector and in the various districts throughout the state. The council would also consider workforce supply and demand and health care sector needs.

A member turned the committee's attention to a recent *Albuquerque Journal* special insert that, among other listings, identified the top New Mexico employers for 2016. He suggested that the council receive presentations from some of those employers to learn what makes them successful and how they address employee retention.

Another member suggested that the council focus on workforce education and preparation. The member noted that an organization called Accelerate collaborates with some of the state's higher education institutions to assist students with developing employment "soft" skills. The member asked that the organization be included in the council's workforce deliberations. Mr. Lautman agreed that participation from community stakeholders is essential to the council's work, and Mr. Lehman said that representatives from the organization would be invited to the workforce-related council meeting.

Secretary Damron commented that workforce preparation is the goal of the state's higher education institutions and that those institutions should anticipate workforce needs to ensure that trained students enter the workforce suited to meet employers' needs. To that end, the HED strives to provide quick and effective workforce training for students. She added that the state's higher education remedial system needs improvement and that other remediation models,

including those used in Georgia and Tennessee, are being considered to help better prepare students for post-secondary learning.

Referring to a Legislative Finance Committee report that concluded that 65% of newly created jobs are in the high-tech industry, a member suggested that the council consider the job-creation potential in those industries. The member added that the legislature has made investments in social programs but has not made sufficient investments in the state's infrastructure or its human resources.

In response, Mr. Lautman said that, historically, economic developers could look to the world's economy for clues helpful in building an economic development plan. Now, however, economies have become more locally focused, and workforce migration into a given area is no longer assured. He added that Georgia recently merged its workforce development and economic development executive agencies in recognition that the two efforts should be coordinated.

A member, citing a report of New Mexico's high rate of employment-related litigation, suggested that the council explore the topic and possible measures to reduce the rate.

Secretary Latham remarked that 85% of students who graduate from New Mexico State University with a degree in hospitality start their careers in other states. She noted that a significant percentage of New Mexicans do not pursue higher education, and she remarked that that fact should be considered in economic development and workforce training planning and programs. Additionally, the state should work to promote careers in hospitality, which is one of the few industries in which an entry-level employee without a college degree can eventually earn a six-figure income.

Several members discussed the future management of Sandia National Laboratories and whether the selected manager would be encouraged to award contracts to New Mexico companies. A member conjectured that a manager could be named by September 2016.

Following the council's discussion, the proposed work plan and meeting schedule were approved without objection.

Mr. Lautman and members of the council agreed that stakeholders should be identified and invited to relevant council meetings. Mr. Lautman noted that he and other members of the contract team could provide an overview of the council's previous work and process to any interested new members.

### **Adjournment**

There being no further business before the council, the first meeting of the Jobs Council adjourned at 12:32 p.m.

Revised: June 28, 2016

**TENTATIVE AGENDA  
for the  
SECOND MEETING  
of the  
JOBS COUNCIL**

**July 1, 2016  
Jemez Rooms  
Santa Fe Community College  
Santa Fe**

**Friday, July 1**

- 9:00 a.m.           **Call to Order and Introductions**  
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair  
—Representative Don L. Tripp, Speaker of the House of Representatives, Co-Chair
- 9:20 a.m.           **Welcome**  
—Randy Grissom, President, Santa Fe Community College
- 9:40 a.m.           (1) **[Approval of Minutes from the May 2016 Meeting; Approval of Subcommittee Expenditures](#)**
- 9:45 a.m.           (2) **[Update from the Economic Development Department \(EDD\)](#)**  
—Jon Barela, Secretary, EDD
- 10:15 a.m.          (3) **[Review of Compiled North Central and Eastern Plains Regions' Jobs Data; Overview of Roundtable Deliberations](#)**  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture
- 11:15 a.m.          (4) **[Roundtable Deliberations — Job Creation Projections by Sector and County](#)**
- North Central Region
  - Eastern Plains Region
- 12:00 noon           **Working Lunch**
- 1:15 p.m.           **Roundtable Reports**

- 2:00 p.m. (5) [Roundtable Deliberations — Impediments to Job Creation by Sector and County](#)
- North Central Region
  - Eastern Plains Region

3:15 p.m. **Roundtable Reports**

- 4:00 p.m. (6) [Previously Approved Legislative Initiatives for Job Creation](#)  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic  
Architecture

5:00 p.m. **Adjourn**

**MINUTES  
of the  
SECOND MEETING  
of the  
JOBS COUNCIL**

**July 1, 2016  
Jemez Rooms  
Santa Fe Community College  
Santa Fe**

The second meeting of the Jobs Council (council) was called to order by Representative Don L. Tripp, co-chair, on July 1, 2016 at 9:09 a.m. at the Santa Fe Community College (SFCC) in Santa Fe.

**Present**

Sen. Mary Kay Papen, Co-Chair  
Rep. Don L. Tripp, Co-Chair  
Vicente Alvarado  
Terri Cole  
Jason Espinoza  
William F. Fulginiti  
Justin Greene  
Sen. Stuart Ingle  
Steven Kopelman  
Rep. Tim D. Lewis  
Rep. Sarah Maestas Barnes  
Sherman McCorkle  
Sen. George K. Munoz  
Sen. Michael Padilla  
Alex O. Romero  
Sen. Pat Woods

**Absent**

Dale Armstrong  
Scott Bannister  
Terry Brunner  
Rep. Roberto "Bobby" J. Gonzales  
Rep. W. Ken Martinez  
Sen. John C. Ryan  
Sen. Michael S. Sanchez  
Sen. Mimi Stewart  
Eric Witt

**Advisory Members**

Rep. David E. Adkins  
Rep. Alonzo Baldonado  
Sen. Carlos R. Cisneros  
Rep. Kelly K. Fajardo  
Rep. Bealquin Bill Gomez  
Rep. Larry A. Larrañaga  
Rep. Bill McCamley  
Sen. Howie C. Morales  
Rep. Debbie A. Rodella  
Rep. Monica Youngblood

Rep. Cathrynn N. Brown  
Sen. William F. Burt  
Rep. Stephanie Garcia Richard  
Rep. Yvette Herrell  
Rep. Conrad James  
Sen. Steven P. Neville  
Rep. Patricia Roybal Caballero  
Sen. William P. Soules

## **Guest Members**

Jon Barela, Secretary, Economic Development Department (EDD)  
Rebecca Latham, Secretary, Tourism Department

## **Staff**

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)  
Monica Ewing, Staff Attorney, LCS

## **Guests**

The guest list is in the meeting file.

## **Handouts**

Handouts and other written testimony are in the meeting file.

## **Friday, July 1**

### **Welcome**

Randy Grissom, president, SFCC, welcomed the group to the campus. He said that the school focuses on workforce development and encourages graduates' efforts to start their own businesses. He noted that employment opportunities in health care are abundant and that the SFCC recently received a federal grant to help the college align its curriculum with health care employers' needs. The college's business incubator is currently assisting six developing businesses, some of which are employing students. He highlighted the work of one business that is working on sequencing the DNA of naturally sourced drugs, which could eventually help reduce production times for those drugs.

### **Overview of Jobs Council and Meeting Agenda**

Mark Lautman, lead program consultant to the council, said that the council's next three meetings would be deliberative sessions in which the group would re-calibrate the job-creation estimates developed by the council in previous interims for each county in the state. During those three sessions, the council and other participants would refine estimates of projected population, work-eligible population, economic-base jobs needed, economic-base jobs that can be created and factors of production that could affect the creation of jobs. He said that the council would consider whether the necessary planning and leadership are under way in each county to ensure that jobs that can be created will be created.

Mr. Lautman said that, because conditions in the agricultural, oil and gas and manufacturing sectors have changed over the past year, the council's job-creation estimates related to those sectors, and others, would need revision.

He explained that the meeting focus would be on revision of the North Central and Eastern Plains councils of governments (COG) districts' estimates. In preparation for the meeting, Mr. Lautman and others met to discuss the estimates in the two districts. That process

would be repeated before the council's August meeting — at which the Southeastern, South Central and Southwestern COG districts' estimates would be reconsidered — and before the September meeting — at which the Northwestern and Mid-Region COG estimates will be considered. He said it would be ideal to have representatives from each county participating in the discussions.

Mr. Lautman said that the job-creation estimates and data developed during the council's past meetings have been uploaded to a publicly accessible online database. The council's consultants are also working to develop a tool that will allow a policymaker, economic development professional or other interested person to examine 10 to 20 factors to help identify the types and scope of economic development and job-creation programs needed to facilitate the creation of jobs in each employment sector.

Over the previous three years, the council has focused on returning the state to pre-recession employment levels through the creation of economic-base jobs, which are jobs that involve the purchase of goods or services by consumers outside New Mexico. Mr. Lautman said that if the economic base of the state grows faster than the state's population, the state's economy will grow. He added that not all of a community's economic development work is focused on the economic base, but the council chose to focus on the economic base in an effort to help the state's workers recover from the recession.

Factors that influence the state's ability to create jobs include the fast rate at which baby boomers are leaving the market and the mismatch between workers' skills and the skills sought by employers. In addition, advances in technology are eliminating certain jobs. As a result, economic development is more difficult than it was in the past, and there is increasing pressure on job-creation programs.

### **Approval of Minutes and Expenses**

The minutes from the council's first meeting and the council's subcommittee expenses were approved without objection.

### **Update from the EDD**

Jon Barela, secretary of economic development, expressed his appreciation for the council's bipartisan efforts. He credited the council and other professionals for the recent creation of 900 jobs with Safelite Autoglass in Rio Rancho. He noted that Safelite cited the state's tax-friendly business environment and economic development programs as reasons for the company's choice to locate in Rio Rancho rather than Texas. Secretary Barela announced that the last three economic development projects recruited by the state were projects for which New Mexico competed with Texas.

Secretary Barela said that, in 2015, New Mexico was ranked as one of the two states with the most improved business climate in the country, and April 2016 brought Albuquerque's best month for job growth since 2007. He said that many employers interested in doing business in

New Mexico inquire about worker-training programs, so the state's Job Training Incentive Program (JTIP) is one of department's most important recruitment tools. In fiscal year (FY) 2015, the program exceeded all of its metrics, and in FY 2016, the program exceeded its previous year's metrics. For this reason, the department will request that \$10 million be appropriated for the program in the next legislative session.

The state's Local Economic Development Act (LEDA) funding for certain economic development projects is another essential recruitment tool for the EDD, Secretary Barela said. He added that: \$2 million in LEDA funding was used to secure the Safelight deal; having money available for LEDA-qualified projects makes New Mexico more competitive with states like Texas, whose state- and local-level closing funds have fewer spending restrictions; and almost half of the projects funded through the LEDA in fiscal years 2015 and 2016 were in rural areas.

Secretary Barela went on to say that the EDD's MainStreet Program has been nationally recognized. He believes that the program — which focuses on preservation of historic areas and communities — is one of the department's most successful programs; it exceeded all of its metrics in FY 2015. The program supported 248 private building renovations and 548 net new jobs and leveraged over \$20 million in private reinvestment in communities. The program helps draw economic activity to rural areas, which benefits every employment sector. He promoted continued investment in the program.

Secretary Barela highlighted the EDD's Office of Science and Technology and emphasized the importance of marketing the state's research capacity and developing technologies to create jobs. The state received a \$1.4 million federal grant to help communities adjust to shifts in federal defense spending.

The Film Office, Secretary Barela said, is one of the strongest film programs in the country. The office far exceeded its FY 2016 targets. It supported 260,000 worker days and 63 projects and created \$387.2 million in direct spending in the state. The office has expanded to include digital media projects.

Secretary Barela said that, five years ago, trade between New Hampshire and Mexico exceeded trade between New Mexico and Mexico. Jobs that were moved offshore to other countries are beginning to return to Mexico, and the state is part of a binational effort to improve economic development in the region. Master planning efforts are under way to create jobs on both sides of the New Mexico-Mexico border, and 16,000 jobs in New Mexico are supported by these bipartisan efforts. He underscored the importance of positive trade relations with Mexico and said that the EDD is committed to creating a successful relationship with that nation. He noted the success of economic activity in the borderplex region and the importance of the extension of the overweight cargo zone enacted by law in 2015.

Secretary Barela noted that, during the 2017 legislative session, the EDD would pursue many initiatives and continue to work with the council as it develops its initiatives. Specifically,

the department will seek: \$10 million in funding for the JTIP; continued funding for the LEDA; increased funding for the New Mexico Partnership; increased department funding; continued support for rural development initiatives; \$1.25 million for MainStreet; and state designation for enterprise zones.

Secretary Barela said that the department has already committed \$35 million to LEDA projects and in the form of offers to companies considering New Mexico as a place to do business. He noted that the New Mexico Partnership needs more funding for its marketing efforts.

In response to a question of whether the department has a list of rural communities in which LEDA projects have been completed, Secretary Barela said that that information is available on the department's website.

In response to a member's comment about workforce training, Secretary Barela expressed appreciation for the passage of legislation to create the Rapid Workforce Development Fund and said that appropriation of money for that purpose could help companies, such as Safelite, that need Spanish-speaking employees.

### **Review of Compiled North Central and Eastern Plains Regions' Jobs Data; Overview of Roundtable Deliberations**

Mr. Lautman presented notes from meetings held in preparation for the council's meeting to discuss potential revisions to the job-creation estimates and other data for the Eastern Plains and North Central regions. He recalled that participants from those regions were asked to assess population growth and other factors related to the creation of economic-base jobs, and the estimates developed by those participants would be the subject of the group's consideration and possible revision.

### **Roundtable Deliberations — Job-Creation Projections by Sector and County**

#### ***Eastern Plains Region***

#### **Curry County**

The group considered previous estimates for the county, discussed the creation of solo-worker support programs and support for start-up companies through small business development centers and revised the county's estimates as follows:

- increased the number of potential jobs created by start-up companies from 15 to 150; and
- increased the number of potential solo-worker jobs from five to 250.

A participant asked how retirees factor into the council's job-creation estimates. Mr. Lautman responded that a retiree whose income is at 200% or more of the federal poverty level would be counted as an economic-base worker if a community develops a retiree community and recruits retirees from out of state to that community. A member suggested that changes to tax

laws could encourage retirees to relocate to New Mexico. Mr. Lautman responded that the value of any tax breaks for retirees should be balanced against the degree of retiree spending in the community.

### Union County

The group considered previous estimates for the county's unemployment numbers. Mr. Lautman said that the council's goal was not to develop a job-creation estimate for residents who are not qualified, not willing or not able to work. The group revised the county's estimates as follows:

- increased the number of potential jobs created in the visitor-driven sector from 25 to 50;
- increased the number of potential solo-worker jobs from 10 to 30;
- increased the number of potential jobs created by start-up companies from zero to 20;
- increased the number of jobs created by retirees locating to the county to 30; and
- revised the county's unemployment rate to 3%.

Mr. Lautman noted that factor-of-production gaps could prevent the creation of jobs and that an understanding of the number of jobs at stake in connection with a particular factor of production could help guide policy changes. Factor-of-production gap solutions considered by the council are those tied to the creation of economic-base jobs.

A member suggested that work on JTIP, LEDA and right-to-work policies could help with job creation. Mr. Lautman noted that during the council's upcoming meetings, participants would identify precise legislative solutions to overcome factor-of-production gaps.

### Harding County

The group considered previous estimates for the county and revised the county's estimates as follows:

- reduced the workforce participation rate from 45% to 35%;
- increased the economic-base job rate from 45% to 75%; and
- increased the number of jobs created by retirees locating to the county to five.

### Quay County

The group considered previous estimates for the county and the fact that the county's population would likely decrease over the next 10 years as it has over the past three years. The group revised the county's estimates as follows:

- reduced the estimated population from 12,000 to 9,000;
- increased the number of potential jobs created by start-up companies from three to 125;
- increased the number of jobs created by retirees locating to the county to 50; and

- revised the county's unemployment rate to 3%.

The group discussed new manufacturing start-up companies in the county that would likely create economic-base jobs.

#### Guadalupe County

The group considered previous estimates for the county and discussed the fact that the visitor-driven industry in the county has resulted in the creation of 100 new jobs, many of which are economic-base jobs. The group revised the county's estimates as follows:

- reduced the estimated population from 5,200 to 4,600;
- increased the economic-base job rate from 40% to 50%;
- increased the number of potential federal government sector jobs from zero to five;
- increased the number of potential jobs created in the visitor-driven sector from five to 100; and
- increased the number of jobs created by retirees locating to the county to five.

#### DeBaca County

The group considered previous estimates for the county and the influence of the work of the area's small business development council. The group revised the county's estimates as follows:

- increased the economic-base job rate from 40% to 50%;
- increased the number of potential jobs created by start-up companies from zero to 10; and
- increased the number of jobs created by retirees locating to the county to 20.

#### Roosevelt County

The group considered previous estimates for the county and discussed the fact that some growth is likely following the resolution of certain issues in agricultural and natural resources. The group revised the county's estimates as follows:

- reduced the workforce participation rate from 48% to 40%;
- increased the economic-base job rate from 45% to 55%; and
- increased the number of potential jobs created in the energy and extractives industries from 20 to 40.

During the council's lunch break, Ms. Cole recognized Senator Papen for her work on the Assisted Outpatient Treatment Act during the 2016 session, and Mr. McCorkle recognized Representative Tripp for his business advocacy work in New Mexico.

## ***North Central Region***

### **Rio Arriba County**

The group considered previous estimates for the county and discussed the county's decreasing population, which could be offset by the housing shortages in Los Alamos County, a trend that tends to result in new residents for Rio Arriba County. The group revised the county's estimates as follows:

- reduced the workforce participation rate from 50% to 38%;
- increased the economic-base job attrition rate from 20% to 25%;
- increased the economic-base job rate from 36% to 60%;
- reduced the number of potential jobs created in the visitor-driven sector from 1,500 to 500; and
- increased, to 400, the number of jobs created by retirees locating to the county.

### **Taos County**

The group considered previous estimates for the county and discussed investments in the Taos Ski Valley and the likelihood of creation of related jobs. A member noted that broadband access would be an important factor for job creation in Taos County because many people who would like to live there rely on an internet connection for employment. Another member commented that Taos County's broadband access is among the best in the state. The group revised the county's estimates as follows:

- increased the economic-base job rate from 36% to 50%;
- increased the number of potential jobs created in the visitor-driven sector from 700 to 800;
- increased the number of potential solo-worker jobs from 200 to 400;
- increased the number of potential jobs created by start-up companies from 50 to 150; and
- increased the number of jobs created by retirees locating to the county to 150.

### **Los Alamos County**

The group considered previous estimates for the county and the fact that Los Alamos National Laboratory (LANL) employees live in Los Alamos, Santa Fe and Rio Arriba counties, in approximately equal proportion. Increasing numbers of LANL employees are staying in the county after retirement, but the county is losing its younger population. In response to a participant's question, Mr. Lautman said that a job with a national monument would be counted in the federal government sector, rather than the visitor-driven sector, and he emphasized the importance of counting jobs in just one sector. The group revised the county's estimates as follows:

- reduced the estimated population from 19,980 to 18,500;
- increased the economic-base job rate from 36% to 50%;
- increased the economic-base job attrition rate from 20% to 30%;

- reduced the number of potential jobs created in the visitor-driven sector from 1,500 to 400;
- reduced the number of potential federal government jobs from 2,550 to 500;
- reduced the number of potential jobs in the film industry from 115 to 50;
- increased the number of potential jobs created by start-up companies from 100 to 300; and
- increased the number of jobs created by retirees locating to the county to 300.

A member noted that the lack of commercial real estate is a factor-of-production gap that should be considered in several counties. Regarding the film industry, another member noted that the primary factor-of-production gap is the lack of industry-related facilities, not tax incentives. Mr. Lautman recommended that, before the council's next meeting, participants with connections to the film industry meet to consider the factor-of-production gaps in that sector.

#### Santa Fe County

The group considered previous estimates for the county and discussed the county's tourism industry, which is successful, but which is not creating many economic-base jobs. The group revised the county's estimates as follows:

- reduced the workforce participation rate from 48% to 46%;
- increased the economic-base job attrition rate from 20% to 25%;
- reduced the number of potential jobs created through employer expansions or relocations from 1,700 to 1,500;
- reduced the number of potential federal government jobs from 3,480 to 1,200; and
- reduced the number of potential jobs created in the visitor-driven sector from 2,500 to 1,000.

#### Colfax County

The group considered previous estimates for the county and revised the county's estimates as follows:

- increased the estimated population from 12,400 to 13,250;
- reduced the workforce participation rate from 57% to 37%;
- increased the economic-base job rate from 36% to 50%;
- increased the number of potential solo-worker jobs from 10 to 15; and
- increased the number of potential jobs created in the visitor-driven sector from 100 to 200.

#### Mora County

The group considered previous estimates for the county and revised the county's estimates as follows:

- increased the economic-base job rate from 36% to 50%;

- increased the number of potential jobs created by start-up companies from zero to 20; and
- reduced the number of potential jobs created in the visitor-driven sector from 100 to 15.

### San Miguel County

The group considered previous estimates for the county and revised the county's estimates as follows:

- reduced the estimated population from 29,500 to 28,541;
- reduced the workforce participation rate from 46% to 38%;
- increased the economic-base job rate from 36% to 45%;
- increased the number of potential solo-worker jobs from 100 to 300;
- reduced the number of potential jobs created in the visitor-driven sector from 500 to 300;
- reduced the number of potential federal government jobs from 290 to 150; and
- reduced the number of potential jobs created through employer expansions or relocations from 285 to 125.

### **Roundtable Deliberations — Impediments to Job Creation by Sector and County**

Mr. Lautman described the development of a "sales pipeline calculator", a tool to be used by the council and policymakers to assess the programs and needs in a particular sector. As an example, Mr. Lautman said that he suspects that Albuquerque needs eight additional economic development professionals based on the number of transactions needed to continue growing the economy there. He showed the group how the calculator tool could be used to capture data for use in justifying policy recommendations to increase economic development staffing in Albuquerque. He referred to legislation that, if funded, could help increase the number of economic development professionals in the state. He noted that Georgia has 325 certified economic development professionals, while New Mexico has only about four.

A participant asked whether the conversion rates used in the calculator tool would vary based on the community in question, and Mr. Lautman confirmed that the rates would be adjusted. The tool would also track professionals, transactions and projects, by sector.

The revisions made to the estimates for each county in the Eastern Plains and North Central regions were approved by the council without objection.

Mr. Lautman informed participants that he established a Facebook page for the council and encouraged participants to follow and use the page to stay involved in the development of job-creation estimates and the council's work.

Mr. Lautman referred council members to a list of legislative initiatives previously considered or approved by the council. He reminded members of the importance of identifying

bipartisan sponsors from both houses of the legislature, as well as executive branch and community support, for the council's 2017 legislative initiatives.

**Adjournment**

There being no further business before the council, the second meeting of the council adjourned at 3:54 p.m.



Revised: August 15, 2016

**TENTATIVE AGENDA  
for the  
FIRST MEETING  
of the  
JOBS COUNCIL SUBCOMMITTEE**

**August 18, 2016  
Gadsden Independent School District Administrative Complex  
4950 McNutt Road  
Sunland Park**

**Thursday, August 18**

- 10:45 a.m.        **Call to Order and Introductions**  
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair  
—Representative Don L. Tripp, Speaker of the House of Representatives,  
Co-Chair
- 10:50 a.m.        **Welcome**  
—Jerry Pacheco, President, Border Industrial Association; Executive  
Director, International Business Accelerator
- 11:00 a.m.        (1) **Transportation Infrastructure at the Santa Teresa Port of Entry**  
—Homer Bernal, International Programs Planner, Department of  
Transportation
- 12:00 noon        (2) **Overview of the Santa Teresa Project (Working Lunch)**  
—Jerry Pacheco, President, Border Industrial Association; Executive  
Director, International Business Accelerator  
—Representative Bill McCamley
- 12:45 p.m.        (3) **Overview of the Binational Community: Santa Teresa, San Jerónimo  
and San Jose**  
—Hildeberto Moreno, Regional Manager, IDI Gazeley  
—Chris Lyons, President, Paseo del Norte Limited Partnership  
—Octavio Lugo, San Jerónimo Services  
—Carlos Hernandez, San Jerónimo Services  
—Keith Boone, Chief Executive Officer, Indesa
- 1:45 p.m.        (4) **Update on Union Pacific's Santa Teresa Project**  
—Ivan Jaime, Director of Public Affairs, Union Pacific

- 2:15 p.m. (5) **Small Business Assistance and International Trade Outreach**  
—Russell Wyrick, State Director, New Mexico Small Business  
Development Center (SBDC)  
—Adriene Gallegos, Associate State Director, New Mexico SBDC
- 2:45 p.m. (6) **Infrastructure Projects and Issues in the Border Region**  
—Brent Westmoreland, Executive Director, Camino Real Regional Utility  
Authority  
—Tommy Trujillo, Energy Contracts Administrator, New Mexico Gas  
Company  
—Lloyd Hatch, Director, Business and Economic Development, New  
Mexico Gas Company  
—Vickie Galindo, Director, Customized Training Program, Dona Ana  
Community College
- 3:45 p.m. **Adjourn**
- 3:50 p.m.-  
4:45 p.m. **Tour of the Santa Teresa Industrial Base**  
\*For Jobs Council Subcommittee members and staff only.

**MINUTES  
of the  
FIRST MEETING  
of the  
JOBS COUNCIL SUBCOMMITTEE**

**August 18, 2016  
Gadsden Independent School District Administrative Complex  
4950 McNutt Road  
Sunland Park**

The first meeting of the Jobs Council Subcommittee for the 2016 interim was called to order by Senator Mary Kay Papen, co-chair, at 11:19 a.m. on August 18, 2016 in the Gadsden Independent School District Administrative Complex in Sunland Park.

**Present**

Sen. Mary Kay Papen, Co-Chair  
Rep. Don L. Tripp, Co-Chair  
Vicente Alvarado  
Sen. William F. Burt  
Sen. Pete Campos  
Sen. Carlos R. Cisneros  
Jason Espinoza  
Rep. Bealquin Bill Gomez  
Rep. Roberto "Bobby" J. Gonzales  
Rep. Yvette Herrell  
Rep. Larry A. Larrañaga  
Rep. Bill McCamley  
Brian Moore (for Steven Kopelman)  
Sen. Michael Padilla  
Sen. William P. Soules

**Absent**

**Staff**

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)  
Jeff Eaton, Research and Fiscal Policy Analyst, LCS  
Mark Edwards, Drafter, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**Thursday, August 18**

**Welcome**

Jerry Pacheco, president of the Border Industrial Association (BIA) and executive director of the International Business Accelerator (IBA), welcomed the subcommittee to New Mexico's border with Mexico and stated that it was important to the region for legislators to see the growth in the region firsthand. He then introduced Efren Yturalde, the superintendent of the Gadsden Independent School District (GISD). Superintendent Yturalde welcomed subcommittee members to the GISD boardroom, noting that the building had originally been a small hospital.

**Transportation Infrastructure at the Santa Teresa Port of Entry**

Homer Bernal, international programs planner, Department of Transportation (DOT), talked about the growing commercial and public demand for improved and expanded transportation systems in the border region and the planning needed to meet that demand. To frame the factors creating the demand, he stated that two major international freight corridors have been, or are being, built and expanded within the United States (U.S.) and Mexico (see page 10 of the presentation handout), as follows.

— **United States' Union Pacific (UP) Intermodal Rail Yard.** Two traditional systems for international shipping between the Pacific Ocean and the Gulf of Mexico are Interstate 10 (I-10) between the ports of Long Beach, California, and Galveston, Texas, and the somewhat parallel UP rail line between Long Beach and the Port of New Orleans. When UP opened its intermodal facility in spring 2014, it greatly expanded the potential for both connections between the Chihuahuan maquiladora industries and these east-west shipping routes, as well as for north-south commerce between the U.S. and Mexico.

— **Mexico's Northern Economic Corridor Plan.** Mexico is committing substantial resources to expanding its transportation infrastructure for commerce. Mr. Bernal pointed out that as part of a developing corridor between Mexico's port at Mazatlan and Ciudad Chihuahua, construction on the \$4 billion Durango-Mazatlan highway bridge is complete.

Tying into these national corridors, Mr. Bernal said that each of the border states has been developing cross-border transportation master plans. He said that Mexico participated in the development of these plans at its federal, state and local levels. He noted that California completed its plan in 2008, that Texas has three regional plans and that Arizona recently completed its plan. He named the three main objectives of the New Mexico-Chihuahua border master plan, which has just been completed: 1) to increase the understanding of land ports of entry (LPOEs) for development planning; 2) to create a method for prioritizing LPOE development and related transportation infrastructure; and 3) to institutionalize cross-border communication on transportation development.

Mr. Bernal pointed out that the Santa Teresa-San Jeronimo LPOE serves as the nexus for both U.S.-Mexico border freight shipment corridors. He enumerated several local developments within the cross-border region and each one's associated effect on the area's transportation system.

— **UP Intermodal Rail Yard.** The intermodal facility has generated a large increase in commercial truck traffic. Northbound truck traffic rose to more than 102,000 trips at the Santa Teresa LPOE in 2015. Mr. Bernal noted that the overweight zone created by the legislature greatly helps commerce by relieving shippers from having to divide short-distance cross-border shipments among smaller trucks. However, the corridor for this traffic, State Highway 136 (also known as the Pete V. Domenici Memorial Highway), needs a complete replacement of asphalt and reinforced concrete. Anticipating a limited funding stream, the DOT plans to do this in three phases starting in summer 2017. The replacement could be completed in a single phase if funding is available.

— **Los Santos Industrial Parks.** Los Santos is the name for combined cross-border development that includes Santa Teresa, New Mexico, and its sister communities on the Mexican side, San Jeronimo and San Jose del Sol. The growing industrial job base in Los Santos is creating more traffic from commercial trucks and commuters.

— **Foxconn/U.S. Department of Homeland Security Public-Private Partnership (PPP) and the U.S. Customs and Border Protection Pilot Project.** These initiatives involve a PPP to place U.S. customs agents within the large Foxconn computer manufacturing facility in San Jeronimo; extending commercial vehicle border inspection hours; and developing mutual recognition agreements between U.S. and Mexican customs agencies.

— **International Port of Entry for Privately Owned Vehicles.** Traffic at the Santa Teresa LPOE includes pedestrian pick-up and drop-off and northbound vehicle traffic, which, not counting commercial trucks, reached nearly 560,000 trips in 2015.

— **Texas DOT's Border West Project.** The Santa Teresa-Sunland Park area is contiguous with El Paso, Texas. Santa Teresa and Sunland Park are served by three main arterial roads that roughly form a triangle:

(1) the Pete V. Domenici Memorial Highway on the west becomes El Paso's Artcraft Road at the border and directly connects the Santa Teresa LPOE to I-10 on the north side of El Paso;

(2) McNutt Road on the east running from a connecting point with south El Paso up the New Mexico-Texas border to the Pete V. Domenici Memorial Highway; and

(3) Airport Road, which connects McNutt Road to the Pete V. Domenici Memorial Highway on the south.

Mr. Bernal said that Texas' Border West project is under construction and will eventually connect east and west El Paso. However, the construction is causing a traffic bottleneck on Artcraft Road and requires closure of parts of McNutt Road for eight months. Commercial vehicles are rerouting to other streets to get to I-10, and those vehicles are creating a lot of congestion and wear and tear on the streets.

Mr. Bernal noted that the Columbus border crossing is the only one in New Mexico that is open 24 hours a day, but the expectation is that the hours at the Santa Teresa LPOE will be extended. He said that the recently completed Chihuahua Border Master Plan is intended to anticipate the developing transportation needs along the New Mexico-Chihuahua border from the Antelope Wells border crossing to the Santa Teresa LPOE. The plan includes the 55-miles-per-hour speed limit on roads within 10 miles of each side of the border.

In addition, the DOT received a federal Transportation Investment Generating Economic Recovery grant for a focused study of transportation system needs in the Santa Teresa area. Mr. Bernal said the study, called the Santa Teresa Border Area Transportation (STBAT) Plan, is intended to examine the links between transportation infrastructure and economic development. The STBAT Plan will incorporate county and local information to determine the needs of commuters and businesses, including projected demand for transit services. He said the study should be complete by the end of the year.

The subcommittee then entered into a general discussion, wherein Mr. Bernal responded to questions from subcommittee members. Mr. Bernal said that the STBAT Plan will include both road and rail connections, including anticipated railroad construction on the Mexican side. He further said that there has been a lot of funding for new road construction in Chihuahua, so a road connecting the Columbus-Las Palomas LPOE to the Santa Teresa-San Jeronimo LPOE might be possible. However, he said, Chihuahua just elected a new governor, so funding priorities may change.

Regarding a rail bypass study being conducted by New Mexico's Border Authority and the State of Chihuahua, Mr. Bernal said the idea was to move freight shipments out of the urban centers of El Paso and Juarez to the more open land in San Jeronimo, with a connection to the UP rail line, which links with other northern connections. He said that the study has been in the works since 2008, but implementation will require environmental analyses. He said he did not know whether the increased cross-border freight shipments would require additional intermodal loading facilities elsewhere in New Mexico. Planning for additional facilities would require ongoing dialogue with the business community.

Summarizing his presentation, Mr. Bernal said that the subcommittee should look at the Santa Teresa LPOE within both a local framework and an international framework. Within the local framework, he suggested five key points to remember:

(1) the Santa Teresa LPOE has two big magnets: the Foxconn computer factory in Mexico and the UP intermodal rail yard. These businesses are focused on distribution and intermodal needs;

(2) the business community is constantly monitoring and comparing cross-border wait times between the Bridge of the Americas and the Zaragoza crossings in El Paso and Santa Teresa. By late September, a binational study sponsored by the Federal Highway Administration (FHA) should be completed. The FHA is looking at customs inspections, weigh stations and other potential causes of delays at border crossings;

(3) the DOT is studying potential construction of a new trucking route that will shorten the wait time to get from the Santa Teresa LPOE to I-10. Alternatives include connecting to and expanding New Mexico State Road 404 and building a direct road to I-10 on the west side of Las Cruces;

(4) the expanded overweight zone, which allows for truck loads using the 96,000-pound limit used by Mexican truckers instead of the 80,000-pound limit used in New Mexico, is working. It is bringing in a lot more business. However, the expansion of the area and increased traffic are placing greater demand on local road systems and the DOT; and

(5) New Mexico needs to be aware of the increased development of transportation infrastructure in Mexico, including the extension of roads from Juarez to San Jeronimo and routes directly from Ciudad Chihuahua to San Jeronimo.

Regarding the international framework, Mr. Bernal directed the subcommittee's attention to the information on pages 13 and 14 of the DOT handout titled "Economic Competitiveness" and "International Freight Corridor". He noted that the figures from the U.S. Census Bureau need to be updated but that in 2012, trade shipments by land between Mexico and the U.S. reached \$500 billion after four years of growth. He noted, too, that on a broader scale, Santa Teresa sits directly in the middle of a major international logistics route: the I-10/UP rail line freight corridor, which competes with the Panama Canal for shipping between the Pacific and Atlantic oceans.

In conclusion, Mr. Bernal directed the subcommittee's attention to the last page of the DOT handout titled "Next Steps", which lists the projected costs of the various studies and projects outlined in his presentation.

### **Overview of the Santa Teresa Project**

Representative McCamley opened the panel presentation by stating that Santa Teresa has become the ninth-largest trade center in the country. He said that the border industrial area is producing 200 to 500 jobs a year, which constitute one-third of the target set by the Jobs Council for new jobs in Dona Ana County. He highlighted that these jobs numbers include only the jobs created in the industrial parks — not those from their multiplying effects.

Representative McCamley said that to continue to grow, the border industrial area needs expansion; improvements to its transportation infrastructure (roads, rail connections and airport facilities); improvements to its water and wastewater infrastructure; and an extension of the hours that the Santa Teresa border crossing is in operation. He said that the Santa Teresa border crossing closes at 8:00 p.m. each night, while the El Paso border crossing is open 24 hours a day. Extending the Santa Teresa hours to midnight would cost \$1 million a year, Representative McCamley said. The federal government would allow a PPP to pay that cost, and one company has already pledged to cover one-fourth of the cost. He expressed confidence that if the state would pledge \$500,000, additional private-sector contributions would become available to cover the remaining cost. Additionally, he said, border crossings are a federal responsibility. He conjectured that if the hours were extended for a year, demonstrated demand for the extended hours would prompt the federal government to assume the cost to continue extended hours as it does for other border crossings.

Mr. Pacheco and Joshua Orozco, research specialist, IBA, gave a presentation on the potential created by Santa Teresa to diversify New Mexico's job market through trade (see the handout titled "Santa Teresa-New Mexico's Strategic Advantage"). Mr. Pacheco noted that, for 25 years, he has been predicting that Santa Teresa would become a major jobs creator, which it has now become. He highlighted six points that he asked subcommittee members to take away from the meeting's presentations:

(1) Santa Teresa in particular, and New Mexico in general, have geographically strategic advantages within international trade logistics routes;

(2) Santa Teresa is already growing. The question is how to maximize its growth, not whether to gamble on hopeful projections;

(3) Santa Teresa's companies supply components to the maquiladora industries. Businesses across New Mexico should look for opportunities to meet the market demands for raw materials and subcomponents created by Santa Teresa's companies;

(4) the developing binational community is more than simply industrial development; it will become a world-class city based on sustainable living;

(5) Chihuahua has a dynamic and thriving economy. New Mexico can use its proximity to Chihuahua as a major economic driver; and

(6) the private sectors in Santa Teresa, San Jeronimo and San Jose del Sol are working together to create a one-of-a-kind binational master-planned community, Los Santos, that will attract investment from around the world.

Expanding on the concept of Santa Teresa's strategic location, Mr. Orozco noted that Santa Teresa is on the Long Beach-to-New Orleans rail and highway freight corridor and is

positioned to meet two new changes in the shipping industry: 1) the changing pattern for shipments of Asian goods into the U.S.; and 2) the growth of Mexico's manufacturing industry.

Mr. Orozco noted that Long Beach has traditionally been the major port of entry for goods from the Pacific Rim countries. He said that California has used the Long Beach nexus as the basis to develop a whole industry further in-state to warehouse and modify goods coming off boats before those goods are shipped to customers. However, the port has become a bottleneck in shipping logistics. To bypass the bottleneck, increasingly, goods are being shipped to Mexican ports for later trans-shipment to the U.S. In essence, as Mexico builds transportation systems from the port of Mazatlan and elsewhere to San Jeronimo, the Santa Teresa port of entry is becoming an inland port. If New Mexico can develop a warehousing and modification industry to capture just 1% to 2% of the market currently connected to Long Beach, that industry would be worth billions of dollars. However, he noted that a chief competitor for this alternative shipping market is Houston, Texas. Houston has significantly remodeled its port in anticipation of the recent expansion of the Panama Canal.

Mr. Orozco next explained his second key point — Mexico's growing manufacturing sector. He noted that shipping costs are causing many companies to relocate their factories from countries in Asia to Mexico to be in proximity to the U.S. market. In that respect, Santa Teresa can be a gateway for New Mexico companies to supply Mexican industries. In particular, Chihuahua, having exported \$45 billion in goods in 2015, is one of Mexico's manufacturing hubs. If New Mexico creates the required transportation infrastructure, it would provide the shortest supply chain to Chihuahua's industry and become the natural distribution point for Mexican goods entering the U.S.

Mr. Pacheco expanded on the concept of New Mexico's supplying Mexican markets and on the existing interconnection between the economies of New Mexico and Chihuahua. He stated that of New Mexico's \$4 billion export industry, \$1 billion to \$1.5 billion is derived from the industrial base currently active in Santa Teresa. Furthermore, he said, Santa Teresa's exports have increased by 90% in 2015 and by 40% in just the first quarter of 2016. He pointed to a map in his handout showing New Mexico's likely Mexican market area, which includes most of Chihuahua and northern Durango. He said Santa Teresa is supplying automotive parts to Mexico but is purchasing most its supplies from out of state. He said that the IBA so far has had contact with business communities in Albuquerque, Hobbs, Clovis, Roswell, Lovington, Santa Fe and Espanola and is working to reach others in the state. He is not guaranteeing those business communities a sale but is working to guarantee them a true open door to the companies in Santa Teresa. He argued that if businesses around the state can establish themselves as the supplier base for Santa Teresa, they could then use Santa Teresa's existing business relationships to reach more than 400 maquiladoras within the Chihuahuan-Durango market.

Speaking on the interconnection between the Mexican and American border economies, Mr. Pacheco stated that for every 10 jobs created in the maquiladoras, three jobs are created on the U.S. side of the border. He showed a Federal Reserve Bank of Dallas graph depicting trade

at the Santa Teresa LPOE, which has grown dramatically. Mr. Pacheco said that New Mexico's exports to Mexico have increased almost 350% in the past three years. He also noted that Las Cruces is credited for leading the nation's export growth in 2014, but much of that growth should have been credited to Santa Teresa. Finally, to punctuate New Mexico's connection to the Mexican economy, Mr. Pacheco compared the state's overall exports to Mexico with Intel Corporation's estimated worldwide exports for its manufacturing facility in the state. He said that Intel's exports now account for between 30% and 35% of the state's total exports per year. However, other companies' exports to Mexico now collectively account for 45% of the state's total annual exports.

Turning to the development within Santa Teresa, Mr. Pacheco said that a fourth new industrial park has been built in this past year. Companies are now moving in, and 500,000 square feet of space will be in use in the park by February. For comparison, he noted that the huge Foxconn factory in San Jeronimo is 1.5 million square feet. He estimated that Santa Teresa could add between 300 and 350 new industrial jobs per year if the needed infrastructure, marketing and extended port-of-entry hours were in place. He projected that the Santa Teresa LPOE could become the top port for truck traffic on the border if the operating hours were extended. He said that the federal government pays for 24 hours of service at the El Paso port of entry but will not pay for extending the hours at Santa Teresa. He said that a medium- to long-term solution for local infrastructure is to create a tax increment development district (TIDD). However, Mr. Pacheco noted that a TIDD might raise objections because of the concurrent loss of revenue to the state.

As a final note, Representative McCamley said that expanded housing and education opportunities in New Mexico have changed the makeup of the workforce in Santa Teresa. He said that, in the past, the workforce was made up of about 40% New Mexico residents and 60% Texas residents. Now, that proportion is approximately 53% to 47%. He noted that 2,000 new housing units have been approved for construction in Santa Teresa. He stated that as more housing becomes available, the percentage of New Mexico residents in the workforce is expected to rise.

The subcommittee then began a general discussion. Responding to a subcommittee member's question about creating a modification and warehousing district similar to the one connected to the Long Beach nexus, Mr. Pacheco said that the fundamental business advantages are in place. In simple terms of cost, companies are currently renting 20 million square feet in what is known as California's Inland Empire at \$14.00 to \$16.00 per square foot. In comparison, rental space in Santa Teresa is \$5.00 per square foot. A second market advantage for the district is Mexico's internal industry, which can entice companies to build new facilities in Santa Teresa or Los Santos. He stated that business recruitment to the area is primarily dependent on marketing and that marketing materials will be ready within the next two to three months.

A subcommittee member noted that Chihuahua's industry runs 24 hours a day and asked whether funding through the Local Economic Development Act (LEDA) could be used to

support a PPP for extending the port-of-entry hours. It was noted that LEDA funds are constitutionally limited to brick-and-mortar projects. A subcommittee member suggested that a constitutional amendment might be necessary to allow LEDA funds to be used for border operations.

In response to other questions from the subcommittee, Mr. Pacheco noted that national groups are looking at developing liquified natural gas filling stations for freight trucks along the border; that the UP intermodal facility will be classified as an inland port; and that most of the BIA members are in favor of the international trade agreements like the Trans-Pacific Partnership because they standardize regulations and open new markets. He also noted that the North American Free Trade Agreement was a foundational element for Santa Teresa becoming a reality.

Turning to subcommittee questions about workforce training and infrastructure needs, Mr. Pacheco said that Dona Ana Community College is working with industry to develop targeted training courses. The greatest demand is for courses in English and Spanish as second languages, plant management, welding and manufacturing. As a separate issue, Mr. Pacheco said that a market study is being conducted on the need to expand the Santa Teresa airport and add a crosswind runway. He said that the funding is in place to plan and design the expansion.

#### **Overview of the Binational Community: Santa Teresa, San Jeronimo and San Jose (Los Santos)**

Chris Lyons, president, Paseo del Norte Limited Partnership, noted that this was the first time all of the major landowners for the Los Santos master-planned community have been on the same panel for a presentation. Octavio Lugo and Carlos Hernandez, both with San Jeronimo Services, Hildeberto Moreno, regional manager for IDI Gazeley, and Keith Boone, chief executive officer for Indesa, joined Mr. Lyons on the panel.

The panel described the economic potential of Los Santos and plans for its development. Los Santos combines the developments of Santa Teresa on the U.S. side of the border and San Jeronimo directly to the south and east of the Foxconn facility and San Jose del Sol immediately adjacent to San Jeronimo on its east side on the Mexican side. Mr. Moreno noted that it took 40 years and \$20 million to turn the binational industrial center into a reality, and now the developers are in a position to attract California warehousing companies to New Mexico. He stated that the combined landowners have prepared a binational community master plan for Los Santos that the governors of New Mexico and Chihuahua have approved. He told the subcommittee that IDI Gazeley is marketing the community to businesses as a convergence of an established automotive industry in Chihuahua and is an excellent center for distribution, particularly by rail, to locations across the U.S. He said that if air cargo capacity is added, Santa Teresa would be similar to the alliance project in San Antonio.

Mr. Lyons first remarked that Santa Teresa's and the UP facility's land was federal land until 1985, when Charlie Crowder arranged a land swap with federal agencies to create the land

base for development. He showed slides depicting the rail access industrial parks within Santa Teresa and the facilities of companies that have moved into the parks (see handout titled "Los Santos: Bi-National Community").

Mr. Lyons then spoke of plans for residential development in Los Santos. He said that planners had looked at successful municipal development in arid and semi-arid locations in Mexico, Spain and Arizona. With those examples in mind, the goal is to develop a sustainable community with high-density housing, central courtyards or plazas for shade, walkable communities with service businesses or public transportation within a five-minute walk and a wooded destination park, similar to one created in Phoenix, Arizona, for outdoor recreation. Mr. Lyons showed slides of plazas, streets and housing in Guanajuato, San Miguel de Allende and Loreto Bay, Mexico, as examples of the desired outcome. He said that Los Santos already has a large area designated for solar generation, and the aim is to generate energy at up to two megawatts. He said this land would be leased to solar generating firms with leases running from 25 to 35 years.

Mr. Lugo said that San Jeronimo has a six- to seven-year development plan. The first phase was development of the Foxconn campus, connecting the main road to the industrial parks, and developing agreements and procedures with the Mexican customs agency. He said that several facilities are already in place: Foxconn is up to 800 employees; there is a truck stop; and a 40-megawatt substation is operational. In addition, water treatment and sewage facilities have been built. Construction of new housing south of Foxconn will begin next year, along with schools, a fire station and other community services. Finally, he said, the industrial park on the west side of San Jeronimo should be operational by summer 2017.

Mr. Boone told the subcommittee that San Jose del Sol has 2,000 acres east of San Jeronimo and south of Santa Teresa. A master plan was approved in 2010, but Idesa has been waiting for the economy to recover before it begins implementing the plan. He said that with northern Chihuahua now expected to grow by 200,000 new residents over the next five years, development is scheduled to start in 2017. The first development available in San Jose del Sol will be a 200,000-square-foot building, with two projects planned immediately after that. He then introduced Roberto Delgado, the project manager for San Jose del Sol.

Responding to questions from a subcommittee member, Mr. Lyons said that he is trying to use New Mexico companies when possible for construction within Santa Teresa. He said that, aside from the solar farms, most of the properties will be for sale instead of for lease. However, he has not yet figured the sale cost per square foot for housing. He said the goal is to create a "sense of place" for community residents, and costs will need to be kept down to make permanent housing affordable.

## **Update on UP's Santa Teresa Project**

Ivan Jaime, director of public affairs, UP, said that he was somewhat new to the area, having assumed his position in January. He referred the subcommittee to the UP handout titled "Where we have tracks, we have ties".

Mr. Jaime said that within New Mexico, UP has two rail line assets: the southern Sunset line and the northern Tucumcari line. UP has 575 unionized employees in New Mexico with an average annual salary of \$90,000 and a total payroll of approximately \$50 million in direct wages. One-fourth of the employees are in Santa Teresa, and the rest are principally in Vaughn, Deming, Lordsburg and Santa Rosa. UP runs 35 to 50 trains per day within New Mexico, which is equivalent to 15,000 trucks per day or 5.4 million trucks per year. He said that train operators need to like trains and be comfortable handling heavy equipment and that one-third of UP's employees are ex-military.

Mr. Jaime said that UP has large rail yards in Lordsburg and Deming and is actively marketing Santa Teresa to maximize its investment in the multimodal center. Using UP rail lines, he said, companies that decide to be close to their consumer bases can locate on the West Coast; in Kansas City or Chicago in the Midwest; or in the middle, in Santa Teresa. He said that with those choices, UP sees a big potential for growth in Santa Teresa. The company expects to earn a \$2 billion return on its \$400 million investment in its intermodal rail yard.

Mr. Jaime then gave an overview of the outlook for the next year for different types of shipments. He said that the volume of agricultural and industrial products shipments is expected to increase, while shipments of oil and coal are expected to decline.

In response to questions from subcommittee members, Mr. Jaime said that New Mexico has a good business environment but that industry does not want to be caught off guard. A subcommittee member noted that Mr. Jaime's response would indicate that LEDA funds should not be re-purposed for border operations, as that would change the program's incentives for companies and remove consistency.

To expand jobs, Mr. Jaime said, the state and UP should work together to recruit new customers. With respect to the Tucumcari line, he indicated that state and local governments should look at land values, which might be an issue in developing Santa Rosa as a distribution center or in developing Vaughn as a possible trans-shipment location. With regard to the Sunset line, he called the intermodal yard at Santa Teresa the "Atlanta Airport of rail". He remarked that Mexico's new Pacific port will increase shipments to Santa Teresa and noted that anything that comes into the country from south or west of New Mexico will likely need to come through Santa Teresa. He noted that Santa Teresa's biggest competitor might be the Panama Canal because ships can bypass Pacific ports and go to Houston instead. In the short term, Mr. Jaime said, UP has no plans to grow its current facilities, given that freight demand is down; however, shipping at Santa Teresa is holding steady. He said that the major factor in the national downturn is the price of oil, but if market conditions change, UP will reevaluate its growth investments.

### **Small Business Assistance and International Trade Outreach**

The panel consisted of three staff member from the New Mexico Small Business Development Center (SBDC): Russell Wyrick, the state director; Adriene Gallegos, the associate state director; and Jo Ann Garay, director of the SBDC in Las Cruces.

Ms. Gallegos said that the SBDC's mission is not to recruit business but, rather, to help existing small businesses grow and to help new businesses get started. The SBDC provides various forms of technical assistance, including helping in business planning, identifying sources for loans and determining a market base, including out-of-state and international opportunities. She said that the SBDC provides services throughout the state through its 19 separate centers. She also noted that a unique program for the SBDC is the IBA. The SBDC provides over 90% of the IBA's funding.

Ms. Gallegos directed the subcommittee's attention to the items titled "measurable outcomes" and "results of investment" on pages 3 and 4 of the SBDC handout. She said that the SBDC's economic verification system only counts things that have happened, such as jobs created and federal dollars leveraged, and does not include projections. As an example of its accomplishments, she noted that the SBDC has been creating over 1,000 jobs a year, year after year, since 1991.

Mr. Wyrick told the subcommittee that a benefit of having the SBDC based in higher education institutions is an enhanced ability to teach entrepreneurship. Responding to questions from the subcommittee, he said that the SBDC maintains libraries for business research, including a web-based database with links to federal agency resources. The SBDC also provides research customized for individual business concepts. He encouraged subcommittee members to reach out to the SBDC for assistance in identifying obstacles to business development and ways to overcome those obstacles in their particular regions.

Asked about funding levels for SBDC staff, Mr. Wyrick said that while staffing has recently increased, the SBDC is facing the potential of losing many of its seasoned staff.

Representative Tripp requested that the SBDC give a presentation at a future Jobs Council meeting that would identify specific gaps in business production, such as workforce quality, the availability of broadband and access to credit. He also requested that the presentation include possible action items for the legislature.

### **Infrastructure Projects and Issues in the Border Region**

The panel consisted of Brent Westmoreland, executive director, Camino Real Regional Utility Authority; Tommy Trujillo, energy contracts administrator, New Mexico Gas Company (NMGC); Lloyd Hatch, director of business and economic development, NMGC; and Vickie Galindo, director of the customized training program at Dona Ana Community College.

Mr. Westmoreland talked about the water and wastewater system needs within the border industrial area. He said that funding for some of the facilities is only possible through federal programs that require a state or local match. In particular, he noted, construction is anticipated on a wastewater facility that has state funding dedicated to it, and he asked that the legislature not sweep the funds for that plant. Responding to a question from a subcommittee member, he said that 2,000 residential new housing units have been approved for construction in the area, but there is a concern around the utility's ability to provide service for that level of growth.

Walking the subcommittee through his PowerPoint presentation (see the NMGC handout), Mr. Hatch said that the NMGC was purchased by an international energy services company, Emera, on July 1, 2016. He said that the NMGC serves approximately 60% of the state's population and that its service area covers 23 of the state's 33 counties. He told the subcommittee that as part of its purchase agreement, Emera had agreed to build a \$5 million extension of its natural gas pipeline system to the New Mexico-Mexico border. He said that this construction would be funded by Emera's shareholders and would not be part of the rate base. He noted that this pipeline could supply compressed natural gas for freight trucks.

Mr. Hatch then spoke about a market development initiative that the NMGC is proposing to its parent company. Under the proposal, Emera would create a \$10 million market development fund to extend natural gas pipelines to underserved or unserved communities in New Mexico. This program would also be a shareholder expense. Projects applying to the program would need to secure state or local matching funding to be accepted.

Responding to questions from subcommittee members, Mr. Hatch said that projects applying to the proposed market development program would be approved through a competitive application process. He said that only projects to extend natural gas service to existing structures, such as housing, businesses and schools, would qualify under the program and not new or contemplated development properties. Further, he said, individual project funding would be capped at \$1.5 million and all program funds would be spent over five years.

Ms. Galindo then talked about the training courses that Dona Ana Community College has been offering. She said that she had been meeting businesses in the industrial park regarding their needs. In response, the college has created various tailored certification programs, such as a supervisor training course. As another example, she highlighted an "English for Truck Drivers" course that the college is developing.

Responding to questions from the subcommittee, Ms. Galindo said that many of the certification courses are not college credit courses and, therefore, are not eligible for student assistance programs. On the upside, she said, developing a college credit course takes time, whereas the college can quickly create a certification course to meet changing industry needs. Some of these courses can be converted to credit courses once they are established. She said that businesses that see a particular need for customized training are encouraged to consult her office.

She said that the college also works with the Workforce Solutions Department in identifying training needs.

**Adjournment**

There being no further business before the subcommittee, the subcommittee adjourned at 4:02 p.m.

**TENTATIVE AGENDA  
for the  
THIRD MEETING  
of the  
JOBS COUNCIL**

**August 19, 2016  
Barbara Hubbard Room  
Pan American Center  
New Mexico State University (NMSU)  
1810 East University Avenue  
Las Cruces**

**This meeting and the September 13 meeting will focus on: 1) identifying specific factor-of-production gaps, or barriers to the creation of new economic-base jobs, in key job-creation program areas; and 2) defining potential legislative actions to overcome those barriers.**

**Friday, August 19**

- 9:00 a.m.           **Call to Order and Introductions**  
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair  
—Representative Don L. Tripp, Speaker of the House of Representatives,  
Co-Chair
- 9:10 a.m.           **Welcome from NMSU**  
—Garrey Carruthers, Chancellor and President, NMSU
- 9:20 a.m.           **Overview of the Agenda**  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic  
Architecture
- 9:30 a.m.       (1) **[Report on Updated Regional Job-Creation Data](#)**  
1. Southeast Region  
2. Southwest Region  
3. South Central Region  
—Representatives from the Southeast, Southwest and South Central  
Regions
- 10:30 a.m.       (2) **[Approval of Minutes from the July Meeting](#)**

- 10:35 a.m. (3) [Roundtable Discussion: Job-Creation Sectors/Theaters — Selecting Priorities for Action](#)  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Members and Participants  
**\*Participants will be asked to rank the program areas according to each one's potential for creating jobs and its influence on job creation.**
- 12:00 noon (4) [The Burrell College of Osteopathic Medicine \(BCOM\): Spotlight on a Public-Private Partnership \(Working Lunch\)](#)  
—George Mychaskiw, Dean, BCOM  
—Kevin Boberg, Vice President for Economic Development, NMSU
- 12:30 p.m. (5) [Report from the Subcommittee: Economic Development and Job Creation in the Border Region](#)  
—Jerry Pacheco, President, Border Industrial Association; Executive Director, International Business Accelerator  
—Members of the Jobs Council Subcommittee
- 1:30 p.m. (6) [Roundtable Discussion: Proposing Solutions to Major Job-Creation Barriers](#)  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico  
—Members and Participants  
**\*Participants will identify the major factor-of-production gaps, or barriers to the creation of new economic-base jobs, and propose specific legislative and policy actions to overcome those barriers in each major job-creation program area. Barriers include real estate, infrastructure and capital needs; workforce development and training gaps; the state's tax, legal and regulatory climate; and the needs for planning and accountability.**
- 3:00 p.m. (7) [Identifying Next Steps and Developing a Legislative Agenda for Job Creation](#)  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico  
—Members and Participants  
**\*Participants will begin to develop specific legislative proposals, including those that do and do not require funding, that arose from the day's discussions.**
- 4:30 p.m. **Adjourn**

**MINUTES  
of the  
THIRD MEETING  
of the  
JOBS COUNCIL**

**August 19, 2016  
Barbara Hubbard Room  
New Mexico State University (NMSU)  
Las Cruces**

The third meeting of the Jobs Council (council) was called to order by Senator Mary Kay Papen, co-chair, at 9:24 a.m. on August 19, 2016 in the Barbara Hubbard Room at NMSU in Las Cruces.

**Present**

Sen. Mary Kay Papen, Co-Chair  
Rep. Don L. Tripp, Co-Chair  
Dale Armstrong  
Scott Bannister  
Terry Brunner  
Sen. Pete Campos  
Terri L. Cole  
Jason Espinoza  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Michael Padilla  
Alex O. Romero

**Absent**

Vicente Alvarado  
William F. Fulginiti  
Justin Greene  
Sen. Stuart Ingle  
Steven Kopelman  
Rep. Tim D. Lewis  
Rep. Sarah Maestas Barnes  
Sherman McCorkle  
Sen. George K. Munoz  
Sen. John C. Ryan  
Sen. Michael S. Sanchez  
Eric Witt  
Sen. Pat Woods

**Advisory Members**

Rep. Alonzo Baldonado  
Sen. William F. Burt  
Sen. Carlos R. Cisneros\*  
Rep. Kelly K. Fajardo  
Rep. Bealquin Bill Gomez  
Rep. Yvette Herrell\*  
Rep. Conrad James  
Rep. Larry A. Larrañaga  
Rep. Bill McCamley  
Rep. Debbie A. Rodella  
Sen. William P. Soules

Rep. David E. Adkins  
Rep. Cathrynn N. Brown  
Rep. Stephanie Garcia Richard  
Sen. Howie C. Morales  
Sen. Steven P. Neville  
Rep. Patricia Roybal Caballero  
Rep. Monica Youngblood

\* designated as a voting member for this meeting

## **Staff**

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)

Jeff Eaton, Fiscal Analyst, LCS

Mark Edwards, Drafter, LCS

## **Guests**

The guest list is in the meeting file.

## **Handouts**

Handouts and other written testimony are in the meeting file.

## **Friday, August 19**

### **Welcome**

Garrey Carruthers, chancellor and president, NMSU, welcomed the council to campus. He then provided a brief overview of the following major changes at NMSU.

***Enrollment.*** Chancellor Carruthers said that NMSU has recently increased its admissions standards despite declining enrollment trends. He also noted that retention of students is an ongoing challenge. To address these issues, NMSU has created a "Pathway to Baccalaureate" program with Dona Ana Community College. The concept is to give students smaller class sizes and tutors for their entry-level courses. Three hundred students are expected to participate in the program this year, and NMSU has set a goal of 500 participants by next year. As the program becomes established, NMSU plans to expand it to other community colleges.

***Restructuring.*** Chancellor Carruthers said that NMSU has been conducting an internal review of: office supply spending patterns; the potential for integrating information technology and travel expense systems across departments; and the ratio of support staff to program staff. He reported that \$2 million in savings has been realized so far through these efforts and that a report on spending analysis would be ready by mid-December. He projected that it would take one to two years to fully implement the structural changes identified by this review.

***Aggie Uptown.*** Taking advantage of statutory authority enacted in 1998, Chancellor Carruthers said that NMSU has set up a development enterprise called the Aggie Development Corporation (ADC) to lease 2,000 acres of open land owned by NMSU for commercial use. He said the plan for Aggie Uptown includes: a 120-room Courtyard Marriott hotel west of campus; "continuum of care" assisted-living housing; nutrition centers; and an environmental center. He said that the ADC is also evaluating the potential for a winery and craft brewery facility that would be used to expand the NMSU curriculum.

Responding to a question from a council member, Chancellor Carruthers said that NMSU is working with the New Mexico Institute of Mining and Technology and Purdue University on a joint bid to contract for the management of Sandia National Laboratories. He noted that

approximately 600 NMSU graduates work at Sandia, which is an indication of the quality of the university's engineering and science programs.

### **Report on Updated Regional Job-Creation Data**

#### **Southeast Region (Chaves, Eddy, Lea, Lincoln and Otero Counties)**

Mark Roper, former southeastern regional representative, Economic Development Department (EDD), stated that the southeast region had projected an overall need for 29,280 new economic-base jobs over 10 years, but the revised projections indicate that job creation will be more in line with the expected population. He said that a key factor in the revised projections is the inclusion of population attrition due to the recurring boom-bust cycle of the oil industry.

Mr. Roper said that the job market in the southeast region is greatly dependent on energy production. He said that with oil prices down, the largest potential for growth in that sector is in solar energy generation. However, he said, looking in the long term, the New Mexico side of the Permian Basin has not been as heavily drilled as the Texas side, so it has a longer projected production life. He also said that New Mexico is now very competitive with Texas for oil management and service businesses, so it should be able to attract these sorts of jobs once oil prices stabilize. He then said that the region needs to reexamine the potential growth in other "program theaters", or sectors, to stabilize the job market in light of market cycles within the oil industry.

Mr. Roper then briefly reviewed the outlook for four other sectors within the southeast region: the federal government; tourism; retirement services; and the film industry. He said that federal employment is projected to remain a significant job producer, with some growth. He noted that there is some growth potential for tourism in part because, as the number of oil industry workers has diminished, hotel space has opened up and costs have stabilized for visitors to Carlsbad Caverns. He noted that part of the changed figures for jobs needed are due to including retirement services into the "base jobs" figure. Finally, he said, the region has many locations that could be marketed for film productions.

The council then entered into a general discussion on the energy sector and job creation. Mr. Roper estimated that if oil prices rise to \$50.00 per barrel, the industry would stabilize, but the price would need to reach about \$60.00 per barrel to create steady growth. He noted that at current prices, Eddy County is still producing oil, but the industry cannot afford new drilling. He also noted that if prices reach \$80.00 per barrel, more inefficient production locations around the country will start competing in the market.

Mr. Roper said that, in preparation for the anticipated special and regular legislative sessions, he would help create a talking points memorandum on the importance of the oil, gas and coal industries to New Mexico's job market and economy.

### Southwest Region (Catron, Grant, Hidalgo and Luna Counties)

Priscilla Lucero, executive director, Southwest New Mexico Council of Governments (SWNMCOG), and Emily Schilling, economic development planner, SWNMCOG, presented updated job-market data for the southwest region. The projected need for new economic-base jobs has been lowered from 4,100 to 3,900. Most of this change is due to the size of the projected employable workforce. Ms. Schilling said that two new anticipated business ventures, a racino and a magnesium mine, had fallen through.

Ms. Lucero stated that the four counties in the southwest region are also four of the five counties experiencing the highest unemployment rates in the state. She said that these counties have entered into a memorandum of agreement to work cooperatively on the employment problem. She said that a potential increase in trade at the port of entry at Columbus could benefit the entire region. Additionally, she noted that: Luna County's job market may benefit from a longer operating season for food processing centers; the industry is tied to agricultural produce and has traditionally operated from four to five months per year; agriculture is experiencing a longer growing season; and, along with increased agricultural imports from Mexico, food processing facilities are now operating between six and eight months a year.

### South Central Region (Dona Ana, Sierra and Socorro Counties)

Christine Logan, south central and southwest regional representative, EDD, and Eric Montgomery, vice president, Mesilla Valley Development Alliance, gave the presentation. Ms. Logan noted that data-gathering challenges are very different among the counties in this region. She said that the current data sets for Socorro and Sierra counties are very limited, but area representatives are working with the U.S. Department of Agriculture's Stronger Economies Together program to develop better statistics, an effort that will take a few months.

Mr. Montgomery said that the original estimate of new jobs needed in Dona Ana County had been developed in 2014; that estimate was based on a projection of population growth that was too high by 5,000. In Dona Ana County, he said, not much is happening in the energy sector, and the number of federal jobs is in moderate decline. However, the commercial e-base job market is growing at a steady rate of 450 new jobs annually, he said. Turning to small business growth, Mr. Montgomery said that the business incubator at NMSU's Arrowhead Center has been helpful to solo-work businesses that wish to add a couple of employees. A council member noted that when these companies decide to grow by 10 or more employees, they sometimes move out of state.

Looking at two other job-creation theaters, Mr. Montgomery said that the county is reporting no jobs for the retirement theater because the group has not yet found a way to collect the job figures for it. Finally, he noted that the former Tyson Foods processing plant is empty, and the potential is there for a large addition of jobs if a new company can be recruited to use it.

Talking about the overall progress of the council's efforts, Paul Hamrick, program consultant, said that the numbers in the graph showing the e-base jobs potential for New Mexico

had been updated to include the new numbers (see CELab handout). However, the graph will need to be updated again when the mid-region and northwest regions present their revised projections. Ms. Lucero noted that the council's data-gathering process has helped the various councils of governments to meet federal grant requirements to produce jobs numbers.

### **Minutes**

On a motion made and seconded, the minutes from the July meeting were approved without objection.

### **Roundtable Discussion: Job-Creation Sectors/Theaters — Selecting Priorities for Action**

The council divided into working groups. Mark Lautman, lead program consultant, and director, Lautman Economic Architecture, pointed out that the charts in the handouts showed the size of each employment sector but not the sector's capacity to grow. He asked the groups, while recognizing that rural communities and urban communities have different strengths for each sector, to rank the sectors based on two factors: 1) the capacity for growth in each; and 2) the influence that state and local governments have to stimulate growth in each.

***Working Group Reports.*** Charles Lehman, program consultant, and director, Employment and Economic Information Center of New Mexico, reported that his group had decided that five sectors should be given attention for action. He then briefly outlined the governmental influence for those sectors as follows: 1) employer sector — increase councils of governments staff for recruitment and marketing; develop robust workforce education and training programs; and expand broadband access; 2) federal government sector: improve state and local agency coordination with federal military and civilian agencies; work with the state's congressional delegation to identify and access federal loan and grant programs; and market the state's national parks and forests; 3) energy and extractive minerals sector: simplify or reduce the regulation environment; extend the solar tax credit; and educate the public and policymakers on the effect of the sector on the state's job market and economy; and 4) visitor and retiree sectors: increase advertising tied to the "New Mexico True" campaign; and increase broadband access.

Mr. Hamrick noted that solo employers and solar energy production had been identified as the best sector opportunities for growth in rural areas.

Reporting for his working group, Senator Padilla said it had ranked the federal government, visitor and solo employers as, in that order, the top-three sectors for rural communities. Further, he added, the group had identified limited broadband access as the key obstacle to growing rural job markets. For urban communities, he said, the ranking order for the top-three sectors was the federal government, solo employers and visitor.

Representative Larrañaga reported that his group decided that every program sector is important, but that the smaller sectors typically have larger impacts in rural areas. He said that the group identified as options for influencing job creation: 1) raising the film tax credit cap; 2) increasing marketing for the visitor sector; and 3) reforming state regulation, particularly of the

state's workers' compensation and unemployment insurance requirements. He said the group also saw the need for the state to look at ways to stabilize the volatility within the energy sector.

In the ensuing general discussion, participants: 1) commented that the state needs to be more proactive instead of reactive with regard to the federal government sector; 2) questioned whether current state action is actually reducing the energy sector's ability to perform well; and 3) questioned whether the council could formally take the position that water-injection fracturing is a benign method of oil extraction.

Mr. Lautman then summarized the council's ongoing investigation into the various employment sectors. He noted that the council has identified nine program theaters in which investments could be made or regulations could be changed. He said four of those sectors have well-organized state programs and agencies: 1) employer; 2) visitor; 3) film; and 4) to a degree, business start-ups.

Briefly reviewing other employment sectors, Mr. Lautman made the following remarks: 1) the federal government sector has the highest job-creation potential, but no one agency is dedicated to coordinating the state's efforts at exploiting that potential; 2) program efforts for creating more energy-related jobs are at the county level; and 3) neither the retirement nor the agriculture sector features a government program dedicated to expanding jobs in the sector.

Mr. Lautman cited the available qualified workforce as the number-one challenge to business growth in New Mexico and in competing states. He said an effective business recruitment tool would be the state universities' demonstration of an ability to provide a reliable pipeline of qualified employees.

Representative Tripp concluded the discussion by saying that the council's final meeting in October should be used to identify items that need funding and other factor-of-production gaps that require resolution.

### **The Burrell College of Osteopathic Medicine: Spotlight on a Public-Private Partnership**

George Mychaskiw, D.O., dean of the Burrell College of Osteopathic Medicine, and Kevin Boberg, vice president for economic development, NMSU, gave a presentation on the establishment of a medical school on the NMSU campus.

Dr. Boberg said that the job market in the health care field is growing and will continue to grow. He also estimated that, for every new practicing physician, nine additional jobs are created. To capture the job-creation potential of this field, Dr. Boberg said that New Mexico should consider two horizons: the near term to immediate term, in which the state should explore ways to fill the needs in the health care market over the next one to five years; and the long term, in which the state needs to build an educational pipeline for health care that starts in elementary school and continues through college and graduate school.

A potential near-term strategy for New Mexico, Dr. Boberg said, is to tie into the established medical devices industry in neighboring Chihuahua, Mexico. He said the business accelerator at NMSU is poised to help establish the commercial partnerships that New Mexico needs to pursue the strategy.

### **Report from the Jobs Council Subcommittee**

Jerry Pacheco, president, Border Industrial Association, and executive director, International Business Accelerator, summarized the presentations made to the Jobs Council Subcommittee on the developments in Santa Teresa and on the cross-border growth between the states of Chihuahua, Mexico, and New Mexico.

Mr. Pacheco said that in 2014, New Mexico's exports to Mexico rose 94%, the largest increase in the country. He said that most of the state's exports are "meat and potatoes" exports, such as parts, wire and injection components that are later incorporated into finished products in Mexico. He emphasized that New Mexico is no longer a "pass-through" location exporting items made elsewhere. Seventy-five percent of the jobs in New Mexico created by the export market derive from in-state manufacturing.

Mr. Pacheco reported that 45% of New Mexico's exports originate in Santa Teresa and that Santa Teresa's combined exports now exceed the exports from Intel's in-state manufacturing. He said the key factors stimulating growth in Santa Teresa are its: location; lower tax and land costs compared with competing areas; and active marketing to recruit businesses. He said that much of New Mexico's \$3.8 billion-per-year export industry supplies the \$45 billion manufacturing industry in Chihuahua. He then compared the economic success in Santa Teresa to that which would result from recruiting a Fortune 500 company to New Mexico.

Mr. Pacheco identified two pursuits that are "low-hanging fruit" for further economic growth in the border area. First, Santa Teresa is positioned to be, and is developing as, a key alternative distribution point for goods entering the United States from Asia and Mexico. This is because of the development of the Union Pacific intermodal yard on its Sunset rail line from Long Beach, California, to Houston, Texas; and because of Mexico's development of transportation corridors from its ports to the land port of entry at the San Jeronimo, Mexico-Santa Teresa border crossing. As companies reroute their shipments to avoid the logistics bottleneck at Long Beach, it will be advantageous for them to locate some of their import management facilities (such as warehousing, product modification and distribution) in Santa Teresa. The "Inland Empire" (the import management center connected to Long Beach) contains around 1.8 billion square feet of commercial space. Mr. Pacheco speculated that if New Mexico were to develop an import management center equaling a small percentage of the size of the Inland Empire, the state would realize billions of dollars in economic growth.

Mr. Pacheco said that the second target for growth is developing a supplier sector for Chihuahua's manufacturing companies. He said that, while Chihuahuan companies are exporting many finished products, they do not have their own supplier base. He saw this market as having

two connected effects for New Mexico. First, the companies in Santa Teresa are already supplying components to Chihuahua, and companies elsewhere in the state should have an advantage in supplying this component industry. Second, these New Mexico companies should then be able to use their contacts with the Santa Teresa-based industry as an entryway for direct supply into the Chihuahuan market. He said he is now marketing this concept to potential suppliers around the state and to the established industry in Santa Teresa. His initial goal is to create three supplier contracts within the next three months, though he has not started planning for aggregate statewide goals for the long term.

Asked about the potential for recruiting U.S. companies to relocate their Asian facilities to New Mexico, Mr. Pacheco cited plastic injection companies as a potential industry for recruitment. He said that, as this industry becomes less labor-intensive, the advantage of providing local content to meet demands for a "Buy America" program is starting to outweigh the cost-of-labor advantage enjoyed by maintaining facilities in Asia.

Mr. Pacheco said that, each year, there are 200 to 500 new industrial jobs in Santa Teresa. To meet the initial housing needs for that workforce, 2,000 lots are being developed for residential homes. Additionally, he said, a master plan has been developed for 70,000 acres of land straddling the border to create a binational community to support the industry in Santa Teresa and in San Jeronimo and San Jose del Sol, Mexico. This master-planned development has been named Los Santos.

Mr. Pacheco then outlined a number of actions the state could take to promote economic growth tied to the land port of entry at Santa Teresa.

He said his "bang for the buck" short-term wish list includes: 1) \$50,000 in funding to market the "Supply the Suppliers" program; 2) state funding to meet the \$1 million cost of expanding hours at the Santa Teresa land port of entry, which is expected to be a one-year "proof of need" cost that the federal government would likely pay for in future years and for which the Dell Computer company has already committed \$250,000 of the \$1 million needed; and 3) \$400,000 in annual funding to expand the International Business Accelerator program.

Mr. Pacheco said that medium- to long-term needs at Santa Teresa include: 1) an expansion, estimated to cost between \$22 million and \$31 million, of the local airport to accommodate cargo transport; and 2) development of a new rail center to the west of Santa Teresa.

Mr. Pacheco said that one way to keep strategic planning and infrastructure construction ahead of the growing demand for infrastructure is by creating a tax infrastructure development district (TIDD).

Responding to questions about general barriers to production that the state might address, Mr. Pacheco identified big issues and gave background on them as follows.

*Employees.* The workforce quality is not up to par. Training is needed in basic math and language skills, and a work ethic culture needs to be fostered. A second issue is the size of the workforce in New Mexico. Incentive programs based on in-state hires are difficult because one-half of the regional labor force currently lives in El Paso.

*Broadband access.* The backbone for a broadband system is in place, but constructing the "last mile" consumer connection is expensive, and the existing network is often not reliable. As Los Santos is developed, fiber-optic tubing is being installed along every new road for future use.

*Regulations and permitting.* New businesses can get caught in a tangle because permits are needed in a certain order. Greater coordination between permitting agencies as new businesses start up would help prevent last-minute surprises. Additionally, the state tax incentive system is confusing and requires multiple forms. Standardizing the process would be helpful.

Expanding on the idea of creating a TIDD, Mr. Pacheco said that the idea has local support. An alternative would be to form a local district to dedicate all of the gross receipts taxes (GRTs) from the area's road construction to other local infrastructure projects. He said that he had only about one-half of the data collected on the revenue effects to the General Fund of creating such a district. He said it was time-consuming to compare projected GRT losses with projected job growth and increased property values.

Mr. Pacheco was asked what common questions he hears from the companies he recruits to Santa Teresa and whether right to work is a significant issue for them. He said he sometimes receives questions about the state's right-to-work status, but he indicated that it is not as big a consideration as other factors since New Mexico is not a strong union state. He said the two issues of greatest concern to prospective companies are workforce and security. As a final note about growth in Santa Teresa, Mr. Pacheco said that construction of new speculative business space is on hold until the large vacancy rate in neighboring El Paso is reduced.

Turning to development along the border on a broad scale, Mr. Pacheco said he had agreed to be on the development board for the Columbus port of entry. He said coordinating development between the ports of entry is difficult because the logistics chains for shipping are individually corridorized. However, he said, he does see opportunities to build out the logistics train for the Columbus-Palomas, Mexico, port of entry.

### **Roundtable Discussion: Proposing Solutions to Major Job-Creation Barriers**

Participants divided into four groups to discuss major factor-of-production gaps, or barriers to the creation of new economic-base jobs, and propose specific legislative and policy actions to overcome those barriers.

### **Adjournment**

There being no further business before the council, the council adjourned at 3:50 p.m.



Revised: September 9, 2016

**TENTATIVE AGENDA  
for the  
FOURTH MEETING  
of the  
JOBS COUNCIL**

**September 12-13, 2016  
Carpenters Local Union Hall  
3900 Pan American Freeway NE  
Albuquerque**

**Monday, September 12**

- 9:00 a.m.           **Call to Order and Introductions**  
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair  
—Representative Don L. Tripp, Speaker of the House of Representatives,  
Co-Chair
- 9:15 a.m.       (1) **Report on Updated Regional Job-Creation Data**  
1. Middle Region  
2. Northwest Region  
—Representatives from the Middle and Northwest Regions
- 9:40 a.m.           **New Mexico Oil and Gas Report**  
—Peyton Yates, President, Santo Petroleum
- 10:15 a.m.       **Next Steps for the Jobs Council**  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic  
Architecture
- 10:35 a.m.       (2) **Jobs Council Program Development Initiatives: Retirement; Federal  
Government; Solo Work**  
—John Garcia, Executive Vice President, Home Builders Association of  
Central New Mexico  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic  
Architecture  
—Paul Hamrick, Program Consultant
- 11:20 a.m.       (3) **Update and Roundtable Discussion: Local Economic Development Act  
and Job Training Incentive Programs**  
—Staff, Economic Development Department  
—Members and Participants

- 12:30 p.m. (4) [\*\*Making State and Local Job-Creation Efforts More Accountable: A Review of Tax Expenditures, Incentives and Program Efforts \(Working Lunch\)\*\*](#)  
—Jim O'Neill, O'Neill Consulting LLC  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture
- 3:00 p.m. (5) [\*\*Roundtable Discussion: Jobs Council Strategy on Public-Private Partnerships, Broadband, Rural Solo Work and the October Meeting\*\*](#)  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico  
—Members and Participants
- 4:10 p.m. **Recess**

**Tuesday, September 13**

- 9:00 a.m. (6) [\*\*Workforce Needs and Solutions: Educational and Workforce Development Programs\*\*](#)  
—Celina C. Bussey, Secretary, Workforce Solutions Department  
—Dr. Barbara Damron, Secretary, Higher Education Department
- 10:30 a.m. (7) [\*\*Workforce Needs and Solutions: Employer Perspectives\*\*](#)  
—Representative Roberto "Bobby" J. Gonzales (Moderator)  
—Jason Espinoza, President and Chief Executive Officer (CEO), New Mexico Association of Commerce and Industry (Moderator)  
—Leann Kravitz, Board Member, Fidelity Investments  
—Hilario Serrano, Randall Lumber and Hardware  
—Paula Randall Ervin, Randall Lumber and Hardware  
—Jim Spadaccini, CEO and Founder, Ideum
- 12:00 noon (8) [\*\*The Need for "Soft Skills" in the Workforce \(Working Lunch\)\*\*](#)  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico  
—Krista Martinez, President, Junior Achievement of New Mexico  
—Carla Rachkowski, Program Manager, Accelerate New Mexico  
—Scott Miller, President and CEO, Circles USA
- 1:00 p.m. (9) [\*\*Issues in Workers' Compensation\*\*](#)  
—Quinn Lopez, Vice President and General Counsel, New Mexico Mutual  
—Thom Turbett, President-CEO, Independent Insurance Agents of New Mexico

- 2:00 p.m. (10) **Roundtable Discussion: Workforce Needs and Solutions**  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic  
Architecture  
—Charles Lehman, Program Consultant; Director, Employment and  
Economic Information Center of New Mexico  
—Members and Participants
- 4:00 p.m. **Adjourn**



**MINUTES  
of the  
FOURTH MEETING  
of the  
JOBS COUNCIL**

**September 12-13, 2016  
Carpenters Local Union Hall  
Albuquerque**

The fourth meeting of the Jobs Council (council) was called to order by Representative Don L. Tripp, co-chair, at 9:20 a.m. on September 12, 2016 at the Carpenters Local Union Hall in Albuquerque.

**Present**

Sen. Mary Kay Papen, Co-Chair  
Rep. Don L. Tripp, Co-Chair  
Dale Armstrong  
Vicente Alvarado  
Terry Brunner (9/12)  
Terri L. Cole  
Jason Espinoza  
William F. Fulginiti (9/12)  
Rep. Harry Garcia  
Rep. Roberto "Bobby" J. Gonzales  
Justin Greene  
Steven Kopelman  
Rep. Sarah Maestas Barnes  
Sherman McCorkle  
Sen. George K. Munoz (9/13)  
Sen. Michael Padilla  
Alex O. Romero  
Sen. John C. Ryan (9/13)  
Sen. Michael S. Sanchez (9/13)

**Advisory Members**

Rep. David E. Adkins  
Rep. Alonzo Baldonado  
Sen. Carlos R. Cisneros  
Rep. Kelly K. Fajardo  
Rep. Bealquin Bill Gomez  
Rep. Larry A. Larrañaga  
Rep. Bill McCamley  
Sen. Howie C. Morales (9/12)  
Rep. Debbie A. Rodella

**Absent**

Scott Bannister  
Sen. Pete Campos  
Sen. Stuart Ingle  
Rep. Tim D. Lewis  
Eric Witt  
Sen. Pat Woods

Rep. Cathrynn N. Brown  
Sen. William F. Burt  
Rep. Stephanie Garcia Richard  
Rep. Yvette Herrell  
Rep. Conrad James  
Sen. Steven P. Neville  
Rep. Patricia Roybal Caballero  
Sen. William P. Soules  
Rep. Monica Youngblood

(Attendance dates are noted for members who did not attend the entire meeting.)

**Staff**

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)

Jeff Eaton, Fiscal Analyst, LCS

Mark Edwards, Drafter, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**Monday, September 12**

**Call to Order**

Representative Tripp called the meeting to order at 9:20 a.m.

**New Mexico Oil and Gas Report**

Peyton Yates, president, Santo Petroleum, presented, as follows, information on the petroleum and natural gas extractive industry in New Mexico. Approximately 30% of the state General Fund revenues are generated by this sector. Most of this is due to oil extraction, and most of that activity occurs in the southeastern part of the state in the Permian Basin.

The effects of technology and commodity prices influence employment in New Mexico. From 1999 to 2010, an average of about 60 million barrels of oil were extracted in the state each year. This was during the time of conventional (vertical), not horizontal, drilling. The financial crisis and falling oil prices reduced the amount extracted. Meanwhile, hydraulic fracturing, or "fracking", which is actually an old technology, was joined with horizontal drilling, and the volumes of extractable oil increased immensely. High oil prices drove technological developments. At the peak of drilling in mid-to-late 2014, more than 100 rigs employed more than 20,000 people. Since 2014, when oil prices plummeted, there have been fewer drilling rigs in operation. From 2014 to 2016, New Mexico went from 106 to 24 rigs, with oil processing falling from over \$100 per barrel to \$43.00 per barrel. This has caused huge job losses in southeast New Mexico. The result of the drilling activity added 6,600 wells in New Mexico. Nonetheless, New Mexico is better off than it was in 2010 (the year of the last market downturn) because many people are employed to maintain the 6,600 wells in the state, many of which were added during the peak drilling period. Notably, many companies in the industry that borrowed money to support their growth are facing significant financial trouble.

Mr. Yates presented a graph showing, over time, the volumes of oil extracted in New Mexico. That extraction peaked at 130 million barrels and has begun to decline. The decision of

companies to drill new wells depends on oil prices and the economy. Many companies have become more efficient and can still profitably extract oil at the \$40.00-per-barrel price.

A member commented on New Mexico's dependence on the extractive industries and noted that other states, like Texas, have expanded their economies to reduce such a dependence. When asked what he sees as opportunities for New Mexico to do the same, Mr. Yates questioned whether New Mexico has become too dependent on the federal government and suggested that the answer might lie in promoting entrepreneurship and an atmosphere conducive to job creation. A member observed that other states do not have permanent funds like New Mexico does, yet their economies have recently grown faster. When asked for his opinion of the difference in the business climates of Texas and New Mexico, Mr. Yates remarked that, in Lubbock, Texas, for example, one can build at a lower cost. Mr. Yates also said that starting a business is easier in Texas, citing an example of an entrepreneur in Carlsbad who faced complicated regulatory obstacles to opening a restaurant.

A member suggested, and Mr. Yates agreed with the suggestion, that New Mexico's outlook is brighter than that of many other oil-extraction states, given that many of the new oil wells in the country have been established in the Permian Basin. In response to a member's question of whether Iraq has oil tankers filled with oil and parked offshore, Mr. Yates replied that he did not know. He added that the Middle East needs higher oil prices and that the United States needs to encourage the development of its own energy resources.

A member asked whether those who have lost jobs in the extractive industry possess skills that they can apply to jobs in another sector of the economy. Mr. Yates responded that retraining oil field workers is possible, and he cited as an example geologists who have moved into the environment and renewable energy fields.

### **Next Steps for the Council**

Mark Lautman, lead program consultant, and director, Lautman Economic Architecture, talked about the council's goals and its work over the last two years, and he reviewed the goals for the meeting. Mr. Lautman presented a graph of New Mexico's 10-year job-creation scenarios. He described the federal government jobs contraction in New Mexico and its contribution to the existing jobs contraction, and he stressed the urgency of taking measures for improving the situation. Mr. Lautman reviewed a regional assessment update, which identifies the number of jobs needed to be created.

A member remarked that the numbers shown for the mid-region of the state seem lofty and suggested that its overregulation and unfriendly business environment will cause job losses. Another member expressed concern about New Mexico's non-legislative approach to dealing with labor laws and argued that the state should enact laws to prevent municipalities from establishing overly burdensome and complex regulations to avoid punishing the many for the needs of the few. Mr. Lautman commented on the relationship between state-funded social welfare programs and job creation.

Mr. Lautman discussed information contained in a table entitled "Economic Base Job Creation Potential". He commented that: 1) the state has neither a strategy for federal government job-base expansion nor one related to jobs in the extractive and energy sector; 2) the "retirement" job sector expansion plan is being developed; 3) there is healthy job creation in the film and digital media sector, but there is no strategy for enlarging the sector; and 4) the Tourism Department needs an infusion of additional money for marketing New Mexico. Mr. Lautman presented a slide entitled "New Mexico Market Share Job Creation Transactions" and noted that New Mexico is well under its market potential; he also showed a graph comparing New Mexico in this regard to its neighboring states. Mr. Lautman noted that the slide reinforces the assertion that New Mexico is spending too little money to create jobs, in spite of its job-creation potential.

Mr. Lautman remarked that New Mexico is competitive again from a taxation standpoint and that its incentives, such as Local Economic Development Act (LEDA) awards, have benefited the state. Referring to a graph showing job creation by sector, he indicated that New Mexico can still do a better job at growing the economy.

Responding to a member's question about which states have "right-to-work" laws, Mr. Lautman remarked that the topic comes up frequently in council meetings but that it does not move forward because the council has agreed to pursue only initiatives with unanimous approval, which that initiative lacks. A discussion ensued about the merits and disadvantages of being a right-to-work state.

A member asserted that New Mexico has too much poverty, that working families need more state support and that the state's education system needs to be fixed. The member argued that addressing poverty and education are key to enhancing job creation.

### **Council Program Development Initiatives: Retirement, Federal Government and Solo Work**

John Garcia, executive vice president, Home Builders Association of Central New Mexico, talked about spurring job creation by attracting retirees to the state. He stated that from 1998 through 2001, Conde Nast rated Santa Fe one of the top three places in the United States to visit. He said that attracting retirees to the state would help prevent flat or declining population growth. He added that one of the barriers to attracting more retirees is New Mexico's policy of taxing social security benefits. Meanwhile, in a measure of states' tax climates for retirees, Arizona and Nevada have been named as two of the best states. Mr. Garcia proposed that New Mexico change its tax system in this regard, increase its investment in the "New Mexico True" campaign and begin designating "certified retirement communities", which achieve that designation in part by meeting certain health care-related standards. Mr. Garcia added that the Home Builders Association values most highly the proposition of removing the state tax on social security benefits.

Eileen Yarborough, executive director, Cibola Communities Economic Development Foundation, briefly described her organization's "Solowork Economic Base Job Creation Pilot Project".

### **Update and Roundtable Discussion: LEDA and the Job Training Incentive Program (JTIP)**

Therese Varela, director, Economic Development Division, Economic Development Department, gave an overview and update on the LEDA and JTIP programs administered by the department. She highlighted Solaro Energy in Socorro, a company that makes attic fans and that has been awarded both JTIP and LEDA funds. She stated that the LEDA is the "gap filler" for many growing companies and that the program requires that a funded project: 1) be "shovel ready"; 2) not be funded with venture capital; 3) not be funded with capital outlay; and 4) have a 10:1 leverage ratio. Ms. Varela enumerated the amounts appropriated by the legislature for LEDA projects from 2013 to date. Lastly, Ms. Varela also highlighted a company called Ideum, which is located in Corrales and fabricates "touch furniture", or large LED displays that employ touch-screen technology. The company has received about \$691,000 in JTIP funding since 2006, she said.

A member stressed the importance of the LEDA and JTIP programs in attracting and retaining businesses and noted that it typically takes 18 to 24 months for a project to come to fruition. Mr. Lautman opined that \$10 million is needed in fiscal year (FY) 2017 for the programs to maintain their integrity. A member commented that, though the budget plan for the special session is very preliminary, many legislators would like funding for the LEDA and JTIP programs to stay intact; however, the consensus of legislators is that the shortfalls for FYs 2016 and 2017 must be addressed. Another member commented on the prevailing thought among lawmakers that the state should maintain at least 2% to 2.5% in its operating reserves for FY 2017 and that transferring the balance in the Tobacco Settlement Permanent Fund for solvency may be necessary. A legislative member requested that Mr. Lautman research how many jobs have been created from the \$50 million to \$56 million of LEDA funding that has been awarded.

### **Making State and Local Job-Creation Efforts More Accountable: A Review of Tax Expenditures, Incentives and Program Efforts**

Jim O'Neill, O'Neill Consulting LLC, presented on the topic of accountability in tax expenditures and other economic development incentives and distributed a spreadsheet showing the state's expenditures in that area. He said that the state has been continually spending about \$160 million each year on tax credits, exemptions and deductions for economic development. With about \$104.4 million in economic development incentives given in FY 2016 and an expenditure total of \$315.7 million, there is approximately \$210 million in non-economic development tax expenditures, he said. The state does not know how many jobs the economic development programs created. Mr. O'Neill suggested that the state make the expenditures more transparent, in part by removing the confidentiality provisions of certain tax expenditures so that the public and the legislature can know "what we are getting for our money". Further, he remarked, having a third party collect the information is good, but not ideal, since the Taxation

and Revenue Department (TRD) is already collecting that information. A discussion ensued about pursuing a more accurate determination of the number of jobs created from the tax expenditures intended to promote job creation.

A member asked why the state does not use dynamic scoring in its analyses of proposed tax policy changes. Mr. O'Neill replied that dynamic scoring had been used previously, but when the "Richardson tax cuts" were analyzed using the tool, the result was unfavorable to the administration and the practice was discontinued. He suggested that the TRD or another agency be responsible for conducting analyses of existing tax expenditures so that their impacts can be measured and their true costs known.

Mr. O'Neill explained that the presentation spreadsheet shows what the state, but not local governments and other taxing jurisdictions, is doing in this area. Mr. O'Neill recommended that the reporting data be consolidated to more clearly depict the economic development incentives landscape and suggested as potential statutory changes: requiring reporting similar to that required by the Governmental Accounting Standards Board, statutorily defining "job creation" and "economic development", creating an office of economic planning and accountability and developing a path for implementing such changes in 2018. The council agreed to hear a presentation on such proposed statutory changes at its October meeting.

### **Roundtable Discussion: Council Strategy on Public-Private Partnerships, Broadband, Rural Solo Work and the October Meeting**

Members divided into three groups to discuss the topics of public-private partnerships, broadband infrastructure and rural solo work.

### **Recess**

The committee recessed at 4:20 p.m.

### **Tuesday, September 13**

#### **Workforce Needs and Solutions: Educational and Workforce Development Programs**

Dr. Barbara Damron, secretary, Higher Education Department (HED), and Celina C. Bussey, secretary, Workforce Solutions Department (WSD), presented on workforce development through higher education and other training programs. Secretary Damron began by noting that there are 32 public higher education institutions in the state, not including the branch colleges and private institutions, and that New Mexico's system is the most decentralized system in the country. She added that while it should only take 120 credit hours to graduate with a four-year degree, in New Mexico, it takes the average student 154 credit hours to earn a four-year degree and 99 credit hours for a two-year associate degree. She noted as one reason for that difference that, often, students transfer to new institutions, but their earned credits do not count toward their degrees from those institutions. The HED is focusing on matriculation and the transfer of credits and is reviewing more than 10,000 syllabi from all public higher education institutions, she reported.

Secretary Damron reported that the cost of one course across a cohort is \$5.3 million; dual-credit programs should be well thought-out; a "GED" is now called a "high school equivalency" diploma; the state's post-secondary credential completions are slowly, but steadily, rising; higher education institutions need to become more efficient; a plan for increasing that efficiency should include an analysis of the number of people in the state who need a higher education degree; New Mexico is one of about 10 states without a degree-attainment goal; and, on September 23, the HED will have a strategic-planning summit.

Secretary Bussey reported that health care is a growth industry in the state; the manufacturing and extractive industries have been hit hard, which is causing particular economic hardship in Farmington and San Juan County; the fastest-growing occupations are in elementary, middle and high school education, physical therapy and medical and health service management; credential inflation is a phenomenon in which, more than ever, employers value educational attainment; 60% of education leaders believe degrees and credentials are absolutely essential, while only 38% of business leaders share that opinion; the skills gap, which is the gap between competency attainment and the needs of employers, is widening, according to national surveys; job-development career coaches work with students at 10 higher education institutions throughout the state; internships are very important to skills development; it is important that internships be paid to avoid excluding less affluent students; and the WSD's student-internship portal that will launch in October was developed by student interns.

Responding to a member's comment that finding qualified information technology and high-tech manufacturing hires can be difficult due to credentialing, Secretary Bussey replied that the federal government has been taking steps to consider experience along with education in its hiring decisions. Secretary Bussey expressed her belief that internships and mentoring are key to developing new talent and suggested that the state could play a role in helping companies that sponsor interns. Secretary Damron noted that the HED offers many financial aid, "loan-for-service" and structured loan-repayment plans to help people afford college and get work experience opportunities.

Secretary Bussey complimented the efforts of New Mexico State University (NMSU) in helping students gain work experience through internships and mentoring and noted that the WSD and NMSU are collaborating to establish student employment opportunities in the area so that students establish roots in the community and become less likely to leave the area or the state. A member requested that Mr. Lautman catalog the number of degrees available statewide and analyze that information in the context of the council's data-gathering results to identify job-placement opportunities. Another member commented that many in the state have financial and health problems that interfere with their ability to advance in their careers and education. Secretary Damron recognized that issue.

Secretary Bussey commented on the importance of stressing to low-income residents that education is key to income and standard-of-living advancement. Further, she said, the state can take steps to help ease the transition from dependence on social-welfare income to employment.

Responding to a member's question of whether the WSD observes many employers who pay for their employees' course work and internships, Secretary Bussey replied that some employers do pay for course work, though less so than in the past, and that internship pay varies widely.

### **Workforce Needs and Solutions: Employer Perspectives**

Representative Gonzales and Mr. Espinoza, president and chief executive officer (CEO), New Mexico Association of Commerce and Industry, moderated a panel discussion about employer needs in the workforce. The panelists were Leann Kravitz, board member, Fidelity Investments (Fidelity); Hilario Serrano, Randall Lumber and Hardware; Paula Randall Ervin, Randall Lumber and Hardware; and Jim Spadaccini, CEO and founder, Ideum.

Representative Gonzales directed the council's attention to an *Albuquerque Journal* newspaper supplement called "Top Places to Work" (May 15, 2016). Mr. Espinoza spoke about his organization's internship offerings.

Ms. Kravitz provided background on Fidelity and its efforts to create an enriching workplace for its employees. The company entered the New Mexico market in 2008 and currently employs approximately 45,000 people. Fidelity opened a 220,000-square-foot customer service center at Mesa del Sol. The company offers its employees subsidized healthy meals, an on-site health center, matching 401K retirement fund contributions, tuition reimbursement of up to \$10,000 per year, a student-loan repayment plan, student internships and paid leave for new parents. In 2015, Fidelity employees put in over 2,000 volunteer hours and donated \$61,000 in cash and in-kind contributions. The company located to New Mexico for reasons that include the quality of the workforce, the cost of that workforce, the agreeable weather and state and local incentives. Fidelity also appreciates New Mexico's relatively large bilingual population. Overall, Fidelity has been very happy with its decision to locate to New Mexico.

Representative Gonzales introduced Ms. Randall Ervin of Randall Lumber, a family-owned company in Taos that has been in business for 95 years. Ms. Randall Ervin said that the keys to her business' success have been family, service and respect, and spoke further about the business. Randall Lumber's founder helped fix homes during World War II, and provided credit to families to build their homes. The business hosts Christmas dinners and company picnics and offers its employees health and retirement benefits, profit sharing, discounted materials and flexible work schedules. The business aims to treat everyone with respect.

Mr. Serrano of Randall Lumber said that finding good employees is difficult, but one of Randall Lumber's strengths is employee retention. Recently, an employee retired after having worked for the business for 56 years. When hiring, the company seeks out candidates with the right attitude and then concentrates on teaching those it hires the skills they need for the job. Randall Lumber strives to foster a team spirit, solidarity among its employees, good customer relations and community involvement. It further strives to provide excellent service and to offer

high-quality products. Randall Lumber was honored as the Taos "Citizen of the Year", and, though it is only a small business, it wants to do big things for its community.

Mr. Espinoza introduced Mr. Spadaccini, who said that Ideum, which sells directly to its customers and is one of the fastest-growing companies in the country, moved 10 years ago from California, where costs were high, to Corrales. The company currently occupies a 20,000-square-foot facility and is also doing some fabricating in Santa Teresa. It has received JTIP and LEDA funding and has taken advantage of state tax incentives. The company has 43 employees and five openings and has learned the value of treating employees well. Furthermore, Ideum has no outstanding debt and does not use venture capital. Ideum continues to grow and is exploring new manufacturing techniques.

A member asked the panel members in what areas they believe the state's workforce can improve. The panelists cited as answers: creativity and visual-design skills; credit scores and financial literacy; soft skills and employability, including in such areas as promptness and responsibility; abstinence from drug use; and eagerness to work. A member pointed out that, sometimes, people's credit scores suffer because of circumstances beyond their control, like getting laid off, and suggested that credit checks of prospective employees might be unfair. Ms. Kravitz noted that it is difficult for companies to distinguish between those candidates and others whose credit scores reflect financial irresponsibility. Another member commented on the prevalence of workforce issues like punctuality and an unwillingness to approach employment with a sense of responsibility. The member noted that small towns and cities experience different workforce issues and identified as a challenge the need to educate youths and families about the availability of services, internships and other programs that can help them overcome such barriers to employment.

### **The Need for "Soft Skills" in the Workforce**

Krista Martinez, president, Junior Achievement of New Mexico (Junior Achievement); Carla Rachkowski, program manager, Accelerate New Mexico (Accelerate); and Scott Miller, president and CEO, Circles USA, spoke about their respective programs.

Ms. Rachkowski said that Accelerate is a pilot project to provide technical skill training to improve people's workforce readiness and that it focuses, in part, on teaching basic math skills and that it predominantly serves a non-white population whose age, on average, is 28. It has served 851 students in the past five years.

Ms. Martinez described Junior Achievement as an organization that partners with businesses to help build, through curricula development, the workforce of tomorrow. She said that, according to the U.S. Department of Education, one in five students will not graduate from high school. Junior Achievement coordinates and trains volunteers to go into classrooms and, by sharing knowledge and experience, teach twenty-first century skills related to communication, media and technology. The organization intends to expand its services to more communities,

spend more time in the schools it currently serves, increase awareness in the public and private sectors of its work and continue to support educators through its partnership and collaboration.

Mr. Miller said that one in three New Mexicans struggles with poverty, either "situational" or "generational". The former is a graver problem. The situation in New Mexico is such that a person earning \$6.83 per hour can be as well-off as one earning \$20.00 per hour because of the availability of social services programs whose payments can effectively make up that difference in pay. The situation, known as the "cliff effect", keeps people from taking advantage of opportunities for higher-wage jobs and job-skills training. Poverty is also driving much of the higher education dropout problem.

Mr. Lehman suggested that the cliff-effect issue is contributing to the apparent deficiency in the state of qualified workers and noted that the deficiency has grown in the last 10 years. Responding to a member's question, Mr. Miller characterized poverty as largely an economic issue and said that the United States has created a culture of poverty by focusing on satisfying people's immediate, not long-term, needs. He stressed that helping people move permanently out of poverty is more critical than simply helping feed those in poverty.

### **Issues in Workers' Compensation**

Quinn Lopez, vice president and general counsel, New Mexico Mutual, and Thom Turbett, president-CEO, Independent Insurance Agents of New Mexico, discussed workers' compensation-related topics as follows.

New Mexico has a relatively low concentration of people and, as such, is not a very lucrative market for insurance companies. Those that transact business in the state tend to do well when the state's economy is strong and leave the state when its economy weakens. In the late 1980s, the insurance market was terrible, and the state's workers' compensation rates were very high compared with other states. Employee benefits were the richest in the nation. To address the situation, in 1990, lawmakers enacted workers' compensation reform, which included provisions to cap legal fees and create workers' compensation judge positions. In 1991, the state created New Mexico Mutual Casualty Company.

In 2000, New Mexico was one of the five states in the nation with the lowest-cost workers' compensation insurance premiums. In 2014, New Mexico was ranked number 42 in that measure. Because insurance companies in the state compete with those in other states, this cost matters. New Mexico's relatively low wages exacerbate the problem. Education, crime, workforce availability and workers' compensation insurance rates factor into the decisions of companies considering New Mexico as a place to locate their businesses. Furthermore, New Mexico is a "long tail line" state, meaning that workers' compensation claims can take several years to resolve. New Mexico is seeing a rise in the cost of claims for a variety of reasons: the view that indemnity is a form of wage replacement, and rising (8% since 2010) medical costs. Further, indemnity costs, which averaged \$28,000 in 2013, have risen due to relative benefit levels, return-to-work disincentives, case law erosion, rising medical and prescription costs,

rising litigation costs, challenges to exclusive remedy and case law that is expanding benefits. It is estimated that 10% of workers' compensation claims involve fraud or abuse. In conclusion, the 1990 workers' compensation reform was very successful, but New Mexico's system has since degraded to become the twentieth-worst in the nation.

**Adjournment**

There being no further business before the council, the council adjourned at 2:58 p.m.



Revised: October 21, 2016

**TENTATIVE AGENDA  
for the  
FIFTH MEETING  
of the  
JOBS COUNCIL**

**October 24, 2016  
Room 307, State Capitol  
Santa Fe**

**Monday, October 24**

- 8:45 a.m.           **Call to Order**  
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair  
—Representative Don L. Tripp, Speaker of the House of Representatives,  
Co-Chair
- 8:50 a.m.           (1)   **Summary of Jobs Council Findings**  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic  
Architecture (LEA)  
—Charles Lehman, Program Consultant; Director, Employment and  
Economic Information Center of New Mexico (EEICNM)
- 9:15 a.m.           (2)   **Job-Creation Retirement Program**  
—John Garcia, Executive Vice President, Home Builders Association of  
Central New Mexico
- 9:30 a.m.           (3)   **Local Economic Development Organizations' Tracking of Job-Creation  
Data and Development of Job-Creation Plans**  
—Mark Lautman, Lead Program Consultant; Director, LEA  
—Charles Lehman, Program Consultant; Director, EEICNM
- 9:45 a.m.           (4)   **Jobs Council Program Development Initiative: Solo Work**  
—Mark Lautman, Lead Program Consultant; Director, LEA  
—Paul Hamrick, Program Consultant
- 10:30 a.m.          (5)   **Approval of Minutes**  
1. Jobs Council Subcommittee – August Meeting  
2. Jobs Council – August Meeting  
3. Jobs Council – September Meeting

- 10:35 a.m. (6) [Accountability in State and Local Incentives for Job Creation](#)  
—Jim O'Neill, O'Neill Consulting LLC  
—Mark Lautman, Lead Program Consultant; Director, LEA
- 11:50 a.m. **Economic Development Efforts of the New Mexico Gas Company**  
— LaVanda W. Jones, New Mexico Gas Company
- 12:00 noon **Lunch**
- 1:00 p.m. (7) [Broadband Report; Update on Jobs Council-Approved Appropriation for a Broadband Study and Plan](#)  
—Darryl Ackley, Secretary, Department of Information Technology  
—Joanne Hovis, President, Columbia Telecommunications Corporation  
—Charles Lehman, Program Consultant; Director, EEICNM
- 2:00 p.m. (8) [Increasing the Investment in Broadband](#)  
—Katherine Martinez, Director of Legislative Affairs, CenturyLink
- 2:30 p.m. (9) [Public-Private Partnerships](#)  
—Mike Puelle, Chief Executive Officer (CEO), Associated General Contractors of New Mexico  
—Katherine Martinez, Director of Legislative Affairs, CenturyLink
- 3:00 p.m. (10) [Barriers to Entrepreneurial Job Creation](#)  
—Russell Wyrick, State Director, New Mexico Small Business Development Center (SBDC)  
—Adriene Gallegos, Associate State Director, New Mexico SBDC
- 3:45 p.m. (11) [Legal Environment-Related Barriers to Job Creation](#)  
—Steven Kopelman, Executive Director, New Mexico Association of Counties
- 4:15 p.m. (12) [Employment Law — Statewide Uniformity](#)  
—Jason Espinoza, President and CEO, New Mexico Association of Commerce and Industry  
—Gary Oppendahl, Director, Economic Development Department, City of Albuquerque  
—Dale Armstrong, President, TLC Plumbing
- 4:45 p.m. (13) [Issues in Workers' Compensation](#)  
—Senator Jacob R. Candelaria  
—James Magoffe, Member, Workers' Compensation Advisory Council  
—Kevin J. McGinley, Member, Workers' Compensation Advisory Council
- 5:00 p.m. **Adjourn**

**MINUTES  
of the  
FIFTH MEETING  
of the  
JOBS COUNCIL**

**October 24, 2016  
Room 307, State Capitol  
Santa Fe**

The fifth meeting of the Jobs Council (council) was called to order by Representative Don L. Tripp, co-chair, on October 24, 2016 at 9:05 a.m. in Room 307 of the State Capitol.

**Present**

Sen. Mary Kay Papen, Co-Chair  
Rep. Don L. Tripp, Co-Chair  
Vicente Alvarado  
Dale Armstrong  
Terry Brunner  
Sen. Pete Campos  
Terri L. Cole  
Jason Espinoza  
William F. Fulginiti  
Rep. Harry Garcia  
Rep. Roberto "Bobby" J. Gonzales  
Justin Greene  
Steven Kopelman  
Rep. Sarah Maestas Barnes  
Sherman McCorkle  
Sen. Michael Padilla  
Alex O. Romero  
Sen. Michael S. Sanchez  
Eric Witt

**Absent**

Scott Bannister  
Sen. Stuart Ingle  
Rep. Tim D. Lewis  
Sen. George K. Munoz  
Sen. Pat Woods

**Advisory Members**

Rep. David E. Adkins  
Rep. Alonzo Baldonado  
Sen. Carlos R. Cisneros  
Rep. Bealquin Bill Gomez  
Rep. Yvette Herrell  
Rep. Larry A. Larrañaga  
Sen. Howie C. Morales  
Rep. Debbie A. Rodella  
Rep. Monica Youngblood

Rep. Cathrynn N. Brown  
Sen. William F. Burt  
Rep. Kelly K. Fajardo  
Rep. Stephanie Garcia Richard  
Rep. Conrad James  
Rep. Bill McCamley  
Sen. Steven P. Neville  
Rep. Patricia Roybal Caballero  
Sen. William P. Soules

**Guest Legislator**

Sen. Jacob R. Candelaria

**Staff**

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)

Jeff Eaton, Research and Fiscal Policy Analyst, LCS

Monica Ewing, Staff Attorney, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**Monday, October 24****Summary of Council Findings**

Mark Lautman, lead program consultant, and director, Lautman Economic Architecture, talked about the council's work over its four years, which focused on identifying ways to restore the state to pre-recession employment levels. In addition to formal council meetings, hundreds of participants attended many other meetings during those four years. He expressed appreciation to all of the participants.

The council's process examined economic development in a non-divisive and non-political way. The economic development and jobs-creation framework developed by the council can be used at the state, regional, county and local levels. The council's contract staff are developing a training curriculum on the framework.

To assess economic development, the council considered economic-base job creation in several program theaters within each of the state's seven districts. The council also considered factor-of-production gaps that could prevent job creation in a particular theater.

Mr. Lautman reported that the job-creation estimates developed by the council showed that, without successful economic development efforts, the state could see a 10% contraction of the economy over the next 10 years. Many of the jobs created recently in the state do not provide long-term employment.

Regarding the regional job-creation estimates, some regions estimated they would be able to create more jobs than necessary for their areas to return to full employment. A nationwide report showed that 73 of the more than 3,000 counties in the country account for a majority of the country's economic growth.

Mr. Lautman said that the North Central region of the state offers significant job-creation potential, but he noted that planning and organizational work are needed. Without such planning within all program theaters, the region could lose 10% of its economy in the next 10 years. Likewise, in the Eastern Plains region, planning and organizational efforts are necessary because very few sectors in that region are being actively managed. Regarding the North West region, he reported that the economic activity in San Juan County largely drives the region's job creation, and programs in that region are underfunded and understaffed.

After reviewing job-creation efforts in each of the state's seven regions, Mr. Lautman noted that if the state does not begin creating jobs, it will likely experience a population contraction. That contraction could present an opportunity for economic prosperity, but only if the economy does not contract at a faster rate than that at which the population contracts, which is rare.

Only three theaters have well-established infrastructure and related statutes: employer recruiting, retention and expansion; film and digital media; and tourism. Those theaters' programs are not funded sufficiently to produce enough jobs. Programs for the remaining theaters are either insufficiently developed, are uncoordinated or are severely underfunded. Mr. Lautman noted that the most significant factor-of-production gaps are a lack of an experienced workforce, commercial real estate and broadband access.

A member asked how the legislature should address the lack of employable workers in the state, other than through workforce training. Charles Lehman, program consultant, and director, Employment and Economic Information Center of New Mexico, said that community colleges, universities and workforce boards are all working on the issue. Additionally, individual industries can identify the skills needed for workers to fill their most critical jobs and work with policymakers to get workers trained. Mr. Lautman added that investment in early education and community colleges is important.

A member noted that Facebook data centers in other states have resulted in 250 to 300 construction jobs. Mr. Lautman said that it is too early to know how the state's Facebook data center will impact the economy, but it is important that industries feel welcome in the state.

Referring to page 18 of Mr. Lautman's presentation materials, a member said that the council's priority should be to solve employment issues. Mr. Lautman said that there was hope that more solutions would have been developed by this point, but with the exception of work being done in the retirement theater, very few people have convened to develop plans to solve problems in specific theaters. Such planning work is tedious and complicated and not the legislature's responsibility. Mr. Lehman added that additional staffing and support are needed in economic development organizations to develop job-creation plans.

A member noted that Facebook representatives sought out certain types of workers and that the New Mexico's Sheet Metal Workers Local Union No. 49 identified 25 apprentices for the

proposed work and has a curriculum that can be adjusted to fit the employer's needs. The member added that some of the available jobs would allow workers who have relocated out of state to return home.

A member remarked on having read that there are 11,000 employment vacancies in New Mexico and underscored concerns about the state's untrained workforce. Mr. Lautman responded that local organizations can come up with solutions to employment problems, but they need staff and resources to do that work. He added that the work of those organizations should be measurable. Mr. Lehman added that many workers are not aware of the jobs that are in highest demand, such as those in health care.

Regarding the recent layoff of 300 workers in the state, a member asked how the state assists workers who are laid off. Mr. Lautman responded that economic development professionals routinely examine surpluses of workers or commercial real estate in their work. Another member noted that many of those laid-off workers were immediately rehired.

A member asked how the difficulty in obtaining permits factors into economic development. Mr. Lautman said that delays in construction are costly, and employers will consider an area's regulatory environment when choosing where to locate.

In response to a question about unemployment benefits, Mr. Lautman said that public benefits can present a barrier to employment.

### **Job-Creation Retirement Program**

John Garcia, executive vice president, Home Builders Association of Central New Mexico, informed the council that growing the state's population is more important to the state's economy than creating jobs. He said that work on the retirement sector is focused on keeping retirees who are at or above 200% of the federal poverty level in the state. Retirees are potential solopreneurs who have banking and health needs that the state can meet, and retirees often have pensions or well-funded retirement accounts.

In planning for a retirement program, a formula was developed that shows that a targeted retiree who stays in the state is the equivalent of one economic-base job created. He noted that 109 million Americans are now over the age of 50 and that 36% of them are dependent on social security upon retirement. The census shows that there are over 80,000 retirees in the state who receive state or local government pensions, and 55% of retirees intend to work at least part time after retirement.

Five states — Texas, Louisiana, Mississippi, West Virginia and Kentucky — have certified retirement communities. New Mexico needs to develop a strategic plan using competitor states' approaches as a guide. Rio Rancho was built on a tourism model, and with some marketing efforts, it could become a medical tourism destination. New Mexico has an

opportunity to leverage its recognition as a tourism destination and its "New Mexico True" tourism campaign.

In response to a member's question, Mr. Garcia said that a certified retirement community offers amenities to address the needs of retirees, including medical facilities and cultural opportunities. In planning a retirement community, the state should focus on identifying retirees' needs and establishing which entity would certify communities.

In response to another member's question, Mr. Garcia said that there are currently no certified retirement communities in the state, but he and others are working with the Tourism Department and the Economic Development Department (EDD) to determine whether a certified retirement community program could be administered by either department.

### **Local Economic Development Organizations' Tracking of Job-Creation Data and Development of Job-Creation Plans**

Mr. Lehman introduced a proposal to establish local jobs councils. The local councils would use the model and information developed by the state-level council to inform the local councils' planning and analysis. The local councils would develop and implement plans to address factor-of-production gaps and attempt to bring out-of-state businesses and jobs to their communities. The local councils would also work with local economic-base employers, economic development organizations and councils of governments. The proposal, he explained, seeks three one-year grants of \$50,000. The funding would be administered through the EDD.

In response to a member's question, Mr. Lautman said that a local council could be run by a council of governments, a municipality or a county. There are many stakeholders in each community, and those people would need to be involved. The local council would operate for three years and develop a job-creation plan.

In response to a question about 2017 legislation, Mr. Lehman said that he would wait to draft legislation until after the council considered the proposal. He added that \$50,000 grants would provide for staff and funding for the development of a local job-creation plan. Local councils would have to provide a matching grant to qualify for the state grant. The grants would be competitive, and communities would apply for them.

Another member suggested that the New Mexico Finance Authority (NMFA) could have funding available for planning efforts.

A member expressed concern that the local jobs councils would be unable to develop solutions to create jobs or address obstacles identified. Mr. Lautman said that the local councils would build on the work of the state-level council and develop a plan for policies or other changes that should be made. A representative from the EDD, who was in the audience, said that, because the department heard the proposal for the first time that day, it could not comment on it.

The council approved the local jobs council grant concept without objection.

**Council Program Development Initiative: Solo Work**

Mr. Lautman explained that long-term planning in the solo work theater has not been undertaken, but he is optimistic that results of current solo work pilot programs will be available by the next legislative session.

Eileen Yarborough, executive director, Cibola Communities Economic Development Foundation, explained the solo work pilot program under way in Grants. The program received funding from the NMFA, United States Department of Agriculture (USDA) and EDD, \$100,000 from her organization and in-kind space and equipment from New Mexico State University. The funding will provide for five solo work training sessions over five months. The program's goal is to have 10 to 12 trainees in each session. If successful, the program will provide jobs at a cost of approximately \$5,000 per job, which is reasonable given the considerable expense of creating jobs in rural communities.

Ms. Yarborough noted that the jobs created through the program will start at relatively low salaries, but the goal is to secure jobs with salaries that surpass the income a person would receive through public benefits alone.

Bill Hendrickson described the solo work pilot program in Las Vegas. He reiterated the great expense involved in creating jobs in rural parts of the state and said that bringing 300 jobs to a city the size of Albuquerque is equivalent to bringing 10 jobs to Las Vegas. The program has collaborated with New Mexico Highlands University, which has created a space for start-up businesses. The program is learning from the progress of the program in Grants and is searching for funding to hire trainers. He said he is optimistic that the program will have a significant impact in Las Vegas.

Mr. Hendrickson said that the solo work program aims to fill a gap for workers who are not going to attend college or who are underemployed. Employment forecasts show that many of the state's workers are going to work in some kind of solo work field. Mr. Lautman added that solo work programs are in need of financial support from the legislature. The theater is currently not eligible for any of the state's employment incentives, although he is hopeful that the requirements of some of those incentive programs could be modified to provide assistance to solo work programs.

A member expressed support for the solo work program. Another member asked whether funding is available for the program once the pilot is completed. Ms. Yarborough said that the pilot in Grants has enough funding for five months and that she is working with the local workforce board to identify additional funding. She said that the jobs being created through the program are economic-base jobs with out-of-state companies.

In response to a question about the operating cost of the program, Mr. Lautman said that it costs approximately \$3,500 to train and hire a person in the span of one month. Existing programs in other states are achieving 90% placement rates for their participants.

A member noted that the USDA strongly supports the program and is looking to implement the program nationally. He noted that the USDA hopes to continue providing funding for the program if it is successful.

In response to a member's question, Ms. Yarborough said that the solo work program differs from the work of small business development centers (SBDCs), but she said that SBDCs could become involved if participants ultimately need assistance with becoming small business owners. She added that the solo work program is not a new economic development entity but is housed under a local economic development organization. The only new resources involved in the programs are trainers and facilities to conduct training. Mr. Lautman added that there is no program currently that performs the work of the solo work programs, although a well-managed business incubator could be modified to accommodate a solo work program.

### **Approval of Minutes**

The minutes for the council's August and September meetings and the minutes for the council's subcommittee's August meeting were approved without objection.

### **Economic Development Efforts of the New Mexico Gas Company (NMGC)**

Tom Domme, general counsel, NMGC, explained that the NMGC will contribute \$10 million to help promote economic development in rural New Mexico, \$5 million of which is slated for general economic development work by existing economic development organizations in the state. The second \$5 million will be used to assist areas of the state with the greatest economic development needs and will be paid out over five years. The first \$1.5 million is currently being distributed to 17 organizations with which the company will collaborate to ensure that the funds are effectively used and tracked. A similar amount will be distributed over the next two to three years.

LaVanda W. Jones, governmental affairs, NMGC, said that the Regional Development Corporation of New Mexico in Española will use funding it receives from the NMGC to assist with workforce and nontraditional students' needs. An organization in Santa Teresa will use NMGC funding to bring supplies to Santa Teresa. The NMSU Arrowhead Center is also working to commercialize technology and business and to transform innovations in the transport of products. Additionally, the Roswell economic development community is in need of resources to help the organizations there to secure federal grants. Ms. Jones emphasized that each area of the state is in need of a different type of economic development assistance.

A member expressed support for the NMGC's efforts and asked whether one of the projects receiving assistance is related to a school that is paying an excessive amount for propane because of a lack of access to natural gas. Mr. Domme said that the NMGC makes the funding

available, and participants granted funding decide whether to partner with the NMGC. If a participant identifies another source of funds, the NMGC will match that amount. He added that this program allows a school or residential or commercial area to cut the cost of infrastructure expansion in half.

In response to another member's question, Mr. Domme said that notice of the availability of funding from the NMGC is published, and the matching funds are then available for five years. He said the company would like to promote the program as much as possible to ensure greater access to natural gas.

In response to a member's question, Mr. Domme said that a school can serve as an anchor for expanding natural gas infrastructure. If a particular school is interested, it can contact the NMGC, which can then identify the amount of matching funds that would be required to receive a grant. He added that the total amount of money available for matching funds is \$10 million.

### **United States Department of Energy (DOE) Initiative**

Mr. Greene informed the council that the DOE recently re-bid for Sandia National Laboratories but did not include economic development in the contract. He presented a draft letter to U.S. Secretary of Energy Ernest Moniz, in which the council could encourage the DOE to include regional economic development proposals in the request for proposals process for the next contract to manage Los Alamos National Laboratory. He noted that the Science, Technology and Telecommunications Committee considered and approved the draft to be sent on behalf of that committee, and he asked that the council also approve the letter.

The council approved the draft letter to be sent on behalf of the council.

### **Accountability in State and Local Incentives for Job Creation**

Jim O'Neill, O'Neill Consulting, LLC, told the council that the state has approximately 25 tax incentives aimed at economic development. He added that the state spends \$250 million to \$300 million each year on incentives with no related accountability measures. He proposed that legislation be drafted to create an accountability system using uniform definitions and sound metrics. When paying out incentives, the state should know, in connection with the incentive: the number of jobs created; the number of economic-base jobs created; and any tax incentives received by the employer. He noted that current audits do not assess these things, and most of the state's credits do not require any such reporting.

The legislation Mr. O'Neill proposed would insert reporting requirements throughout sections describing tax and other incentives. Reported information would help the state determine what kind of return it is getting on its investments.

Mr. Lautman agreed that accountability measures are necessary to support requests for economic development funding. He said that he and Mr. O'Neill met with several experts in the field and spent a considerable amount of time identifying which statutes affect job creation and

considering whether those statutes should all be placed together in the compilation. The legislation, once drafted and if passed, would not be effective until 2018, and the legislation would need to be vetted by stakeholders in government and in the tax community.

In response to a member's question about the time line for preparing the legislation, Mr. Lautman said that he plans to have a group of 10 experts do a formal review of the bill and make any necessary revisions. Mr. O'Neill said that issues of confidentiality will be addressed and reiterated that the only information sought in reports would relate to jobs and taxes.

In response to another member's question, Mr. O'Neill said that new rules require local and state governments to report more information relating to economic development incentives. Mr. Lautman said that there should not be so many obstacles to determining what the state is getting in return for incentive payments.

A member expressed concern about the process used to develop the legislation. The member said that many people who will be affected by the legislation, but who have not been consulted, are also concerned and that the process should be more inclusive. Mr. Lautman responded that because of the detail involved in the project, it has not yet been possible to develop a complete draft for vetting. He said that he is open to the council's input about the process of developing the bill.

Representative Tripp said that the council is not ready to endorse the proposed concept, but the council approved, without objection, continued work on the proposal.

### **Broadband Report; Update on a Council-Approved Appropriation for a Broadband Study and Plan**

Darryl Ackley, secretary, Department of Information Technology (DoIT), introduced representatives from his department, and Mr. Lehman provided an update on the state's work toward improving the state's broadband infrastructure. Mr. Lehman said that many economic-base jobs will be lost or not created without improved broadband infrastructure. The DoIT surveyed the state's economic development organizations and learned that more than half of the rural organizations do not have adequate broadband in their areas.

Secretary Ackley reported that the DoIT has actively promoted broadband improvements as discussed in his materials titled "Status Update on OBGI; Broadband for Business (BB4B) Study; Interim Jobs Council Meeting". He noted that the other materials he provided relate to fiber optics and include a summary of a report that is being reviewed and will soon be ready for consideration.

Secretary Ackley said that states were given money to create comprehensive maps of broadband availability, and New Mexico's grant was run by Gar Clarke, broadband program manager, Office of Broadband and Geospatial Initiatives, DoIT. The department has requested funding to grow that office every year because of the need for a comprehensive broadband plan.

The state's broadband program focuses on broadband for education, business and health. The DoIT is running one of four pilot programs in the nation to expand data broadband dedicated to public safety, which would create a dedicated network for public safety professionals' use. He noted that the DoIT has developed a strategic plan for broadband, and it is available on the website provided in his presentation materials.

Joanne Hovis, president of Columbia Telecommunications Corporation, said that it is important to identify the scope of the state's broadband challenges and to identify the costs of addressing the challenges through public and private approaches. Broadband is a primary consideration when workers and businesses consider relocating.

Secretary Ackley said that he would like the state's technology to last for more than just a few technology cycles, and the DoIT advocates for fiber-optic infrastructure because it can be used with newer technology without upgrades. There will always be more demand for than supply of broadband because of the rapid increase in the amount of bandwidth used in individual households and elsewhere.

While some advocate for solely private or solely government solutions to broadband needs, Secretary Ackley said he believes the solution will involve a combination of both. He discussed three models for partnership options that involve varying degrees of risk for private investors and public sector partners.

Finally, Secretary Ackley said that the DoIT anticipates delivering a report that documents the current broadband status of the state and identifies ongoing needs. The report will provide information on models for the state's consideration. He suggested that the easiest solutions to consider are "dig once" initiatives and public-private partnership (P3) legislation.

A member asked Ms. Hovis about locating her business based on broadband availability, and she said that she sought cable modem connections and paid for two digital subscriber lines connections, and even with those, she is sometimes without service. The question of whether she has a fiber connection for her business is more important than any available tax incentives or parking or available workforce for her bandwidth-intensive business. A member said that during the upcoming session, he will introduce legislation to include technology funding in the mill levy.

In response to a member's question, Secretary Ackley said that broadband coverage in a city varies by area and often depends on where recent construction was undertaken.

### **Increasing the Investment in Broadband**

Katherine Martinez, director of legislative affairs, CenturyLink, discussed the state's investment in broadband and the draft of a bill that would provide for the Public Regulation Commission's (PRC's) jurisdiction over incumbent local exchange carriers and their investments in telecommunications and broadband infrastructure. Senator Padilla said that there are some

statutes in effect that are preventing companies from taking necessary action relating to broadband expansion.

Ms. Martinez said that the proposed legislation is similar to a bill introduced in 2015, and it reflects negotiations from that legislative session. She said that the bill does not change the PRC's regulatory and investigatory authority, but it modernizes and streamlines processes, which in turn reduces costs. She noted that the language in the bill would require the PRC to report on the effects of the bill by 2019 and that if after July 2021 negative findings are shown, regulations could revert to their previous forms.

Senator Padilla said that it is important that all involved industries are consulted. He recalled that the carriers and the Communication Workers of America were neutral with respect to the 2015 bill. Ms. Martinez added that many economic development organizations and chambers of commerce supported the bill in 2015.

A member noted that the bill provides for a way to increase investment in infrastructure at no cost to the state and said that the New Mexico Association of Commerce and Industry (ACI) supports the bill.

A member said that franchise laws in the state have not changed in 40 years. He added that attempts to revise the laws were opposed by the wireless industry. He encouraged continued work to remove obstacles to the law's revision that occur at the local level.

The council endorsed the bill without objection.

### **Public-Private Partnerships**

Mike Puelle, chief executive officer (CEO), Associated General Contractors of New Mexico, made note of the P3 bills introduced in the 2013 and 2015 sessions. He stressed the importance of the state's infrastructure to its successful economic development and job creation and the growing competition for legislative appropriations.

He explained that the legislation does not replace, but rather supplements, the Procurement Code. It expands the financing- and procurement-of-infrastructure options to meet public needs. The bill requires transparency and the use of best practices by public and private partners. He noted that private investors are interested in partnering with governments because the agreements provide stable, long-term investments. The public and private partners share risk and are provided with protections.

A member noted that P3s are useful for some types of projects and not for others. Another member noted the importance of requiring the projects to adhere to labor, wage and other public resource laws.

Another member expressed support for the legislation and remarked on the lengthy testimony on the bill in previous sessions. The member asked about opposition to the bill. Mr. Puelle said that the bill provides for a comprehensive analysis of a proposed project. He said that this means that these projects could receive even more scrutiny than other public projects. He added that some people are concerned about user fees being charged for infrastructure built through P3s. He said that the bill provides for availability payments, which is tax revenue paid to a private partner only if the partner maintains a project in a certain condition that makes it available for use.

A member noted that home-rule municipalities and universities have already used P3s to finance projects. Mr. Kopelman expressed the support of the New Mexico Association of Counties for the bill.

### **Barriers to Entrepreneurial Job Creation**

Russell Wyrick, state director, New Mexico SBDC, introduced several of the organization's representatives from across the state. Several of those representatives identified economic issues within their areas of the state, including: workforce quality and the lack of soft skills; workforce housing availability; regulatory environment; broadband access; construction permitting and inspections; and difficulties accessing state incentives for businesses. Several members noted a concern with the law governing the licensing of handymen. The law, which was passed in 1978, limits a licensed handyman to \$7,200 of income per year. They suggested raising the limit to approximately \$30,000 per year.

A member asked whether the SBDCs across the state offer business assistance in Spanish. He suggested that Spanish-speaking business owners might need assistance with, for example, tax issues. An SBDC representative noted that, in the previous week, the SBDC offered a "*si se puede*" program in Spanish and discussed the importance of obtaining licenses, registering businesses and paying taxes.

### **Legal Environment-Related Barriers to Job Creation**

Mr. Kopelman, speaking as the executive director of the New Mexico Association of Counties, explained that the state's legal environment is an important factor in economic development. He said that employers in New Mexico are at the greatest risk of facing a costly employment discrimination lawsuit because of the state's laws. He suggested that this fact could influence a business's decision to locate in the state.

Mr. Espinoza, speaking as the president and CEO of the ACI, added that another study reported that most employers would consider the legal environment in a state when deciding whether to do business there. It is important that businesses see the state's legal environment as fair and reasonable.

T.J. Trujillo, ACI board member, said that another significant issue is judicial compensation. Because the state's judges are compensated at some of the lowest rates in the

country, fewer people consider becoming judges, and it is important that the best candidates become judges. He added that political action committees are also becoming involved in judicial retention elections, so judicial election processes should be reexamined.

Mr. Trujillo noted that New Mexico is the only state in the country without an Administrative Procedures Act that applies to all boards, commissions and agencies, and having such an application could improve consistency and transparency in rulemaking.

Regarding the state's Tort Claims Act, Mr. Kopelman noted that the language of the act's waiver of immunity is clear; however, several court decisions have interpreted the waiver language in ways that have caused costly lawsuits. The money being paid for claims for which immunity should have existed could be used to pay for public projects instead. The immunity provisions should be clarified.

Mr. Kopelman also addressed the state's Whistleblower Protection Act, which he said needs improvement. The act prohibits retaliation against public employees who are "whistleblowers", but he said that the language in the act is so broad that it has been applied to protect whistleblowers who are not meeting their obligations as employees. This is a problem for employers who need to make personnel decisions but are restricted by protections offered by the act. He added that there should be a cap on the damages available to whistleblowers.

A member agreed that the Whistleblower Protection Act needs to be revised to strike a better balance between employers' needs and employees' protections. He agreed that the language is too broad, and judgments against governments impair public services and result in increased insurance premiums.

Another member asked whether legislation to revise the Whistleblower Protection Act would be introduced. Mr. Kopelman said that the presentation is informational, but forthcoming legislation would propose a cap on damages and clarification of protections offered. He said he would seek input from trial lawyers and other organizations on the draft legislation. A member agreed that judicial compensation should be addressed.

### **Employment Law — Statewide Uniformity**

Mr. Espinoza discussed a proposed bill intended to create uniformity in employment laws throughout the state. The bill would restrict a political subdivision of the state, a home-rule municipality or an institution of the state from adopting a law that regulates hours, scheduling or leave provided by a private-sector employer or that requires a private-sector employer to provide paid or unpaid leave, a fringe benefit or another benefit that creates an expense for the employer.

Mr. Armstrong, speaking as president of TLC Plumbing, noted that the legislature and businesses will soon be controlled mostly by millennials, and he suggested that those young adults will drive the market with respect to employment benefits, rather than allow labor laws to dictate how business is run. He encouraged the council to consider the bill.

A member expressed support for the bill and noted frustration at referenda that enable a small percentage of residents in an area to dictate how an employer conducts business. In response to another member's question, Mr. Espinoza said that Albuquerque is the only political subdivision that has taken the action that would be restricted under the bill.

The council endorsed the bill without objection.

### **Issues in Workers' Compensation**

James Magoffe, a member of the Workers' Compensation Advisory Council, said he is dedicated to improving and clarifying the state's workers' compensation law. He added that issues have arisen after the court decision that held that farm and ranch workers are eligible for workers' compensation benefits. He suggested that if an employee is fired for cause, the employee should not have access to full workers' compensation benefits.

Mr. Magoffe said that New Mexico's economic outlook ranks thirty-fourth in the country, and it is ranked forty-fifth in terms of costly employment-related litigation. He said it is critical for the state to control costs while promoting safety.

Senator Candelaria said that, under the current law, an employer can be penalized for not bringing an injured worker back to work, even if the reason the employee is not brought back is the employee's poor conduct. He said that this outcome is contrary to the legislature's intent when it included the penalty on employers. He added that a worker's conduct should be considered. He gave an example of an employee who was terminated for sexual harassment, and because he did not voluntarily remove himself from the workplace, the state was required to pay him full workers' compensation benefits, and the state paid a penalty because the worker did not return to employment.

Because the court has said that the legislature's intent with respect to some provisions in the Workers' Compensation Act is unclear, the language needs to be clarified. Senator Candelaria said that he will introduce a bill in 2017 to clarify the legislature's intent: if a worker is terminated for cause after returning from an injury, the state will not be penalized. This bill was not presented to the council in draft form. If the state continues to make significant indemnity payments, the state's "use rating" will increase, impairing the state's business. He will also carry a bill to align New Mexico with most other states with respect to subrogation. Under current law, if a worker is injured because of a third-party's action and the worker receives workers' compensation benefits, the Workers' Compensation Administration is prohibited from pursuing reimbursement from the third party for the benefits paid. The bill would allow the administration to seek reimbursement.

In response to a member's question, Senator Candelaria said that, under current law, if an employee reports an injury, an employer is responsible even if the employer can show that the injury occurred off the worksite. Mr. Magoffe said that many employers require employees to certify at the end of each workday that they were or were not injured at work that day.

**Adjournment**

There being no further business before the council, the council adjourned at 5:27 p.m.



Revised: November 21, 2016

**TENTATIVE AGENDA  
for the  
SIXTH MEETING  
of the  
JOBS COUNCIL**

**November 22, 2016  
Room 322, State Capitol  
Santa Fe**

**Tuesday, November 22**

- 9:00 a.m.           **Call to Order**  
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair  
—Representative Don L. Tripp, Speaker of the House of Representatives,  
Co-Chair
- 9:05 a.m.       (1)   **Changes to the Whistleblower Protection Act**  
—Steven Kopelman, Executive Director, New Mexico Association of  
Counties  
—Randy Van Vleck, General Counsel, New Mexico Municipal League
- 9:20 a.m.       (2)   **Proposed Legislation — Local Jobs Councils Program**  
—Charles Lehman, Program Consultant; Director, Employment and  
Economic Information Center of New Mexico
- 9:35 a.m.       (3)   **Proposed Legislation — Memorial to Study Retirement-Based Tax  
Incentives**  
—John Garcia, Executive Vice President, Home Builders Association of  
Central New Mexico
- 9:50 a.m.       (4)   **Proposed Legislation — Investments in Broadband Infrastructure**  
—Katherine Martinez, Director of Legislative Affairs, CenturyLink
- 10:10 a.m.      (5)   **Proposed Legislation — Appropriation for Solo-Worker Program**  
—Eileen Yarborough, Executive Director, Cibola Communities Economic  
Development Foundation  
—Bill Hendrickson, Executive Director, Las Vegas-San Miguel County  
Economic Development Corporation  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic  
Architecture
- 10:25 a.m.      (6)   **Approval of Minutes from the October Meeting**

- 10:30 a.m. (7) [Extension of the Solar Market Development Tax Credit](#)  
—Representative Sarah Maestas Barnes  
—Regina Wheeler, Chief Executive Officer, Positive Energy Solar
- 10:50 a.m. (8) [Update on Jobs Council-Approved Appropriation for a Broadband Study and Plan](#)  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico
- 11:00 a.m. (9) [Accountability in State and Local Incentives for Job Creation](#)  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico
- 11:50 a.m. (10) [Jobs Council: Looking Ahead](#)  
—Mark Lautman, Lead Program Consultant; Director, Lautman Economic Architecture  
—Charles Lehman, Program Consultant; Director, Employment and Economic Information Center of New Mexico
- 12:00 noon **Adjourn**

**MINUTES  
of the  
SIXTH MEETING  
of the  
JOBS COUNCIL**

**November 22, 2016  
Room 322, State Capitol  
Santa Fe**

The sixth meeting of the Jobs Council (council) was called to order by Representative Don L. Tripp, co-chair, on November 22, 2016 at 9:20 a.m. in Room 322 of the State Capitol.

**Present**

Sen. Mary Kay Papen, Co-Chair  
Rep. Don L. Tripp, Co-Chair  
Sen. Pete Campos  
Terri L. Cole  
Jason Espinoza  
William F. Fulginiti  
Rep. Harry Garcia  
Rep. Roberto "Bobby" J. Gonzales  
Justin Greene  
Steven Kopelman  
Rep. Sarah Maestas Barnes  
Sherman McCorkle  
Sen. Michael Padilla  
Alex O. Romero

**Advisory Members**

Rep. Alonzo Baldonado  
Sen. Carlos R. Cisneros  
Rep. Kelly K. Fajardo  
Rep. Bealquin Bill Gomez  
Rep. Conrad James  
Rep. Larry A. Larrañaga  
Sen. Howie C. Morales  
Rep. Debbie A. Rodella

**Guest Legislator**

Sen. Richard C. Martinez

**Absent**

Vicente Alvarado  
Dale Armstrong  
Scott Bannister  
Terry Brunner  
Sen. Stuart Ingle  
Rep. Tim D. Lewis  
Sen. George K. Munoz  
Sen. Michael S. Sanchez  
Eric Witt  
Sen. Pat Woods

Rep. David E. Adkins  
Rep. Cathrynn N. Brown  
Sen. William F. Burt  
Rep. Stephanie Garcia Richard  
Rep. Yvette Herrell  
Rep. Bill McCamley  
Sen. Steven P. Neville  
Rep. Patricia Roybal Caballero  
Sen. William P. Soules  
Rep. Monica Youngblood

**Staff**

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)

Jeff Eaton, Fiscal Analyst, LCS

Monica Ewing, Staff Attorney, LCS

**Minutes Approval**

Because the council will not meet again this year, the minutes for this meeting have not been officially approved by the committee.

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**Tuesday, November 22****Changes to the Whistleblower Protection Act**

Steven Kopelman, executive director, New Mexico Association of Counties (NMAC), and Randy Van Vleck, general counsel, New Mexico Municipal League (NMML), presented the concept for a bill that would address the issue of retaliatory action against employee whistleblowers.

Mr. Kopelman testified as follows. The NMAC and the NMML are arranging meetings with the teachers' union and the New Mexico Trial Lawyers Association to discuss the proposed legislation. The Whistleblower Protection Act, which was enacted in 2010, is very broadly written and has been used to protect bad employee supervisors. Because of this, many whistleblower cases have settled out of court. There are no financial caps on claims filed under the law. Since the law's enactment, the NMML has paid out \$8 million in related claims, and the NMAC has paid out \$5 million in related claims. The NMAC hopes to bring forth a bill in the coming legislative session that would address some of these issues.

Mr. Van Vleck testified as follows. A significant reason for the high payout amounts is the definition of "public employee", which extends the act's protections to contractors working for state and local government bodies. Also problematic are the definition of "unlawful or improper act", which includes "malfeasance in office" and the statutory language "waste of funds" and "abuse of authority". The latter two terms are susceptible to too much subjective interpretation. Another unintended consequence of the law is that pending actions leave employment positions open and unfilled for extended periods of time, sometimes years.

Responding to a member's question, Mr. Kopelman replied that the law has not been amended since its enactment.

A member asked whether other entities are experiencing similar problems. Mr. Van Vleck responded that they are, and he said that local governments are increasingly seeing whistleblower components in the lawsuits against them.

A member asked about the relationship of this measure with the council's goals. Mr. Kopelman replied that a 2015 study indicated that New Mexico employers have a 66% higher likelihood of being named as a defendant in a discrimination lawsuit — the highest in the nation. Mr. Kopelman added that the proposed changes to the Whistleblower Protection Act could positively influence tort reform. A member commented that the New Mexico Association of Commerce and Industry has been working with the United States Department of Commerce to examine related topics in legal reform.

### **Proposed Legislation — Local Jobs Councils Program**

Charles Lehman, program consultant, and director, Employment and Economic Information Center of New Mexico, presented a draft of a bill that would fund a local job-creation grant program; it includes an 80-20 (state-local) match and a \$120,000 appropriation.

A member asked if the proposed program featured a cap on how much an applicant could receive through it, and Mr. Lehman replied that it did not. Another member asked if the Economic Development Department (EDD) supported this legislation. Mr. Lehman replied that the EDD neither supported nor opposed the proposed bill, but rather commented that the measure might duplicate its efforts.

Beth Davis, research and marketing director, EDD, who was in the audience, commented that the legislation's requirement that grant recipients have a strategic plan is already a requirement and said that the EDD utilizes a strategic planning and budgeting process.

A member commented that, under the Local Economic Development Act (LEDA), local governments are required to develop a strategic plan, but the proposed legislation seems more targeted. Mr. Lehman agreed. A member asked what problem the measure is attempting to address that existing groups are not handling well. Mr. Lehman replied that, while this may be similar to other programs, it is more specific than those. Mark Lautman, lead program consultant, and director, Lautman Economic Architecture, who was in the audience, clarified that the legislation would provide funding to allow recipients to take the next step in the Jobs Council process: move on from identifying problems to finding solutions.

A member suggested that there is a disconnect between local economic development organizations' work and the council process. Mr. Lautman responded that many of those organizations are busy and understaffed and clarified that the proposal is not intended to interfere with an organization's work.

Members of local economic development organizations in the audience were invited to share their perspectives on the proposal. Raymond Mondragon, president-elect of NM IDEA,

and Eileen Yarborough, president of NM IDEA, expressed support for the proposal. Debra Inman, vice president of Albuquerque Economic Development, said that aspects of the bill are confusing. Myra Pancrazio, executive director of the Estancia Valley Economic Development Association, commented that local communities already have a process and funding for plans, which each community must develop by working with the EDD. She also remarked that there is too little communication between those entities.

A member commented that, rather than endorsing and pursuing the measure, it would be better to try to improve that communication and coordination.

No motion was made to endorse the legislation.

### **Proposed Legislation — Memorial to Study Retirement-Based Tax Incentives**

John Garcia, executive vice president, Home Builders Association of Central New Mexico, presented a draft of a memorial that would request a study on enacting retirement-based tax incentives.

A member remarked that state taxes are a factor that retired persons consider when deciding where to relocate to in retirement, but more than that, they consider where the grandchildren are. Mr. Garcia agreed that proximity to grandchildren, along with proximity to friends and family, are factors in retirees' location decisions. When asked by a member if the memorial addressed military benefits, Mr. Garcia said that it does not.

The council endorsed the memorial without objection.

### **Investments in Broadband Infrastructure**

Katherine Martinez, director of legislative affairs, CenturyLink, presented the draft of a bill that would clarify that LEDA funding may be used for broadband infrastructure development.

The council endorsed the bill without objection.

Ms. Martinez also presented the draft of a bill that would help develop broadband infrastructure in areas of the state where that infrastructure is scarce. A member remarked that multiple related proposals have been brought forth to the Science, Technology and Telecommunications Committee and that concerns about those proposals were raised. The member suggested that, in light of the fluidity of the industry and the activity in the area of broadband infrastructure development, it might be prudent for the council to refrain from endorsing the bill. Another legislative member agreed and also expressed concerns about particular segments of the bill.

A member asked about how federal funding for broadband infrastructure would interact with the funds that the measure, if enacted, would make available. Ms. Martinez replied that the

bill provides that, if a provider is already receiving a federal grant, it may not access the funds that would be provided by the measure.

A member expressed a preference for endorsing the bill in concept, given that broadband, like electricity was a century ago, is foundational to economic growth. The member asked if the telecommunications industry supported the bill proposal. Ms. Martinez replied that the industry has not had an opportunity to comment on the proposal.

A member moved to support the idea in concept. The motion was not seconded.

### **Appropriation for Solo-Worker Program**

Ms. Yarborough, speaking as executive director of Cibola Communities Economic Development Foundation, and Bill Hendrickson, executive director, Las Vegas-San Miguel County Economic Development Corporation, presented a draft of a bill that would make an appropriation to the EDD for a solo-worker program. Mr. Hendrickson asserted that, in the future economy, a majority of jobs will be solo-worker jobs needing internet connections; he added that the idea of residents in rural areas working from home would be socially desirable.

A member asked how the grants from the appropriation would be awarded. Mr. Lautman said that the idea was to provide post-performance matching funds after the new job was created. A member moved to endorse the legislation; it was seconded; and the proposed bill was endorsed by the council.

### **Approval of Minutes**

The minutes for the council's October meeting were approved with one change.

### **Extension of the Solar Market Development Tax Credit**

Representative Sarah Maestas Barnes and Regina Wheeler, chief executive officer (CEO), Positive Energy Solar, presented the draft of a bill that would extend the Solar Market Development Tax Credit. Representative Maestas Barnes stated that the proposed bill is good for the state economy, the environment and electricity consumers. She asserted that there is a roughly ten-fold return on investment from the existing solar tax credit. She also stated that New Mexico was ranked seventh among states in a measure of solar job growth as a share of total employment in that sector.

A member noted that the employment figures on the map in the handout seem low in one county, given that there is a large solar manufacturing plant in that county. The member also asked who are the beneficiaries of the tax credit. Ms. Wheeler responded that they are members of households whose income varies, but that precise figures are not currently available, since the Energy, Minerals and Natural Resources Department does not collect household income data for this tax program.

A member noted that there are not many armed forces veterans employed in the industry. Ms. Wheeler replied that she thinks there is an opportunity for more veterans to be employed in this industry. A member commented that it might be a good idea to enact a solar consumers' bill of rights to help protect consumers from unscrupulous solar companies. A member asked if the credit is available to people who lease their solar systems. Representative Maestas Barnes replied that it is not.

### **Update on the Council Broadband Study and Plan**

Mr. Lehman reviewed a presentation map showing that New Mexico does not have adequate broadband internet connectivity in many areas of the state.

A member expressed support for a comprehensive plan to expand broadband infrastructure because such a plan is necessary to access federal and other non-state funding.

Another member commented that there are many organizations involved in the field of information technology development and asked if those organizations were involved in deciding on recommendations for expanding broadband infrastructure. Mr. Lehman replied that they are and added that it is important for public- and private-sector partners to continue to be involved in those decisions.

### **Accountability in State and Local Incentives for Job Creation**

Mr. Lautman presented on the concept of a proposed economic development accounting and planning act. He explained that New Mexico has neither the protocols for an economic development planning process nor the metrics in place to determine whether its planning efforts are working.

Mr. Lautman highlighted four components of the initiative and briefly described them.

1. Architecture – Pull all the statutes related to economic development into a new section of the statutes.
2. Accounting – Include a section to collect and organize incentives and eligibility requirements and appropriations related to the creation of new economic base jobs.
3. Planning – Include a section establishing a planning framework for those engaged in the procurement of new economic base jobs.
4. Economic Base Index – Include a section establishing a new data collection and analytics system that reports incremental changes in the number of economic base jobs created.

Mr. Lautman reviewed the expected benefits and potential risks of passing some or all of the proposal. Mr. Lautman said he is convinced that this can be done but the challenge is that the legislation's complexity could make it difficult for people to support. He requested that the council provide guidance on how it wishes to proceed with the initiative.

The council co-chairs indicated that whether the council continues this work next interim will be decided in the coming year.

A member commented that many people in the economic development community had concerns about participating in the work on the initiative because they were asked by Mr. Lautman to sign confidentiality agreements related to that work. The member also said that others expressed concern because they were not solicited for input in the process.

Prompted by the co-chair's invitation, several members of the audience articulated as follows their responses to the proposed initiative and to the work completed toward it.

Mr. Mondragon commented that a lack of communication contributed to many of those individuals' concerns and said that communication should be improved if going forward on the proposal.

Richard Arguello, executive director, Union County Community Development Corporation, remarked on the great need for economic development in rural areas of New Mexico.

Ms. Yarborough stressed that local economic developers need to have a voice in any large-scale reform efforts like this.

Davin Lopez, president and CEO, Mesilla Valley Economic Development Alliance, commented that he agreed with some of Mr. Lautman's ideas, but not others. Mr. Lopez suggested that some of the confusion surrounding the initiative stemmed from proposed legislative language; he suggested, therefore, that concepts be discussed and agreed on before such language is developed.

### **Jobs Council — Looking Ahead**

Mr. Lautman presented a handout of activities proposed for the next council, if it is formed again, to engage in. They are:

1. conversion of the council assessment into a plan exemplar;
2. Accounting and Planning Act development, including:
  - a. internal user reviews;
  - b. stakeholder review; and
  - c. legislation preparation; and
3. new program theater development, including
  - a. solo-work program development; and
  - b. retirement program development.

**Recognition of Achievement**

Mr. McCorkle introduced Eric Peevy, a governor-appointed member of the New Mexico Military Base Planning Commission, and lauded him for his role in attracting two F-16 squadrons to Alamogordo. Those squadrons, Mr. McCorkle said, will bring 650 civilian contract jobs to New Mexico.

**Adjournment**

There being no further business, the council adjourned at 12:47 p.m.

## ENDORSED LEGISLATION



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BILL

**53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

INTRODUCED BY

DISCUSSION DRAFT

FOR THE JOBS COUNCIL

AN ACT

RELATING TO COMMUNICATIONS; AMENDING, REPEALING AND ENACTING  
SECTIONS OF THE NEW MEXICO TELECOMMUNICATIONS ACT TO PROVIDE  
FOR PUBLIC REGULATION COMMISSION JURISDICTION OVER INCUMBENT  
LOCAL EXCHANGE CARRIERS AND THEIR INVESTMENT IN  
TELECOMMUNICATIONS AND BROADBAND INFRASTRUCTURE.

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

SECTION 1. Section 63-9A-2 NMSA 1978 (being Laws 1985,  
Chapter 242, Section 2, as amended by Laws 2000, Chapter 100,  
Section 3 and also by Laws 2000, Chapter 102, Section 3) is  
amended to read:

"63-9A-2. PURPOSE.--The legislature declares that it  
remains the policy of the state of New Mexico to maintain the  
availability of access to telecommunications services at  
affordable rates. Furthermore, it is the policy of this state

underscoring material = new  
~~[bracketed material] = delete~~

underscoring material = new  
[bracketed material] = delete

1 to have comparable telecommunications service rates, as  
2 established by the commission, for comparable markets or market  
3 areas. To the extent that it is consistent with maintaining  
4 availability of access to service at affordable rates and  
5 comparable telecommunications service rates, it is further the  
6 policy of this state to encourage competition in the provision  
7 of public telecommunications services, thereby allowing access  
8 by the public to resulting rapid advances in telecommunications  
9 technology. It is the purpose of the New Mexico  
10 Telecommunications Act to ~~[permit]~~ extend to all  
11 telecommunications consumers and carriers in the state the  
12 benefits of the regulatory flexibility previously provided only  
13 to incumbent rural telecommunications carriers and to establish  
14 a regulatory framework ~~[that will allow]~~ to provide for an  
15 orderly transition from a regulated telecommunications industry  
16 to a competitive market environment. It is further the intent  
17 of the legislature that the encouragement of competition in the  
18 provision of public telecommunications services will result in  
19 greater investment in the telecommunications and broadband  
20 infrastructure in the state, improved service quality and  
21 operations and lower prices for such services."

22 SECTION 2. Section 63-9A-3 NMSA 1978 (being Laws 1985,  
23 Chapter 242, Section 3, as amended) is amended to read:

24 "63-9A-3. DEFINITIONS.--As used in the New Mexico  
25 Telecommunications Act:

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1           A. "affordable rates" means local exchange service  
2 rates that promote universal service within a local exchange  
3 service area, giving consideration to the economic conditions  
4 and costs to provide service in such area;

5           B. "cable television service" means the one-way  
6 transmission to subscribers of video programming or other  
7 programming service and subscriber interaction, if any, that is  
8 required for the selection of such video programming or other  
9 programming service;

10           C. "commission" means the public regulation  
11 commission;

12           D. "competitive telecommunications service" means a  
13 service that has been determined to be subject to effective  
14 competition pursuant to Section 63-9A-8 NMSA 1978;

15           E. "competitive telecommunications service  
16 provider" includes a competitive carrier that holds a  
17 certificate of public convenience and necessity lawfully issued  
18 by the commission;

19           ~~[E-]~~ F. "effective competition" means the  
20 competition that results from the customers of the service  
21 ~~[have]~~ having reasonably available and comparable alternatives  
22 to the service, consistent with the standards set forth in  
23 Section 63-9A-8 NMSA 1978;

24           ~~[F-]~~ G. "fund" means the state rural universal  
25 service fund;

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1                   H. "incumbent local exchange carrier" means a  
2 person that:

3                               (1) was designated as an eligible  
4 telecommunications carrier by the state corporation commission  
5 in Docket #97-93-TC by order dated October 23, 1997 or that  
6 provided local exchange service in New Mexico on February 8,  
7 1996; or

8                               (2) became a successor or assignee of an  
9 incumbent local exchange carrier;

10                   I. "incumbent rural telecommunications carrier"  
11 means an incumbent local exchange carrier that serves fewer  
12 than fifty thousand access lines within the state and has been  
13 designated as an eligible telecommunications carrier by the  
14 state corporation commission or the public regulation  
15 commission;

16                   ~~[G.]~~ J. "local exchange area" means a geographic  
17 area encompassing one or more local communities, as described  
18 in maps, tariffs or rate schedules filed with the commission,  
19 where local exchange rates apply;

20                   ~~[H.]~~ K. "local exchange service" means the  
21 transmission of two-way interactive switched voice  
22 communications furnished by a telecommunications company within  
23 a local exchange area;

24                   ~~[I.]~~ L. "message telecommunications service" means  
25 telecommunications service between local exchange areas within

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1 the state for which charges are made on a per-unit basis, not  
2 including wide-area telecommunications service, or its  
3 equivalent, or individually negotiated contracts for  
4 telecommunications services;

5 ~~[J. "mid-size carrier" means a telecommunications~~  
6 ~~company with more than fifty thousand but less than three~~  
7 ~~hundred seventy-five thousand access lines in the state;~~

8 ~~K.]~~ M. "noncompetitive telecommunications service"  
9 means a service that has not been determined to be subject to  
10 effective competition pursuant to Section 63-9A-8 NMSA 1978;

11 ~~[L.]~~ N. "private telecommunications service" means  
12 a system, including the construction, maintenance or operation  
13 thereof, for the provision of telecommunications service, or  
14 any portion of that service, by a person for the sole and  
15 exclusive use of that person and not for resale, directly or  
16 indirectly. For purposes of this definition, the person that  
17 may use such service includes any affiliates of the person if  
18 at least eighty percent of the assets or voting stock of the  
19 affiliates is owned by the person. If any other person uses  
20 the telecommunications service, whether for hire or not, the  
21 private telecommunications service is a public  
22 telecommunications service;

23 ~~[M.]~~ O. "public telecommunications service" means  
24 the transmission of signs, signals, writings, images, sounds,  
25 messages, data or other information of any nature by wire,

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1 radio, lightwaves or other electromagnetic means originating  
2 and terminating in this state regardless of actual call  
3 routing. "Public telecommunications service" does not include  
4 the provision of terminal equipment used to originate or  
5 terminate such service; private telecommunications service;  
6 broadcast transmissions by radio, television and satellite  
7 broadcast stations regulated by the federal communications  
8 commission; radio common carrier services, including mobile  
9 telephone service and radio paging; or one-way cable television  
10 service; [~~and~~

11 ~~N.]~~ P. "telecommunications company" means a person  
12 that provides public telecommunications service;

13 Q. "wire center" means a facility in which local  
14 exchange access lines converge and are connected to a switching  
15 device that provides access to the public switched network and  
16 includes remote switching units and host switching units; and

17 R. "wire center serving area" means the geographic  
18 area of a local exchange area served by a single wire center."

19 **SECTION 3.** Section 63-9A-5 NMSA 1978 (being Laws 1985,  
20 Chapter 242, Section 5) is amended to read:

21 "63-9A-5. REGULATION BY COMMISSION.--

22 A. Except as otherwise provided in the New Mexico  
23 Telecommunications Act, each public telecommunications service  
24 is declared to be affected with the public interest and, as  
25 such, subject to the provisions of that act, including the

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1 regulation thereof as [~~hereinafter~~] provided in that act.

2 B. The commission has exclusive jurisdiction to  
3 regulate incumbent local exchange carriers that serve more than  
4 fifty thousand access lines within the state only in the manner  
5 and to the extent authorized by the New Mexico  
6 Telecommunications Act, and Subsection B of Section 63-7-1.1  
7 NMSA 1978 does not apply; provided, however, that the  
8 jurisdiction includes the regulation of wholesale rates,  
9 including access charges and interconnection agreements  
10 consistent with federal law and its enforcement and  
11 determinations of participation in low-income telephone service  
12 assistance programs pursuant to the Low Income Telephone  
13 Service Assistance Act. The New Mexico Telecommunications Act  
14 expressly preserves and does not diminish or expand:

15 (1) the rights and obligations of any entity,  
16 including the commission, established pursuant to federal law,  
17 including 47 U.S.C. Sections 251 and 252, or established  
18 pursuant to any state law, rule, procedure, regulation or order  
19 related to interconnection, intercarrier compensation,  
20 intercarrier complaints, wholesale right and obligations or any  
21 wholesale rate or schedule that is filed with and maintained by  
22 the commission;

23 (2) the rights and obligations of any  
24 competitive telecommunications service provider holding a  
25 certificate of public convenience and necessity, or the rights

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1 and obligations of any competitive local exchange carrier to  
2 obtain such a certificate;

3 (3) the authority of the commission to resolve  
4 consumer complaints regarding basic local exchange service;  
5 provided, however, that the commission's authority to resolve  
6 such complaints shall be limited to resolving issues of  
7 consumer protection and shall not include the authority to  
8 determine or fix rates, provider of last resort obligations or  
9 service quality standards except as expressly set forth in the  
10 New Mexico Telecommunications Act;

11 (4) the authority of the commission to establish  
12 reasonable quality of service standards; provided, however,  
13 that the enforcement of such standards shall be limited to the  
14 commission's fining authority set forth in Section 63-7-23 NMSA  
15 1978 and the authority to seek an injunction set forth in  
16 Section 63-9-19 NMSA 1978;

17 (5) the rights and obligations of any entity,  
18 including the commission, regarding the fund;

19 (6) the rights and obligations of any entity,  
20 including the commission, regarding access to emergency service  
21 to the extent consistent with the Enhanced 911 Act; or

22 (7) the rights and obligations of any entity,  
23 including the commission, regarding the administration of  
24 slamming and cramming rules, telecommunications relay service  
25 and numbering resources to the extent permitted by and

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1 consistent with federal law.

2 C. For incumbent local exchange carriers that serve  
3 more than fifty thousand access lines within the state, the  
4 commission shall adopt relaxed regulations that provide for:

5 (1) reduced filing requirements for applicants  
6 in rate increase proceedings under the New Mexico  
7 Telecommunications Act; and

8 (2) expedited consideration in all proceedings  
9 initiated pursuant to the New Mexico Telecommunications Act in  
10 order to reduce the cost and burden for incumbent local  
11 exchange carriers and other applicants.

12 D. The regulatory requirements and the commission's  
13 regulation of competitive local exchange carriers, competitive  
14 access providers and interexchange carriers shall be no greater  
15 than, and no more extensive than, that of incumbent local  
16 exchange carriers that serve more than fifty thousand access  
17 lines.

18 E. The provisions of the New Mexico  
19 Telecommunications Act do not apply to an incumbent local  
20 exchange carrier that serves fewer than fifty thousand access  
21 lines within the state and has been designated as an eligible  
22 telecommunications carrier by the commission."

23 SECTION 4. Section 63-9A-8 NMSA 1978 (being Laws 1985,  
24 Chapter 242, Section 8, as amended) is amended to read:

25 "63-9A-8. REGULATION OF RATES AND CHARGES--EFFECTIVE

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1 COMPETITION.--

2           A. In accordance with the policy established in the  
3 New Mexico Telecommunications Act, the commission shall, by its  
4 own motion or upon petition by any interested party, hold  
5 hearings to determine if any public telecommunications service  
6 is subject to effective competition in the relevant market  
7 area. When the commission has made a determination that a  
8 service or part of a service is subject to effective  
9 competition, the commission shall, consistent with the purposes  
10 of the New Mexico Telecommunications Act, modify, reduce or  
11 eliminate rules, regulations and other requirements applicable  
12 to the provision of such service, including the fixing and  
13 determining of specific rates, tariffs or fares for the  
14 service. The commission's action may include the detariffing  
15 of service or the establishment of minimum rates ~~[which]~~ that  
16 will cover the costs for the service. Such modification shall  
17 be consistent with the maintenance of the availability of  
18 access to local exchange service at affordable rates and  
19 comparable message ~~[telecommunication]~~ telecommunications  
20 service rates, as established by the commission, for comparable  
21 markets or market areas, except that volume discounts or other  
22 discounts based on reasonable business purposes shall be  
23 permitted. Upon petition or request of an affected  
24 telecommunications company, the commission, upon a finding that  
25 the requirements of Subsection [G] B of this section are met,

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1 shall modify the same or similar retail regulatory requirements  
2 for those providers of comparable public telecommunications  
3 services in the same relevant markets so that there shall be  
4 parity of retail regulatory standards and requirements for all  
5 such providers; however, this subsection shall not be construed  
6 to allow the adoption of any new regulatory requirements or  
7 standards for providers of comparable telecommunications  
8 services.

9 B. In determining whether a service is subject to  
10 effective competition, the commission shall consider the  
11 following on a wire-center-serving-area basis for each wire  
12 center serving area and service for which a determination of  
13 effective competition is requested and shall determine  
14 separately residential and business services in each wire  
15 center serving area:

16 (1) the extent to which services are reasonably  
17 available from alternate providers [~~in the relevant market~~  
18 ~~area~~];

19 (2) the ability of alternate providers to make  
20 functionally equivalent or substitute services readily  
21 available at competitive rates, terms and conditions; [~~and~~]

22 (3) existing economic [~~or~~], technological,  
23 regulatory or other barriers to market entry or exit;

24 (4) the number of alternate providers offering  
25 the same or reasonably comparable services;

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1                   (5) the presence of at least two facilities-  
2 based competitors, including all facilities-based providers of  
3 wireless or voice over internet protocol services, that are  
4 operating in all or part of the wire center serving area for  
5 which a determination of effective competition is requested and  
6 that are unaffiliated with the petitioning provider and provide  
7 the same or reasonably comparable service of the type for which  
8 the finding of effective competition is sought;

9                   (6) the ability of the petitioning provider to  
10 affect prices or deter competition; and

11                   (7) other factors that the commission deems  
12 appropriate.

13                   C. If, in the wire center serving area for which a  
14 determination of effective competition is requested, the  
15 incumbent provider for that wire center provides basic local  
16 exchange service either separately or bundled to fewer than  
17 one-half of the customer locations in which that service is  
18 available at the time the petition is filed, effective  
19 competition is presumed for all regulated telecommunications  
20 services provided by the incumbent provider in that wire center  
21 serving area.

22                   ~~[G-]~~ D. No provider of public telecommunications  
23 service may use current revenues earned or expenses incurred in  
24 conjunction with any noncompetitive service to subsidize  
25 competitive public telecommunications services. In order to

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1 avoid cross-subsidization of competitive services by  
2 noncompetitive telecommunications services, prices or rates  
3 charged for a competitive telecommunications service shall  
4 cover the cost for the provision of the service consistent with  
5 the principles set forth in Subsection G of Section 63-9A-8.1  
6 NMSA 1978. In any proceeding held pursuant to this section,  
7 the party [~~providing the service~~] claiming that the price for a  
8 competitive telecommunications service does not cover the cost  
9 of providing that service shall bear the burden of proving that  
10 the prices charged for competitive telecommunications services  
11 do not cover cost. As part of its examination of and  
12 determination on a complaint, the commission may require the  
13 carrier against which the complaint is filed to submit a cost  
14 study for the service that is the subject of the complaint.

15 ~~[D-]~~ E. The commission may, upon its own motion or on  
16 the petition of an interested party and after notice to all  
17 interested parties and customers and a hearing, reclassify any  
18 service previously determined to be a competitive  
19 telecommunications service if after a hearing the commission  
20 finds that a service is not subject to effective competition.

21 F. The petitioning provider of a wire center serving  
22 area in which service is deregulated pursuant to a  
23 determination of effective competition is ineligible for an  
24 exemption from the Unfair Practices Act or the Antitrust Act."

25 SECTION 5. Section 63-9A-8.1 NMSA 1978 (being Laws 1998,

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1 Chapter 108, Section 61, as amended) is repealed and a new  
2 Section 63-9A-8.1 NMSA 1978 is enacted to read:

3 "63-9A-8.1. [NEW MATERIAL] CHANGE IN RATES.--

4 A. Rates for retail public telecommunications  
5 services provided by an incumbent local exchange carrier that  
6 serves more than fifty thousand access lines within the state  
7 are subject to regulation by the commission only in the manner  
8 and to the extent authorized by this section.

9 B. An incumbent local exchange carrier that serves  
10 fifty thousand or more access lines within the state shall file  
11 tariffs for all retail public telecommunications services,  
12 other than residential local exchange service, that shall take  
13 effect ten days after notice to its customers and the  
14 commission is given. An incumbent local exchange carrier that  
15 serves more than fifty thousand access lines within the state  
16 shall remain subject to complaint by an interested party as  
17 provided in Section 63-9A-11 NMSA 1978.

18 C. An incumbent local exchange carrier that serves  
19 fifty thousand or more access lines within the state may, in  
20 accordance with this section, increase its rates for  
21 residential local exchange service to comply with the  
22 requirements of any federal or state law. The procedures of  
23 Subsections D, E and F of this section do not apply to  
24 increases under this subsection.

25 D. Except as provided in Subsection C of this

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1 section, rates for residential local exchange service may be  
2 increased by an incumbent local exchange carrier that serves  
3 more than fifty thousand access lines within the state only  
4 after sixty days' notice is given to all affected subscribers.

5 The notice of increase shall include:

6 (1) the reasons for the rate increase;  
7 (2) a description of the affected service;  
8 (3) an explanation of the right of the  
9 subscriber to petition the commission for a public hearing on  
10 the rate increase;

11 (4) a list of local exchange areas that are  
12 affected by the proposed rate increase; and

13 (5) the dates, times and places for the public  
14 informational meetings required by this section.

15 E. An incumbent local exchange carrier that serves  
16 more than fifty thousand access lines within the state that  
17 proposes to increase its rates for residential local exchange  
18 service in accordance with Subsection D of this section shall  
19 hold at least one public informational meeting in each  
20 commission district as established by the Public Regulation  
21 Commission Apportionment Act in which there is a local exchange  
22 area affected by the rate change.

23 F. The commission shall review residential local  
24 exchange service rates increased by an incumbent local exchange  
25 carrier that serves more than fifty thousand access lines

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1 within the state only upon written protest signed by at least  
2 one hundred affected subscribers or upon the commission staff's  
3 own motion for good cause. The protest shall specifically set  
4 forth the particular rate or charge as to which review is  
5 requested, the reasons for the requested review and the relief  
6 that the protesting persons desire. If a proper protest is  
7 presented to the commission within sixty days after the date  
8 that notice of the rate change was sent to affected subscribers  
9 of an incumbent local exchange carrier that is not an incumbent  
10 rural telecommunications carrier, the commission may accept and  
11 file the complaint and, upon proper notice, suspend the rates  
12 at issue during the pendency of the proceedings and reinstate  
13 the rates previously in effect and shall hold and complete a  
14 hearing thereon within ninety days after filing to determine if  
15 the rates as proposed are fair, just and reasonable. The  
16 commission may, within sixty days after close of the hearing,  
17 enter an order adjusting the rates at issue, except that the  
18 commission shall not set any rate below the intrastate cost of  
19 providing the service. In the order, the commission may order  
20 a refund of amounts collected in excess of the rates and  
21 charges as approved at the hearing, which may be paid as a  
22 credit against billings for future services. If the complaint  
23 is denied, the commission shall enter an order denying the  
24 complaint within sixty days after the close of the hearing and  
25 the rates shall be deemed approved. For the purposes of this

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1 section, "cost" includes a reasonable amount of joint and  
2 common costs incurred by the incumbent local exchange carrier  
3 that serves more than fifty thousand access lines within the  
4 state in its operations and may include other accounting  
5 adjustments authorized by the commission.

6 G. Rates for local exchange, vertical and  
7 long-distance service to retail residential and business  
8 end-user customers charged by incumbent local exchange carriers  
9 that serve more than fifty thousand access lines may be reduced  
10 to a level equal to, but not below, the intrastate cost. The  
11 rate for a service, excluding basic service, must cover the  
12 cost of the service, including the imputed rate of wholesale  
13 service elements as may be required by the commission. The  
14 cost of long-distance service shall also include any  
15 interexchange access rates charged to another  
16 telecommunications carrier for the service. In determining  
17 whether a rate for a service covers the cost of the service,  
18 the commission shall consider the amount of time that customers  
19 are likely to retain the service.

20 H. An incumbent local exchange carrier that serves  
21 more than fifty thousand access lines within the state may  
22 offer or discontinue offering retail special incentives,  
23 discounts, packaged offerings, temporary rate waivers or other  
24 promotions or it may offer individual contracts."

25 SECTION 6. Section 63-9A-9 NMSA 1978 (being Laws 1985,

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1 Chapter 242, Section 9, as amended) is amended to read:

2 "63-9A-9. REGULATION OF INDIVIDUAL CONTRACTS TO  
3 FACILITATE COMPETITION.--

4 A. In accordance with the provisions of this section,  
5 the commission shall regulate the rates, charges and service  
6 conditions for individual contracts for public  
7 telecommunications services in a manner [~~which~~] that  
8 facilitates effective competition and shall authorize the  
9 provision of all or any portion of a public telecommunications  
10 service under stated or negotiated terms to any person or  
11 entity that has acquired or is preparing to acquire, through  
12 construction, lease or any other form of acquisition, similar  
13 public telecommunications services from an alternate source.

14 B. At any time, the provider of public  
15 telecommunications services may file a verified application  
16 with the commission for authorization to provide a public  
17 telecommunications service on an individual contract basis.  
18 The application shall describe the telecommunications services  
19 to be offered, the party to be served and the parties offering  
20 the service, together with such other information and in such  
21 form as the commission may prescribe. Such additional  
22 information shall be reasonably related to the determination of  
23 the existence of a competitive offer. A determination of  
24 effective competition pursuant to Section 63-9A-8 NMSA 1978  
25 shall not be necessary to file an application or to have an

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1 application granted by the commission pursuant to this section.

2 C. The commission shall approve or deny any such  
3 application within ten days or such other period as shall be  
4 established by the commission, not to exceed sixty days, giving  
5 consideration to the requirements of any contract negotiations.  
6 If the commission has not acted on any application within the  
7 time period established, the application shall be deemed  
8 granted. The commission shall deny the application only upon a  
9 finding that the application fails to set forth prescribed  
10 information or that the subject or comparable services are not  
11 being offered to the customer by parties other than the  
12 applicant or that the contract fails to cover the costs of the  
13 service as defined by Subsection G of Section 63-9A-8.1 NMSA  
14 1978.

15 D. [~~Within ten days after the conclusion of~~  
16 ~~negotiations]~~ The provider of public telecommunications  
17 services shall file with the commission the final contract or  
18 other evidence of the service to be provided, together with the  
19 charges and other conditions of [~~the~~] service, [~~which shall be~~  
20 ~~maintained by]~~ upon request by the commission. If that  
21 contract or evidence is requested, the commission shall  
22 maintain it on a confidential basis subject to an appropriate  
23 protective order. Any interested party may receive copies of  
24 filings made in accordance with this section upon request to  
25 the commission and, if applicable, execution of an appropriate

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1 confidentiality agreement."

2 SECTION 7. Section 63-9A-11 NMSA 1978 (being Laws 1985,  
3 Chapter 242, Section 11) is amended to read:

4 "63-9A-11. COMPLAINT ALLEGING VIOLATION BY PROVIDER OF  
5 TELECOMMUNICATIONS SERVICES.--

6 A. Complaint may be made by any interested party  
7 setting forth any act or omission by a provider of  
8 telecommunications services alleged to be in violation of any  
9 provision of the New Mexico Telecommunications Act or any order  
10 or rule of the commission issued pursuant to that act.

11 B. Upon filing of the complaint, the commission shall  
12 set the time and place of hearing, if a hearing is required,  
13 and at least ten days' notice [~~thereof~~] of the hearing shall be  
14 given to the party complained of. Service of notice of the  
15 hearing shall be made in any manner giving actual notice.

16 C. All matters upon which complaint may be founded  
17 may be joined in one hearing, and a complaint is not defective  
18 for misjoinder or nonjoinder of parties or causes either before  
19 the commission or on review by the courts. The persons the  
20 commission allows to intervene shall be joined and heard, along  
21 with the complainant and the party complained of.

22 D. The burden shall be on the party complaining to  
23 show a violation of a provision of the New Mexico  
24 Telecommunications Act or an order or rule of the commission  
25 issued pursuant to that act.

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1           E. After conclusion of the hearing, the commission  
2 shall make and file an order containing its findings of fact  
3 and decision. A copy of the order shall be served upon the  
4 party complained of or [~~his~~] that party's attorney.

5           F. Conduct of the hearings and rendering of decisions  
6 shall be governed by the rules of practice and procedure  
7 [~~heretofore or hereafter~~] promulgated by the commission."

8           **SECTION 8.** A new section of the New Mexico  
9 Telecommunications Act is enacted to read:

10           "[NEW MATERIAL] COMMISSION REVIEW OF IMPACTS.--The  
11 commission shall review the impact of the New Mexico  
12 Telecommunications Act on residential and business consumers in  
13 urban and rural areas of the state every three years and shall  
14 report its findings to the legislature. The commission shall  
15 complete its first review by July 31, 2019. As part of its  
16 review, the commission shall investigate the impact on rates,  
17 service quality, incumbent local exchange company employment,  
18 investment in telecommunications infrastructure and the  
19 availability and deployment of high-speed data services, and it  
20 shall report on those wire centers deemed to have effective  
21 competition and on any wire centers no longer subject to  
22 carrier of last resort obligations. After July 31, 2021, the  
23 commission may regulate basic local exchange service in  
24 accordance with the New Mexico Telecommunications Act for a  
25 wire center serving an area deregulated in accordance with

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1 Section 63-9A-8 NMSA 1978 if the commission, through a hearing  
2 and findings of fact and conclusions of law, finds that re-  
3 regulation of basic local exchange service is necessary to  
4 protect the public interest."

5 SECTION 9. REPEAL.--Sections 63-9A-5.1, 63-9A-5.2 and  
6 63-9A-8.2 NMSA 1978 (being Laws 2004, Chapter 3, Sections 4 and  
7 5; and Laws 2000, Chapter 100, Section 4 and Laws 2000, Chapter  
8 102, Section 4, as amended) are repealed.

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BILL

**53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

INTRODUCED BY

DISCUSSION DRAFT

FOR THE JOBS COUNCIL

AN ACT

RELATING TO EMPLOYMENT; MAKING CERTAIN TERMS OF PRIVATE-SECTOR  
EMPLOYMENT UNIFORM THROUGHOUT THE STATE.

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

SECTION 1. [NEW MATERIAL] STATE LAW SUPREMACY--EMPLOYMENT  
REGULATION.--A political subdivision of the state, including a  
home rule municipality, or an institution of the state shall  
not adopt a law, policy or resolution that:

A. regulates or attempts to regulate the hours,  
scheduling or leave that a private-sector employer provides its  
employees; or

B. requires or attempts to require a private-sector  
employer to provide an employee:

(1) paid or unpaid leave;

(2) a fringe benefit; or

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(3) a benefit for which the employer would  
incur an expense.

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SENATE BILL

**53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

INTRODUCED BY

DISCUSSION DRAFT

FOR THE JOBS COUNCIL

AN ACT

RELATING TO ECONOMIC DEVELOPMENT; AMENDING A SECTION OF THE  
LOCAL ECONOMIC DEVELOPMENT ACT TO PROVIDE FOR BROADBAND  
INFRASTRUCTURE DEVELOPMENT.

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

**SECTION 1.** Section 5-10-3 NMSA 1978 (being Laws 1993,  
Chapter 297, Section 3, as amended) is amended to read:

"5-10-3. DEFINITIONS.--As used in the Local Economic  
Development Act:

A. "arts and cultural district" means a developed  
district of public and private uses that is created pursuant to  
the Arts and Cultural District Act;

B. "broadband telecommunications network  
facilities" means the electronics, equipment, transmission  
facilities, fiber-optic cables and any other item directly

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1 related to a system capable of transmission of internet  
2 protocol or other formatted data at transmission speeds of a  
3 minimum of ten megabits per second of download speed and one  
4 megabit per second of upload speed, all of which will be owned  
5 and used by a provider of internet access services;

6 [B-] C. "cultural facility" means a facility that  
7 is owned by the state, a county, a municipality or a qualifying  
8 entity that serves the public through preserving, educating and  
9 promoting the arts and culture of a particular locale,  
10 including theaters, museums, libraries, galleries, cultural  
11 compounds, educational organizations, performing arts venues  
12 and organizations, fine arts organizations, studios and media  
13 laboratories and live-work housing facilities;

14 [G-] D. "department" means the economic development  
15 department;

16 [D-] E. "economic development project" or "project"  
17 means the provision of direct or indirect assistance to a  
18 qualifying entity by a local or regional government and  
19 includes the purchase, lease, grant, construction,  
20 reconstruction, improvement or other acquisition or conveyance  
21 of land, buildings or other infrastructure; rights-of-way  
22 infrastructure, including trenching and conduit, for the  
23 placement of new broadband telecommunications network  
24 facilities; public works improvements essential to the location  
25 or expansion of a qualifying entity; payments for professional

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1 services contracts necessary for local or regional governments  
2 to implement a plan or project; the provision of direct loans  
3 or grants for land, buildings or infrastructure; technical  
4 assistance to cultural facilities; loan guarantees securing the  
5 cost of land, buildings or infrastructure in an amount not to  
6 exceed the revenue that may be derived from the municipal  
7 infrastructure gross receipts tax or the county infrastructure  
8 gross receipts tax; grants for public works infrastructure  
9 improvements essential to the location or expansion of a  
10 qualifying entity; grants or subsidies to cultural facilities;  
11 purchase of land for a publicly held industrial park or a  
12 publicly owned cultural facility; and the construction of a  
13 building for use by a qualifying entity;

14 ~~[E.]~~ F. "governing body" means the city council,  
15 city commission or board of trustees of a municipality or the  
16 board of county commissioners of a county;

17 ~~[F.]~~ G. "local government" means a municipality or  
18 county;

19 ~~[G.]~~ H. "municipality" means an incorporated city,  
20 town or village;

21 ~~[H.]~~ I. "person" means an individual, corporation,  
22 association, partnership or other legal entity;

23 ~~[I.]~~ J. "qualifying entity" means a corporation,  
24 limited liability company, partnership, joint venture,  
25 syndicate, association or other person that is one or a

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1 combination of two or more of the following:

2 (1) an industry for the manufacturing,  
3 processing or assembling of agricultural or manufactured  
4 products;

5 (2) a commercial enterprise for storing,  
6 warehousing, distributing or selling products of agriculture,  
7 mining or industry, but, other than as provided in Paragraph  
8 (5), (6) or (9) of this subsection, not including any  
9 enterprise for sale of goods or commodities at retail or for  
10 distribution to the public of electricity, gas, water or  
11 telephone or other services commonly classified as public  
12 utilities;

13 (3) a business, including a restaurant or  
14 lodging establishment, in which all or part of the activities  
15 of the business involves the supplying of services to the  
16 general public or to governmental agencies or to a specific  
17 industry or customer, but, other than as provided in Paragraph  
18 (5) or (9) of this subsection, not including businesses  
19 primarily engaged in the sale of goods or commodities at  
20 retail;

21 (4) an Indian nation, tribe or pueblo or a  
22 federally chartered tribal corporation;

23 (5) a telecommunications sales enterprise that  
24 makes the majority of its sales to persons outside New Mexico;

25 (6) a facility for the direct sales by growers

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1 of agricultural products, commonly known as farmers' markets;

2 (7) a business that is the developer of a  
3 metropolitan redevelopment project;

4 (8) a cultural facility; and

5 (9) a retail business;

6 [~~J~~] K. "regional government" means any combination  
7 of municipalities and counties that enter into a joint powers  
8 agreement to provide for economic development projects pursuant  
9 to a plan adopted by all parties to the joint powers agreement;  
10 and

11 [~~K~~] L. "retail business" means a business that is  
12 primarily engaged in the sale of goods or commodities at retail  
13 and that is located in a municipality with a population,  
14 according to the most recent federal decennial census, of:

15 (1) ten thousand or less; or

16 (2) more than ten thousand but less than  
17 thirty-five thousand if:

18 (a) the economic development project is  
19 not funded or financed with state government revenues; and

20 (b) the business created through the  
21 project will not directly compete with an existing business  
22 that is: 1) in the municipality; and 2) engaged in the sale of  
23 the same or similar goods or commodities at retail."



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BILL

**53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

INTRODUCED BY

DISCUSSION DRAFT

FOR THE JOBS COUNCIL

AN ACT

MAKING AN APPROPRIATION TO THE ECONOMIC DEVELOPMENT DEPARTMENT  
FOR THE SOLO-WORKER PROGRAM.

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

SECTION 1. APPROPRIATION.--Five hundred thousand dollars  
(\$500,000) is appropriated from the general fund to the  
economic development department for expenditure in fiscal year  
2018 to administer and fund the solo-worker program. Any  
unexpended or unencumbered balance remaining at the end of  
fiscal year 2018 shall revert to the general fund.

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**53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

INTRODUCED BY

DISCUSSION DRAFT

FOR THE JOBS COUNCIL

A JOINT MEMORIAL

REQUESTING THAT THE ECONOMIC DEVELOPMENT AND TAXATION AND REVENUE DEPARTMENTS STUDY THE COSTS AND BENEFITS OF ENACTING TAX INCENTIVES TO ATTRACT RETIREES TO RELOCATE TO NEW MEXICO AND ENHANCE THE STATE'S ECONOMIC DEVELOPMENT.

WHEREAS, it is estimated that more than seventy-seven million baby boomers are approaching retirement; and

WHEREAS, the presence of retirees in a state can improve the state's economy, boost its employment and revitalize its communities, given that retirees generally have a higher concentration of wealth and spend more money than other segments of the population and are able to settle in places with scarce job opportunities; and

WHEREAS, New Mexico has many attributes attractive to retirees, such as its agreeable climate, mix of urban and rural

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1 communities, cultural diversity, recreational opportunities,  
2 proximity to transportation networks and scenic landscapes; and

3 WHEREAS, New Mexico is one of a small number of states  
4 that tax pension benefits; and

5 WHEREAS, New Mexico could further enhance its appeal as a  
6 retirement destination if it changed its tax laws to make the  
7 state a more attractive place for out-of-state retirees to  
8 settle; and

9 WHEREAS, more retirees settling in New Mexico would  
10 promote a more robust state economy, boost the state's  
11 population and revitalize the state's communities; and

12 WHEREAS, those outcomes would especially enrich New  
13 Mexico's rural communities;

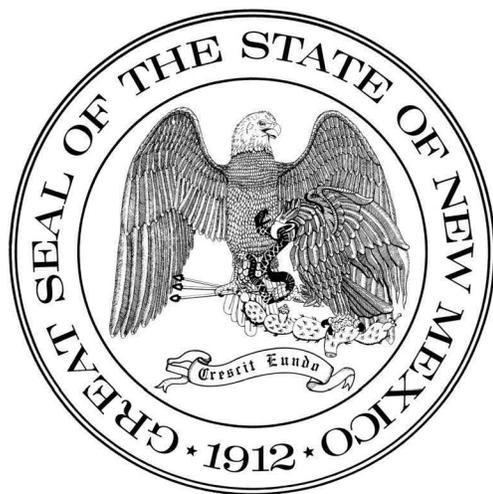
14 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE  
15 STATE OF NEW MEXICO that the economic development department  
16 and the taxation and revenue department be requested to study  
17 the costs and benefits of various options for tax relief  
18 designed to attract retirees from other states to settle in New  
19 Mexico; and

20 BE IT FURTHER RESOLVED that the departments be requested  
21 to report to the appropriate legislative interim committee  
22 during the 2017 interim on the results of their study; and

23 BE IT FURTHER RESOLVED that copies of this memorial be  
24 transmitted to the secretary of economic development and the  
25 secretary of taxation and revenue.

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LEGISLATIVE COUNCIL SERVICE  
SANTA FE, NEW MEXICO