



NEW MEXICO LEGISLATURE

ECONOMIC AND RURAL DEVELOPMENT COMMITTEE

2015 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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INTERIM SUMMARY

Economic and Rural Development Committee 2015 Interim Summary

During the 2015 legislative interim, the Economic and Rural Development Committee met six times, twice in the State Capitol and four times in communities around the state. The committee visited Silver City, Los Lunas, Raton and Gallup and received presentations from local and state leaders and community members about topics relating to the state's economic and rural development.

The committee focused on a variety of issues during the interim. It heard presentations from the leadership of state agencies whose missions affect economic development. Secretary of Tourism Rebecca Latham, Secretary of Economic Development Jon Barela and Secretary of Cultural Affairs Veronica Gonzales updated the committee on initiatives in their departments that aim to help bring more visitors, jobs and creative industries to the state. Directors from state agencies and universities and tribal representatives addressed business incubator models, tourism in Indian Country, rulemaking statutes, the MainStreet program and workers' compensation, among other topics.

During the 2013 and 2014 interims, the committee heard presentations on the need for revisions to the state's liquor control laws. During 2015, business owners and former members of the state's Liquor Control Act Task Force recognized the legislative changes made in the 2014 and 2015 legislative sessions and proposed additional revisions to the state's laws that could help revitalize downtown areas in small, rural communities.

The state continues to struggle with returning to economic health and reducing its unemployment rates. Community members and professionals informed the committee about efforts to improve work opportunities for New Mexicans and to support small businesses, farmers and entrepreneurs. Representatives of New Mexico State University and the University of New Mexico (UNM) informed the committee about programs aimed at turning intellectual property and technologies developed at universities into business and educational opportunities.

Arts and culture and creative entrepreneurial development were a focus of the committee's final meeting in November. The committee heard about the successes of graduates of a business accelerator focused on building creative ventures. A presentation on a study of the importance of arts and culture to the state's economy, prepared by UNM's Bureau of Business and Economic Research, bolstered the stories of entrepreneurs who are employing New Mexicans in creative industries.

At its final meeting, the committee considered six pieces of legislation proposed by committee members to be introduced during the 2016 session. The committee endorsed five bills on the following issues: creation of a rural infrastructure tax credit; monitoring the boll weevil and pink bollworm; damage of property by big game animals; industrial hemp; and support for the scenic byways program.

WORK PLAN AND MEETING SCHEDULE

**2015 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

Members

Sen. Benny Shendo, Jr., Chair
Rep. Dianne Miller Hamilton, Vice Chair
Sen. Jacob R. Candelaria
Sen. Ron Griggs
Rep. D. Wonda Johnson
Rep. Rick Little
Sen. Richard C. Martinez

Sen. Michael Padilla
Sen. John Pinto
Rep. Debbie A. Rodella
Rep. Patricia Roybal Caballero
Sen. Pat Woods
Rep. Bob Wooley
Rep. John L. Zimmerman

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Craig W. Brandt
Sen. Lee S. Cotter
Rep. George Dodge, Jr.
Rep. Nora Espinoza
Rep. Bealquin Bill Gomez
Rep. Jimmie C. Hall

Sen. Carroll H. Leavell
Rep. Patricia A. Lundstrom
Sen. Mark Moores
Sen. Mary Kay Papen
Rep. Dennis J. Roch
Rep. Nick L. Salazar
Sen. William E. Sharer

Work Plan

The Economic and Rural Development Committee (ERDC) was created by the New Mexico Legislative Council on April 27, 2015. The New Mexico Legislative Council has created the ERDC every year since 2007 to focus on issues related to the state's economic and rural development. During the 2015 interim, and as time permits, the ERDC proposes to receive presentations on the following:

1. current and proposed programs and legislative priorities of the Economic Development Department;
2. current and proposed programs and legislative priorities of the Workforce Solutions Department;
3. current and proposed programs and legislative priorities of the Tourism Department;
4. the Legislative Finance Committee's staff reports on economic and rural development and work force issues;
5. food and farming systems, and relationships among farming, health, markets and economic development;

6. arts and culture industries and creative economies;
7. the Gallup energy logistics park and Navajo chapters inland port projects;
8. broadband infrastructure funding and the work of the New Mexico Broadband Working Group;
9. state procurement processes and resident business set-aside legislation;
10. unemployment insurance rates;
11. economic impact of air travel service into and out of the state;
12. renewable energy;
13. utility infrastructure to meet future needs;
14. business incubation and economic development;
15. work force and job training;
16. state regulation of sharing economies;
17. nontraditional approaches to economic development;
18. amendments to the State Rules Act;
19. small business development centers;
20. application of rules promulgated by the Oil Conservation Commission and the Oil Conservation Division of the Energy, Minerals and Natural Resources Department;
21. early childhood care and education center rules;
22. telecommunications regulation reform;
23. investment in technology, intellectual property and research institution collaborations;
24. tribal tourism;
25. economic development opportunities in Santa Teresa;
26. industrial hemp;

27. water and water infrastructure in rural New Mexico;
28. update on Indian gaming;
29. aircraft maintenance facility in Roswell;
30. liquor control policy revisions;
31. technology transfer and the Venture Acceleration Fund;
32. effect of the New Mexico Court of Appeals' decision in *Griego v. The New Mexico Workers' Compensation Administration*;
33. additional topics relating to rural and economic development in the state; and
34. proposed economic development-related legislation.

**Economic and Rural Development Committee
2015 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
June 22	Santa Fe
July 14-15	Silver City
August 19	Los Lunas
September 28-29	Raton
October 13-14	Gallup
November 12-13	Santa Fe

AGENDAS AND MINUTES

Revised: June 11, 2015

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**June 22, 2015
Room 322, State Capitol
Santa Fe**

Monday, June 22

- 10:00 a.m. **Call to Order — Welcome — Interim Committee Procedures**
 —Senator Benny Shendo, Jr., Chair
 —Representative Dianne Miller Hamilton, Vice Chair
- 10:15 a.m. (1) **[Committee Work Plan and Meeting Schedule](#)**
 —Monica Ewing, Staff Attorney, Legislative Council Service
- 11:00 a.m. **Adjourn**

**MINUTES
of the
FIRST MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**June 22, 2015
Room 322, State Capitol
Santa Fe, New Mexico**

The first meeting of the Economic and Rural Development Committee (ERDC) was called to order by Senator Benny Shendo, Jr., chair, on June 22, 2015 at 10:12 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Benny Shendo, Jr., Chair
Sen. Richard C. Martinez
Sen. Michael Padilla
Sen. John Pinto
Rep. Debbie A. Rodella
Rep. Bob Wooley
Rep. John L. Zimmerman

Absent

Rep. Dianne Miller Hamilton, Vice Chair
Sen. Jacob R. Candelaria
Sen. Ron Griggs
Rep. D. Wonda Johnson
Rep. Rick Little
Rep. Patricia Roybal Caballero
Sen. Pat Woods

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Craig W. Brandt
Sen. Lee S. Cotter
Rep. Nora Espinoza
Rep. Bealquin Bill Gomez
Rep. Jimmie C. Hall
Sen. Mark Moores
Rep. Nick L. Salazar

Rep. George Dodge, Jr.
Sen. Carroll H. Leavell
Rep. Patricia A. Lundstrom
Sen. Mary Kay Papen
Rep. Dennis J. Roch
Sen. William E. Sharer

Staff

Monica Ewing, Staff Attorney, Legislative Council Service (LCS)
Celia A. Ludi, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Monday, June 22

Call to Order

Senator Shendo welcomed members of the committee, staff and guests to the meeting. Committee members and LCS staff members introduced themselves.

Review of 2015 Committee-Endorsed Legislation

Ms. Ewing provided a brief update of legislation endorsed by the committee in 2014 and introduced in the 2015 regular session.

- House Bill 243, which included several amendments to the Liquor Control Act, was passed by both houses and signed by the governor.
- Senate Joint Memorial 7, which requested governmental cooperation among New Mexico, the United States and Mexico to improve and maintain roads, passed the Senate Corporations and Transportation Committee but died in the Senate Rules Committee.
- Senate Bill 78, which provided for an appropriation of \$378,000 for improving planning, tracking and mapping of community and economic development and capital improvement projects; technical and grant administration assistance; and implementation and coordination of projects and programs by the state's planning districts and councils of governments, was passed by the Senate Public Affairs Committee and died in the Senate Finance Committee. An appropriation of \$75,000 was included in the General Appropriation Act of 2015, but that line item was vetoed by the governor.
- House Bill 96, which provided for an appropriation of \$1,440,000 for New Mexico-grown fresh fruits and fresh vegetables for school meals, died in committee; however, an appropriation of \$364,300 for this purpose was made in the General Appropriation Act of 2015.

Committee Work Plan and Meeting Schedule

Ms. Ewing explained that the proposed work plan and schedule were developed in consultation with the chair and vice chair of the committee and that items included on the work plan were proposed by committee members, legislators and other interested persons.

In addition to the topics listed in the proposed work plan, the committee included the following issues to be addressed during the interim:

- early childhood care and education and related rules;
- telecommunications regulations;
- broadband infrastructure;
- investment in New Mexico technology collaborations;
- procurement and a resident business set-aside;
- economic development in Santa Teresa, New Mexico;

- industrial hemp;
- water and water infrastructure;
- update on Indian gaming;
- technology transfer and the Venture Acceleration Fund;
- airplane maintenance hangar in Roswell; and
- liquor control policy.

Public Comment

Nancy King, lobbyist for the New Mexico Hospitality Association, informed the committee that the association's focus for the year is on job training for the hospitality and tourism industry, and she requested an opportunity to make a presentation to the committee about the program.

Justin Green, a citizen lobbyist who works on liquor control policy and other economic development issues, requested that liquor control policy be addressed at the committee's July meeting. He suggested that the committee consider the implications of the passage of Senate Bill 241 (2015) as well as additional economic development-related potential changes to the state's liquor policy. He added that technology transfer from the national laboratories is the subject of a bill introduced in Congress by U.S. Senator Martin Heinrich and that the committee might consider a presentation on that issue.

Conroy Chino, lobbyist for the Pueblo of Acoma and the Jicarilla Apache Nation, suggested that the committee hear a presentation related to tribes that have made significant investments in tourism.

Wade Jackson, general counsel for the Economic Development Department (EDD), introduced himself and informed the committee that the EDD would have a representative attend each of the committee's meetings to answer any questions that might arise about the department's activities.

Because a quorum of voting members of the committee was not established, Senator Papan, president pro tempore of the senate, appointed Senator Cotter to serve as a voting member of the committee. The proposed work plan, as amended during the committee's discussion, and the proposed meeting schedule were approved without objection.

Adjournment

There being no further business before the committee, the first meeting of the ERDC for the 2015 interim adjourned at 10:53 a.m.

Revised: July 8, 2015

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**July 14-15, 2015
J. Cloyd Miller Library
Western New Mexico University
Silver City**

Tuesday, July 14

- 9:30 a.m. **Call to Order — Introductions — Approval of Minutes**
—Senator Benny Shendo, Jr., Chair
- 9:35 a.m. **Welcoming Remarks**
—Michael Morones, Mayor, Town of Silver City
—Brett Kasten, Chair, Grant County Commission (invited)
—Dr. Joseph Shepard, President, Western New Mexico University
- 9:55 a.m. (1) **Collaborative Partnerships**
—Dr. Joseph Shepard, President, Western New Mexico University
- 10:25 a.m. (2) **New Mexico True: Research and Initiatives**
—Rebecca Latham, Secretary, Tourism Department
—Jordan Guenther, Director, Brand Marketing and Advertising, Tourism
Department
- 11:30 a.m. **Working Lunch**
- 11:45 a.m. (3) **Nontraditional Economic Development: Business Incubation, Work
Force Training, Research Institution Collaboration and Investment in
Technology Intellectual Property**
—Dr. Kevin Boberg, Vice President for Economic Development, New
Mexico State University
- 1:00 p.m. (4) **Developing a Sustainable Energy Economy for Southwest New Mexico**
—Priscilla C. Lucero, Executive Director, Southwest New Mexico Council
of Governments (SWNMCOG)
—Emily Schilling, Economic Development Planner, SWNMCOG
- 2:00 p.m. (5) **Application of Oil Conservation Rules — Senate Bill 601 (2015)**
—Senator Ron Griggs

3:00 p.m. (6) [Aiming for Consistency in the Rulemaking Process](#)
—Linda Trujillo, State Records Administrator, State Commission of Public Records
—Matt Ortiz, Director, Administrative Law Division, State Commission of Public Records

4:00 p.m. **Public Comment**

4:30 p.m. **Recess**

Wednesday, July 15

9:00 a.m. **Call to Order**
—Senator Benny Shendo, Jr., Chair

9:05 a.m. (7) [Liquor Control Policy and Economic Development](#)

- **Review of 2015 Legislation**
- **Alcohol Delivery License**
—Justin Greene, Santa Fe Businessperson; Member, Liquor Control Act Task Force
- **Arts and Culture Wine Permit**
- **Performance Venue License**
—Shannon Murphy, Member, City of Santa Fe's Nighttime Economy Task Force
- **Enhanced Restaurant License for Historic and Cultural Districts**
- **Craft Distillery Self-Distribution**
- **Charity Casino Permit**
—Alex Ocheltree, Silver City Businessperson and Restaurant Owner; Member, Liquor Control Act Task Force

11:00 a.m. **Public Comment**

11:30 a.m. **Adjourn**

**MINUTES
of the
SECOND MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**July 14-15, 2015
J. Cloyd Miller Library
Western New Mexico University
Silver City**

The second meeting of the Economic and Rural Development Committee (ERDC) was called to order by Senator Benny Shendo, Jr., chair, on July 14, 2015 at 9:48 a.m. at the J. Cloyd Miller Library on the Western New Mexico University (WNMU) campus in Silver City.

Present

Sen. Benny Shendo, Jr., Chair
Sen. Ron Griggs
Rep. D. Wonda Johnson
Rep. Rick Little
Sen. Richard C. Martinez
Sen. John Pinto
Rep. Debbie A. Rodella
Rep. Patricia Roybal Caballero
Rep. Bob Wooley
Rep. John L. Zimmerman

Absent

Rep. Dianne Miller Hamilton, Vice Chair
Sen. Jacob R. Candelaria
Sen. Michael Padilla
Sen. Pat Woods

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Craig W. Brandt
Sen. Lee S. Cotter
Rep. Bealquin Bill Gomez
Sen. William E. Sharer

Rep. George Dodge, Jr.
Rep. Nora Espinoza
Rep. Jimmie C. Hall
Sen. Carroll H. Leavell
Rep. Patricia A. Lundstrom
Sen. Mark Moores
Sen. Mary Kay Papen
Rep. Dennis J. Roch
Rep. Nick L. Salazar

Guest Legislator

Sen. Howie C. Morales (7/14)

(Attendance dates are noted for those not present for the entire meeting.)

Staff

Monica Ewing, Staff Attorney, Legislative Council Service (LCS)
Celia Ludi, Staff Attorney, LCS
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Tuesday, July 14**Welcoming Remarks**

Senator Shendo welcomed members of the committee, staff and guests to the meeting. Committee members and LCS staff members introduced themselves.

Michael Morones, mayor of the Town of Silver City, and Bruce Ashburn, representing the Grant County Prospectors, welcomed the committee to Silver City.

Dr. Joseph Shepard, president of WNMU, summarized 15 components of economic development as follows:

- 1) an integrated approach involving multiple stakeholders. As an example, he described the office space provided by WNMU in which the Silver City Chamber of Commerce, the Southwest Chapter of the New Mexico Green Chamber of Commerce, the Gila Economic Development Alliance and other organizations are co-located to facilitate communication, shared goals and mutual support;
- 2) vision and inclusion. He described China's economic transformation, which began with a comprehensive education plan and extensive infrastructure construction;
- 3) poverty reduction;
- 4) local focus;
- 5) identification of industry clusters based on wired communities. He pointed out that Austin, Texas, has grown into a technology hub based on its technology infrastructure, and he opined that New Mexico needs bigger and better broadband capacity statewide;
- 6) wired communities;
- 7) long-term investment. Planning should be done with consideration of at least three generations in the future;
- 8) human investment, specifically in kindergarten through twelfth grade education;
- 9) environmental responsibility that balances the use of natural resources;
- 10) corporate responsibility and encouragement of corporate-civic partnerships that hold corporations responsible for civic impact;
- 11) compact development in areas with existing infrastructure;

12) liveable, multidimensional communities in which resources are shared among community members. For example, WNMU has opened its theater and gym for community use. He suggested that continued legislative support of universities and a requirement that those universities share resources with their surrounding communities would be a benefit to the universities and to the communities that support them;

13) distinctive, unique communities that complement each other;

14) recognizing that no organization or community can be all things to all people; and

15) regional collaboration.

Dr. Shepard suggested that the legislature could affect economic development statewide by providing for improvements to technology and broadband access, and by modifying the state's liquor control system to provide for accessibility to small businesses.

A committee member agreed that the current liquor license regulatory scheme, which has had the unintended and unforeseen consequence of raising the cost of liquor licenses to place them out of the reach of small businesses, can impede economic development. Dr. Shepard suggested the creation of liquor licenses that are nontransferable and limited, which could help reduce the cost to a business seeking a license but would preserve the value of existing licenses. Other committee members asserted that overregulation by various agencies also has a negative effect on business expansion.

During a discussion about the connections between education and poverty, in response to a committee member's question, Dr. Shepard opined that focusing on an early childhood education curriculum that includes the arts and science, technology, engineering and mathematics studies is crucial to a student's success in and after school.

Several committee members referred to ongoing efforts to expand broadband and aviation facilities infrastructure statewide, as well as the impact of the availability of water on the agriculture and mineral extraction industries.

Approval of Minutes

The minutes of the June 22, 2015 meeting were approved unanimously without amendment.

New Mexico True: Research and Initiatives

Rebecca Latham, secretary, Tourism Department, informed the committee that tourism in the state has increased significantly in recent years. She said that results from studies of the department's return on investment and of the effect of the New Mexico True campaign are being compiled.

Secretary Latham said that the department is committed to increasing tourism in the state by making strategic, data-based decisions guided by the following goals:

- building a strong brand;
- creating unity;
- requiring rigor; and
- inspiring in-state travel.

In response to questions from committee members, Secretary Latham said that she would provide an explanation of the department's visitor number data collection and analytical approaches.

Secretary Latham described marketing strategies based on focus-group research that were used for five markets: Chicago, Dallas, New York City, Denver and San Diego. She said that research shows that people in southwestern cities are not interested in New Mexico for its cuisine, but rather for its culture and history. Similarly, people from cities with significant snowfall during winter are not interested in New Mexico because it offers skiing and other winter activities; however, people in areas with milder winters appear to respond to the fact that the state offers many winter and cold-weather activities.

The New Mexico True campaign targets "venturesome travelers" who seek authentic experiences that are unique to New Mexico. Venturesome travelers, she said, travel more frequently, stay longer and spend more money. Examples of New Mexico True advertisements are found in airport dioramas; digital marketing; print ads; "culinary getaway" prizes offered by the Food Network; New Mexico True Film Trails, which are maps that guide people to sites used for film production; New Mexico True Views, which offer videos of locations throughout the state filmed using drones; and television productions, including 30-second video clips called "NewMexicoTrue Stories" and "NewMexicoTrue Heroes". Secretary Latham noted that another purpose of the New Mexico True campaign is to support the state's economy by encouraging vacationers to return to the state to work, start businesses or retire.

Secretary Latham described how the department collaborates with other agencies and interested parties. She described the department's collaboration with the 30 New Mexico True communities, in which the department provides advertising assistance and tourism grants. The department has awarded hundreds of thousands of dollars through the grant program. The department has also worked with the National Park Service to create a video contest called "Find Your New Mexico True Park", for which contestants create videos describing what it is that makes a park "theirs". The videos are then linked to a state map that allows people to hear about others' experiences when visiting New Mexico parks.

A committee member observed that all 30 New Mexico True communities are incorporated and said that the state's unincorporated communities are important tourist destinations. Secretary Latham said that the department works with any community that is interested in collaborating with the department on tourism efforts.

In response to questions, Secretary Latham said that the department has developed a guide to experiencing the state's Native American cultures and areas, and she said that the guide is available at visitors' centers. She said that the state's Native American culture is an important part of tourism to New Mexico, but the department is careful to ensure that it works with communities that are interested in participating in tourism efforts. In response to a committee member's concerns with the portrayal of Native Americans in tourism products, Secretary Latham said that the department believes good communication between the state's Native American communities and the department is important, and she added that the department recently hired a person dedicated to Native American tourism.

Several members of the committee felt that poor customer service due to low wages could drive away return tourism and that training should be in place to prevent such problems. Secretary Latham acknowledged the concern and expressed hope that by increasing revenue in the state, the economic climate of the state could be changed through tourism.

Nontraditional Economic Development: Business Incubation, Work Force Training, Research Institution Collaboration and Investment in Technology Intellectual Property

Dr. Kevin Boberg, vice president for economic development, New Mexico State University (NMSU), highlighted recent accomplishments at three New Mexico universities. He said that in June, the University of New Mexico was recognized as number 42 of the top 100 universities in the nation for the patents it has applied for and received. The New Mexico Institute of Mining and Technology (NMIMT) is working to use solar technology developed for space and scaling the technology to apply to residences. NMSU has implemented nontraditional approaches to economic development through business incubation, work force training, research institution collaboration and investment in technology intellectual property.

Dr. Boberg described three NMSU technology development programs: 1) Studio G — an NMSU student business incubator that currently involves 90 students; 2) Innoventure — a bilingual program that teaches entrepreneurship to youths in kindergarten through the twelfth grade; and 3) the Arrowhead Center, which was created to lead NMSU's economic development initiatives through business creation and growth, education and training, intellectual property commercialization and partnerships with industry and the community. He added that NMSU's Cooperative Extension Service maintains an office in every county in the state, and it collaborates with 4-H organizations throughout the state and with Engage New Mexico to help connect communities with agricultural science and technology.

Dr. Boberg opined that New Mexico cannot attract and grow businesses if it does not have a globally competitive work force and that the development of that work force should begin in kindergarten, if not earlier.

Developing a Sustainable Energy Economy for Southwest New Mexico

Priscilla C. Lucero, executive director, Southwest New Mexico Council of Governments (SWNMCOG), informed the committee that the Southwest New Mexico Energy and Green Jobs

Task Force, which was convened by former United States Senator Jeff Bingaman's office in 2010, recently received a \$250,000 grant from the United States Department of Commerce's Economic Development Administration for the purpose of organizing a regional office of clean energy development and sustainability and to support rural entrepreneurship and business development in the region. The SWNMCOG is a member of the task force.

Ms. Lucero and Emily Schilling, economic development planner, SWNMCOG, presented the work plan for the grant. With the funds, the SWNMCOG would like to help small Silver City businesses work with the city to perform energy-efficiency audits of the businesses. The SWNMCOG also plans to help distribute education outreach to the community. Ms. Lucero said that the SWNMCOG hopes to work with the NMIMT to create a clean energy business incubator that could focus on the use of energy-efficient appliances.

Some committee members expressed concerns that renewable energy sources are currently too costly. Ms. Lucero said that there is a broad spectrum of energy-related needs that the SWNMCOG can address through its work, including weatherization of residences and helping small businesses to reduce costs to help with growth and job creation. She added that New Mexico should be at the forefront of clean energy initiatives.

Ms. Schilling remarked that the grant was given to the organization in part to allow the SWNMCOG to serve as a pilot program for New Mexico and to illustrate to other council of governments organizations what can be achieved.

Application of Oil Conservation Rules — Senate Bill 601 (2015)

Senator Griggs reviewed the substance of Senate Bill 601, which he introduced during the 2015 regular legislative session. The bill relates to state oil conservation rules and would have required that rules promulgated by the Oil Conservation Commission or the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (EMNRD) apply uniformly to all counties, with certain exceptions. Senator Griggs also reviewed the analysis completed by the EMNRD in connection with the bill. The committee engaged in a brief discussion of the effects of administrative rules on economic development in the oil and gas industry.

A committee member inquired about the progress of the bill after it was introduced. Senator Griggs said that the bill's progress was delayed. He said that some environmental groups expressed concerns with protecting Otero Mesa, but he added that Otero Mesa constitutes just a part of western Otero County. The bill, he said, aimed to allow for reasonable and fair rules governing the oil industry. He added that the bill provided for counties to request that oil development be restricted in particular areas, such as the Galisteo Basin or Otero Mesa.

Aiming for Consistency in the Rulemaking Process

Linda Trujillo, state records administrator, State Commission of Public Records (SCPR), reviewed the agency rulemaking process and said that the lack of specific guidelines for rulemaking makes public participation difficult and reduces the transparency of the process. Ms.

Trujillo explained that the State Rules Act, enacted in 1967, establishes the basic requirements for the rulemaking process, but it does not address all of the steps an agency must take to promulgate rules. The act does not address the adjudication of challenges to rulemaking processes. The Administrative Procedures Act, enacted in 1969, establishes basic processes for both rulemaking and adjudication, but state agencies are exempt from the provisions of that act unless the agency adopts it, which very few agencies have done.

Other rulemaking requirements that are specific to individual agencies are found in the Uniform Licensing Act and the Executive Reorganization Act and in enabling statutes of many agencies. Ms. Trujillo expressed concern that because of the patchwork nature of statutes that address rulemaking, the rulemaking process is inconsistent across state government, which creates difficulty for members of the public who wish to participate in the process.

Ms. Trujillo related that in 2010, the national Uniform Law Commission, which includes 12 members from New Mexico, updated the Model State Administrative Procedures Act (MSAPA), which addresses both rulemaking and adjudication. A state task force was convened in 2010 to review the updated MSAPA and consider changes to state rulemaking statutes. The task force's consensus was that the rulemaking process should be addressed before adjudication revisions were made; that rulemaking processes should provide for more transparency, earlier involvement by a wider variety of stakeholders and greater uniformity; and that revisions should not result in great cost or burden for agencies or the legislature.

As a result of the task force's work, rulemaking process bills were introduced in 2011, 2012 and 2015; however, none of those bills were passed. Matt Ortiz, director, Administrative Law Division, SCPR, explained that Senate Bill 194 from the 2015 regular session passed the senate unanimously, but time ran short and it did not pass the house. That bill would have applied to all agencies and would have required a specific period for public comment, a public hearing process and a record of the rulemaking; eliminated rulemaking that could conflict with state statutes; clarified the process for filing emergency rules; and charged the attorney general with developing default procedural rules for rulemaking notice and process that agencies could follow.

In response to a question from a committee member, Ms. Trujillo said that Senate Bill 194 did not include a legislative review process of agency rulemaking, but she noted that 23 states have some sort of legislative review or independent review provision.

Public Comment

Tom Manning expressed support for development of renewable energy resources and provided the committee with a handout comparing costs of electricity generated from solar, wind, coal and nuclear technologies.

Michael Salber expressed support for the development of solar energy in New Mexico, and he said that there are more above-minimum-wage jobs available in renewable energy industries than in coal power industries.

Dan Lorrimer introduced himself as a representative of the Sierra Club and expressed support for the committee's work.

The committee recessed at 4:15 p.m.

Wednesday, July 15

Senator Shendo reconvened the meeting at 9:13 a.m.

Liquor Control Policy and Economic Development

Alex Ocheltree, a Silver City businessperson and a member of the Liquor Control Act Task Force, which met during 2014, addressed a number of issues related to liquor control policy and economic development. He recalled that in 2015, the legislature passed, and the governor signed, Senate Bill 241, which allows the transfer of dispenser's licenses to any local option district without restriction based on the status — over- or under-quota — of the relevant local option districts. He opined that this change to the law will likely leave some communities without any dispenser's licenses because the licenses can now be sold to other communities and because the cost to purchase a dispenser's license has increased and will continue to be beyond the reach of small business owners. Two dispenser's licenses in Las Cruces recently sold for \$979,000 each, a price that often only large national or multistate corporations are able to pay. He said that due to the change in the law, dispenser's licenses are out of the reach of local owners of a single small restaurant.

Mr. Ocheltree opined that there are some potentially unforeseen or unintended consequences of the state's current liquor control policies. For example, he said that because liquor licenses are so costly, licensees often employ very aggressive sales tactics, pushing the sale of alcoholic beverages in order to meet financial obligations related to acquiring a liquor license and still run a profitable business, which he said could contribute to many alcohol-related public health and economic problems. He suggested that if licenses were more affordable and available, the state could experience a reduction in concerns related to the overservice and consumption of alcohol because business owners would be less likely to aggressively sell alcohol.

Mr. Ocheltree told the committee that downtown Silver City has suffered economically because of the fact that there are currently no businesses in the area that possess a dispenser's license. He said that Silver City's economic revitalization efforts targeted weekend tourism from Tucson and El Paso; however, similar and competing tourist destinations like Bisbee, Arizona, offer bars and restaurants in their downtown areas, all of which offer entertainment opportunities that downtown Silver City cannot.

Mr. Ocheltree proposed the creation of a liquor license that is nontransferable and limited in its scope, similar to the enhanced restaurant license proposed in Senate Bill 71 (2015), which did not pass but would have created a license to allow a restaurant to sell only New Mexico-produced distilled spirits. He said that such a limited license, offered for a reasonable fee, would not have any extrinsic value because it could not be transferred, and limited licensees would not compete with dispenser's licensees.

Two additional new license types proposed by Mr. Ocheltree were a "tavern license" that would allow New Mexico craft distillers to sell their products in their tasting rooms and licenses issued to performance venues, restaurants and bars located in historic and cultural districts.

Teresa Dahl-Bredine, co-owner of Little Toad Creek Brewery and Distillery in Silver City, asked the committee to consider a policy change that would add craft distilled spirits to the drinks that may be sold by a restaurant licensee. She expressed support for extending service hours to midnight from 11:00 p.m. Ms. Dahl-Bredine thanked the committee for its support of House Bill 339 (2015), which would have allowed craft distillers and small brewers to operate three off-premises tasting rooms as winegrowers are currently permitted, had it not been pocket vetoed.

Shannon Murphy, a member of the City of Santa Fe's Nighttime Economy Task Force, said that the task force was formed in 2014 to address concerns with the city's waning nighttime economy. She noted that in the past 10 years, 10 music venues in the city have gone out of business after just a few years in operation, and entrepreneurs, artists, musicians and young people are leaving the city. The task force found that the sale of alcohol at performances is crucial to a performance venue's success because proceeds from ticket sales are used primarily to pay artists, and venues rely on other sales — recordings, apparel and alcohol — to cover the costs of operation.

Ms. Murphy suggested the creation of a "concession license" issued for cultural events. The concession license, she said, would be similar to a restaurant license, but would require a licensee to receive a certain amount of revenue from ticket or performance sales rather than from the sale of food. She explained three benefits to the proposed license: it would not threaten the value of existing licenses; existing licensees would not lose revenue to concession licensees; and it could reduce the public safety threat caused by aggressive alcohol sales by licensees that could not meet the costs of operation, including the cost of paying for a more expensive dispenser's license. She said that Santa Fe conducted a pilot project in which concerts were held in three different venues on three different nights and attendance and business revenue were measured. The results of the pilot project showed that 67% of concert attendees also purchased dinner from restaurants near the concert venues; on average, attendees spent \$38.00 for a ticket, food and drinks; and businesses in the vicinity of the concert venues experienced increased revenues on the nights on which concerts were held. Ms. Murphy also noted that the task force learned that because of the difficulty in obtaining a license or permit for alcohol sales at a performance,

several unregulated performance venues at which alcohol is consumed began operation in the city.

Ms. Murphy said that because special dispenser's permits for events such as gallery openings are increasingly difficult to obtain — just two galleries in Santa Fe obtained such permits in 2014 — the legislature could consider creation of a "cultural event license" that would allow galleries to contract directly with licensed alcohol servers to serve, but not sell, alcohol at gallery events.

Committee members expressed concern that the current liquor regulatory scheme is hurting small businesses and communities in many ways, but several members noted the important public health and safety issues that have to be considered.

Mr. Ocheltree related his experiences with charity fundraising events at which participants play games of chance, but receive no money for winning those games. He said that it would be helpful to organizers of such useful fundraisers if the law was revised to allow nonprofit fundraising events such as charity casino or bingo events.

Public Comment

Mr. Manning provided the committee with some information regarding the Public Service Company of New Mexico's power generating plan. He highlighted what he said is over a billion dollars worth of the company's accounting errors.

Andy Payne expressed his support for development of renewable energy sources, particularly solar energy, as part of a comprehensive economic development plan.

Cissy McAndrew, executive director, Southwest Chapter, New Mexico Green Chamber of Commerce, expressed her organization's support for economic development that has a positive impact on people, the planet and profits.

Gail Simmons, who co-owns an electric contracting company, informed the committee that the increase in the installation of residential and commercial solar energy has positively affected her business. She asked the committee to support development of solar energy.

George Julian Dworin, director, Silver City Arts and Cultural District, affirmed the importance of tourism to Silver City's economy and expressed appreciation to the Tourism Department for the support it has provided through the New Mexico True programs.

The committee chair recognized Dr. Felipe de Ortego y Gasca, scholar-in-residence at WNMU.

Adjournment

There being no further business before the committee, the second meeting of the ERDC for the 2015 interim adjourned at 11:42 a.m.

Revised: July 30, 2015

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**August 19, 2015
Belen Public Library
Belen**

Wednesday, August 19

- 9:00 a.m. **Call to Order — Introductions — Approval of Minutes**
—Senator Benny Shendo, Jr., Chair
- 9:05 a.m. **Welcoming Remarks**
—Jerah Cordova, Mayor, City of Belen
- 9:20 a.m. (1) **Economic Development Department (EDD) Update — Local Economic
Development Act — New Mexico Film Division**
—Jon Barela, Secretary, EDD
—Nick Maniatis, Director, New Mexico Film Division, EDD
- 10:30 a.m. (2) **Photonics — University of New Mexico (UNM)**
—Sanjay Krishna, Director, Center for High Technology Materials, UNM
—Earl Fuller, Strategic Support Manager, Center for High Technology
Materials, UNM
- 11:30 a.m. **Working Lunch (lunch provided for committee members)**
- (3) • **Workers' Compensation —Workers' Compensation
Administration Annual Report**
—Darin A. Childers, Director, Workers' Compensation Administration
- (4) • **Workers' Compensation — New Mexico Court of Appeals'
Decision — Farm and Ranch Worker Exclusion**
—Gail Evans, Legal Director, New Mexico Center on Law and
Poverty
—Darin A. Childers, Director, Workers' Compensation Administration

- 1:15 p.m. (5) [**Economic Development Programs of Los Alamos National Laboratory \(LANL\) and Sandia National Laboratories \(SNL\) — Small Business Tax Credit Update**](#)
—Micheline Devaurs, Program Manager, Market Transition, LANL
—Carole Rutten, Acting Manager, Community Programs Office, LANL
—Jackie Kerby Moore, Manager, Technology and Economic Development, SNL
—Genaro Montoya, Program Leader, New Mexico Small Business Assistance Program
- 2:30 p.m. (6) [**United States Department of Agriculture \(USDA\) Rural Development's Efforts to Assist New Mexico Communities with Economic and Community Development**](#)
—Terry Brunner, State Director, USDA Rural Development
- 3:30 p.m. (7) [**In-State Business Purchasing Preference — Economic Development and Infrastructure Collaboration Initiative**](#)
—Senator Michael Padilla
—Anthony D. Trujillo, President, Holman's USA, LLC
- 4:30 p.m. **Public Comment**
- 5:00 p.m. **Adjourn**

**MINUTES
of the
THIRD MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**August 19, 2015
Belen Public Library
Belen**

The third meeting of the Economic and Rural Development Committee (ERDC) was called to order by Senator Benny Shendo, Jr., chair, on August 19, 2015 at 9:12 a.m. at the Belen Public Library in Belen.

Present

Sen. Benny Shendo, Jr., Chair
Sen. Ron Griggs
Rep. Rick Little
Sen. Richard C. Martinez
Sen. Michael Padilla
Sen. John Pinto
Rep. Debbie A. Rodella
Rep. Patricia Roybal Caballero
Sen. Pat Woods
Rep. Bob Wooley
Rep. John L. Zimmerman

Absent

Rep. Dianne Miller Hamilton, Vice Chair
Sen. Jacob R. Candelaria
Rep. D. Wonda Johnson

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Craig W. Brandt
Sen. Lee S. Cotter
Rep. Nora Espinoza
Rep. Bealquin Bill Gomez
Sen. Mark Moores
Rep. Dennis J. Roch
Sen. William E. Sharer

Rep. George Dodge, Jr.
Rep. Jimmie C. Hall
Sen. Carroll H. Leavell
Rep. Patricia A. Lundstrom
Sen. Mary Kay Papen
Rep. Nick L. Salazar

Guest Legislators

Rep. Alonzo Baldonado
Rep. Kelly K. Fajardo
Rep. Miguel P. Garcia

Staff

Monica Ewing, Staff Attorney, Legislative Council Service (LCS)
Celia A. Ludi, Staff Attorney, LCS
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Wednesday, August 19**Welcoming Remarks**

Senator Shendo welcomed members of the committee, staff and guests to the meeting. Committee members and LCS staff members introduced themselves.

The minutes of the ERDC's second meeting were approved unanimously without amendment.

Senator Michael S. Sanchez welcomed the committee to his hometown.

Jerah Cordova, mayor of Belen, welcomed the committee and provided a brief overview of Belen's history and current economic status. He informed the committee that Belen was founded in 1741 as a Spanish land grant and that it maintains traditions such as a 222-year-old fiesta. Although the 2008 recession had a severe impact on Belen, including substantial cuts in city government employees and services, there are signs that the city's economy is slowly recovering. Vacancies in commercial real properties remain high, but overall commercial revenue is stable. The former Solo Cup manufacturing facility in the area is vacant, but the city is working to identify an occupant for the space. Mayor Cordova said that Valencia County is in need of jobs and that its assets include the area's airport, railroad and convenient access to Interstate 25 and Albuquerque.

The mayor listed a number of infrastructure construction projects under way in Belen, including Highway 6, the Main Street overpass, flood control projects, a new water tank, a new airport runway and road repairs. He added that the housing market is fast recovering. He asked the committee for its continued support of the film industry, which has benefited the area. He noted that the city has accrued its largest-ever budget surplus of \$1 million.

Economic Development Department (EDD) Update — Local Economic Development Act (LEDA) — New Mexico Film Office

Jon Barela, secretary of economic development, introduced Nick Maniatis, director of the New Mexico Film Office (office), who related that 2015 has been the strongest year for the film industry in the state since the inception of the film incentive credits program.

In response to questions from committee members, Mr. Maniatis said that the office, in addition to working to attract feature films, is prioritizing recruitment of television series because they provide longer-term, more stable employment for New Mexico crew members. Films introduce a lot of money into New Mexico's economy for a short period of time, but television productions contribute revenue over a longer time period. Television series production schedules, because they are often less stringent, allow for the use of local vendors and provide greater opportunities for crew members' professional growth. Mr. Maniatis said that game shows, reality television shows and music shows require sound stages that are rated for audiences, and that just one of the state's four studios has such a sound stage. For that reason, production of those kinds of shows is limited in the state.

Mr. Maniatis said that the office is preparing a report on film industry jobs in the state, which will include information about job benefits such as health care insurance and unemployment insurance. He advised the committee that the office does not plan to propose legislation addressing the film incentive program during the 2016 legislative session.

Secretary Barela provided an update on the Job Training Incentive Program (JTIP) and on the LEDA. He noted that the recent announcement that Google will withdraw its Titan Aerospace solar-powered drone development project from Moriarty is an example of the effective clawback provisions used in LEDA project contracts. Because of the clawback provision in Google's contract with the state, Google will return nearly \$1 million in state economic assistance funds to the state, and the water and sewer line extensions built for the project will remain in place.

In response to questions from the committee, Secretary Barela noted that LEDA requirements allow more flexibility than JTIP, and the LEDA guidelines include a prohibition on funding retail projects because the jobs generated in retail are generally minimum wage and are often not permanent full-time jobs.

Secretary Barela confirmed that in consultation with the governor, he makes decisions regarding the provision of funds for a LEDA project. He said this process allows the EDD to be efficient in responding to companies seeking to locate in the state. He added that the decision to provide LEDA funds as a post-performance award or prior to a project's completion is made on a case-by-case basis.

Secretary Barela said that he has received feedback from employers that chose not to locate in New Mexico, citing work force issues as the primary factors in their choices. They

identified issues such as: insufficient preparation and education of workers; lack of employee "soft skills"; and employees' inability to pass drug tests.

Photonics — University of New Mexico (UNM)

Sanjay Krishna, director of the Center for High Technology Materials (CHTM) at UNM, and Earl Fuller, strategic support manager, CHTM, advised the committee that the CHTM focuses on application of research. The CHTM has attracted more than \$260 million in state funding, roughly 89% of which has been spent in New Mexico. This year, the CHTM will likely request an appropriation of \$10 million to be used over five years to establish a freestanding regional hub to build on optics and photonics work currently being undertaken in New Mexico. As a freestanding institution, the hub will not be tied solely to UNM, and Dr. Krishna and Mr. Fuller have already reached out to New Mexico State University and the New Mexico Institute of Mining and Technology to expand partnerships and develop applications for research in these areas in the state.

Workers' Compensation — New Mexico Court of Appeals' Decision — Farm and Ranch Worker Exclusion

Gail Evans, legal director of the New Mexico Center on Law and Poverty, explained the background of a recent Court of Appeals case and the effect of the court's decision, which held that the exclusion of farm and ranch workers from coverage under the Workers' Compensation Act is unconstitutional. The court applied that decision retroactively to March 30, 2012, when a district court judge in Albuquerque first declared the provision unconstitutional. The decision means that farm and ranch employers with more than three workers will be required to obtain workers' compensation coverage for farm and ranch workers, in addition to other already-covered employees. It also means that claims for workers' compensation by farm and ranch workers that were pending as of March 30, 2012 must be considered by the Workers' Compensation Administration (WCA).

Darin A. Childers, director of the WCA, informed the committee that an appeal of the court's decision was filed in the New Mexico Supreme Court. He added that the WCA is currently enforcing the Court of Appeals' decision and that it provides a fact sheet about the application of that decision on its web site.

The committee members discussed the presenters' comments, and, in response to several committee members' questions, Mr. Childers explained that workers' compensation insurance rates are based on an employer's payroll, and the Workers' Compensation Act does not exclude family members of an employer, seasonal workers or day workers. In response to a committee member's question, Ms. Evans said that California and Arizona require employers to provide workers' compensation coverage for all workers, that Utah and Colorado require coverage for farms of a certain size and that Texas does not require coverage for any workers.

Workers' Compensation — WCA Annual Report

Mr. Childers presented the WCA Annual Report for 2014 and provided committee members with a copy of an informational brochure published by the WCA. He opined that most businesses are able to find affordable coverage. He informed the committee that the WCA will request a special appropriation of \$250,000 to perform a system-wide study, which was last done in 2000.

Economic Development Programs of Los Alamos National Laboratory (LANL) and Sandia National Laboratories (SNL) — Small Business Tax Credit Update

Micheline Devaurs, program manager for market transition, LANL, presented her report titled "Feynman Center for Innovation: Helping to Create Jobs and Diversify the Economy in Northern New Mexico". Kathy Keith, a representative of LANL, presented her report titled "Community Programs Office: Helping to Create Jobs and Diversify the Economy in Northern New Mexico". Jackie Kerby Moore, technology and economic development manager at SNL, presented her report titled "Sandia National Laboratories Economic Development". LANL and SNL together presented "NMSBA [New Mexico Small Business Assistance]/LANL/SNL Annual Report 2014, Perspectives".

United States Department of Agriculture (USDA) Rural Development's Efforts to Assist New Mexico Communities with Economic and Community Development

Terry Brunner, state director for USDA Rural Development, presented his report, titled "USDA Rural Development 2014 Progress Report".

Mr. Brunner highlighted a USDA program that offers financing for the purchase of single-family homes in rural areas and offers 33-year loans at 3.1% with no down payment. He said that the program is available statewide except in the urban areas of Santa Fe, Albuquerque, Rio Rancho and Las Cruces.

The biggest obstacle to economic development in rural areas, Mr. Brunner said, is poverty, followed by infrastructure deterioration, particularly water and wastewater disposal systems. He said that New Mexico offers better financial incentives to encourage small business growth than any other state, but work force availability and readiness and the educational system can be obstacles to business growth. The USDA has funds available for infrastructure repair, maintenance and development, but small rural communities have expressed a preference for outright grants instead of loans with attractive terms or issuing bonds. Mr. Brunner said that there is very little grant money available. He observed that leveraging state money to obtain federal loans is often a cost-effective way to address infrastructure needs. He informed the committee that the USDA recently funded 12 infrastructure projects in other states with a combination of public and private funds, and he looks forward to the opportunity to help obtain funding for similar projects in New Mexico.

Mr. Brunner explained that to maximize resources and avoid duplication, the USDA is focused on developing three areas in New Mexico: communication; coordination; and capacity

building. The intent is to provide communities with data and assessment tools for planning. A major effort is a collaboration with the Department of Environment to identify water and wastewater projects cited by the federal Environmental Protection Agency to help develop financing and construction plans for those projects.

In response to a question from a committee member, Mr. Brunner said that the USDA is aware of infrastructure issues involving privately owned utilities, and, although the USDA cannot finance private entities, it is working to facilitate the sharing of resources that would support expansion of some privately owned utilities in areas where there is no other utility provider. He noted that the USDA has a Community Facilities Program that provides loans at 4.5% for publicly owned utilities.

A committee member expressed concern that many small rural communities are dependent on volunteers to navigate the USDA's financing processes, which can be difficult. Mr. Brunner responded that the USDA recognizes that issue and, among other things, provides funding for leadership training for farmers in Mora County.

In-State Business Purchasing Preferences — Economic Development and Infrastructure Collaboration Initiative

Senator Padilla explained the provisions of Senate Bill 69, which he introduced in the 2015 regular session. The bill was passed out of the Senate Corporations and Transportation Committee, was amended and passed out of the Senate Judiciary Committee and was passed by the senate, but, due to time considerations, it was not considered by the house of representatives. The bill provided for one-third of state purchasing contracts to be awarded to New Mexico vendors. Senator Padilla averred that \$500 million to \$1.1 billion in state contracts are currently being awarded to out-of-state contractors, and, if enacted, the provisions of the bill would help to maintain at least one-third of that money in the state to support New Mexico businesses.

Public Comment

Kathy Holmes Cates, chief executive officer of the nonprofit organization, LifeROOTS, also spoke on behalf of Ag-Pac. Ms. Cates expressed her support for Senator Padilla's bill and urged the legislature to ensure that the bill does not conflict with the State Use Act.

Adjournment

There being no further business before the committee, the third meeting of the ERDC for the 2015 interim adjourned at 4:27 p.m.

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**September 28-29, 2015
Shuler Theater
Raton**

Monday, September 28

- 9:00 a.m. **Call to Order — Introductions — Approval of Minutes**
—Senator Benny Shendo, Jr., Chair
- 9:05 a.m. **Welcoming Remarks**
—Sandy Mantz, Mayor, Raton
- 9:30 a.m. (1) **Great Blocks: Rural redevelopment — Public Infrastructure**
—Brenda Ferri, Executive Director, Raton Arts and Cultural District
—Diana M. Sanchez, President, Raton MainStreet; President, Great Blocks
—Rich Williams, Director, New Mexico MainStreet and Arts and
Cultural District
- 11:00 a.m. (2) **Tourism Work Force Development**
—Jen Schroer, Chief Executive Officer and President, New Mexico
Hospitality Association
- 12:00 noon **Lunch**
- 1:15 p.m. (3) **Broadband Task Force Steering Committee Report**
—Charlie Farrell, Executive Director, New Mexico Exchange Carrier Group
- 2:15 p.m. (4) **New Mexico Small Business Development Center: Providing Economic
Development Assistance to Small Businesses**
—Russell Wyrick, State Director, New Mexico Small Business
Development Center
—Adriene Gallegos, Associate State Director, Outreach and Program
Development, New Mexico Small Business Development Center
- 3:15 p.m. (5) **Four-County Ground Water Initiative**
—Bill Sauble, Chair, Colfax County Commission
- 4:15 p.m. **Public Comment**

4:30 p.m. **Recess**

Tuesday, September 29

9:30 a.m. (6) [Utility Infrastructure to Meet New Mexico's Future Needs](#)
—Sayuri Yamada, Director of New Mexico Government Affairs, Public
Service Company of New Mexico

10:30 a.m. (7) [Workforce Solutions Department Update — Unemployment Insurance](#)
—Celina Bussey, Secretary, Workforce Solutions Department

12:30 p.m. **Adjourn**

**MINUTES
of the
FOURTH MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**September 28-29, 2015
Raton**

The fourth meeting of the Economic and Rural Development Committee (ERD) was called to order by Senator Benny Shendo, Jr., chair, on September 28, 2015 at 9:12 a.m. at the Shuler Theater in Raton.

Present

Sen. Benny Shendo, Jr., Chair
Sen. Jacob R. Candelaria (9/28)
Sen. Ron Griggs
Rep. Rick Little
Sen. Michael Padilla
Rep. Debbie A. Rodella (9/28)
Rep. Patricia Roybal Caballero
Sen. Pat Woods
Rep. John L. Zimmerman

Absent

Rep. Dianne Miller Hamilton, Vice Chair
Rep. D. Wonda Johnson
Sen. Richard C. Martinez
Sen. John Pinto
Rep. Bob Wooley

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Craig W. Brandt
Sen. Lee S. Cotter
Rep. Nora Espinoza
Rep. Bealquin Bill Gomez
Rep. Dennis J. Roch (9/28)
Sen. William E. Sharer

Rep. George Dodge, Jr.
Rep. Jimmie C. Hall
Sen. Carroll H. Leavell
Rep. Patricia A. Lundstrom
Sen. Mark Moores
Sen. Mary Kay Papen
Rep. Nick L. Salazar

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Monica Ewing, Staff Attorney, Legislative Council Service (LCS)
Celia A. Ludi, Staff Attorney, LCS
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Monday, September 28

Call to Order — Introductions — Approval of Minutes

Senator Shendo welcomed members of the committee, staff and guests to the meeting. Committee members and LCS staff members introduced themselves.

The minutes of the August 19, 2015 meeting were approved unanimously without amendment.

Welcoming Remarks

Linde' Schuster, city commissioner, City of Raton, welcomed the committee and provided a brief overview of Raton's history and current economic status. She noted that, like other small cities in New Mexico, Raton has many challenges mostly related to revenue deficits created by the changes in its economic base. Historically, coal mining, the railroad and ranching were Raton's economic base. With changes in its economy and having lost one-third of its population base, Raton is focusing on supporting its small businesses, promoting hospitality and the outdoor tourism industry and developing a new economic base. With its proximity to I-25 and the railroad, Raton has good transportation infrastructure, and the city also has a stable water supply.

"Grow Raton", a citizen-based economic development group, is promoting energy efficiency and urban reforestation. A community garden and kitchen have been established in the city, and health care expansion and aerospace projects are in development. The Center for Sustainable Community is working with the revitalized Northeastern New Mexico Education Foundation and other higher education institutions to research alternative energy options such as biomass conversion and aquaponics. Raton remains mindful of Albert Einstein's statement, "We cannot solve the problems we created with the same kind of thinking that created them."

Great Blocks: Rural Redevelopment — Public Infrastructure

Brenda Ferri, executive director, Raton Arts and Cultural District, described some of the features of Raton's Arts and Cultural District, including historic buildings, the Raton Museum and the historic Shuler Theater.

Diana M. Sanchez, president of Raton MainStreet and president of Great Blocks, presented materials to the committee titled, "Raton Great Blocks on MainStreet Redevelopment Package Historic First Street" and "Site Analysis Raton, NM Great Blocks March, 2015".

Rich Williams, director, New Mexico MainStreet and Arts and Cultural District, provided the committee with materials titled, "2015 NMMS Map of Communities". Mr. Williams emphasized the importance of public infrastructure to the sustainability and growth of rural communities. He noted that 60% of capital outlay recipients experience business growth and that

95% of new businesses are established within a two-block radius of the sites of capital outlay expenditures. In the last five years, capital outlay spending has decreased, and New Mexico has seen a corresponding decrease in economic development in rural communities. He said that the private sector is reluctant to build and invest where public infrastructure, such as streets, water and wastewater and stormwater removal, is not supported. Mr. Williams encouraged the committee to support stabilization of the \$1.415 million MainStreet budget and to consider \$5 million in capital outlay spending in rural communities.

In response to a question from a committee member, Raton City Manager Scott Berry informed the committee that the city has not imposed any portion of the hold harmless gross receipts tax (GRT) but that the county has. Mr. Berry said that the current 8.5% GRT includes 1% for water system improvements, and the city is contemplating extending that portion of the tax to pay for additional water planning and resource acquisition.

A committee member asked what Raton's current economic base is, and Ms. Sanchez answered that Miners' Colfax Medical Center is the largest employer, followed by the schools. She added that tourism is growing, supported by the NRA Whittington Center, which brings more than 600,000 visitors to Raton every year. Mr. Berry remarked that there is also an untapped market for gaming in the region that includes northeastern New Mexico, southeastern Colorado, western Oklahoma and northwestern Texas. Ms. Sanchez and Mr. Berry also expressed their support for bringing horse racing back to Raton. Ms. Sanchez said that Raton is an active partner in the Tourism Department's "New Mexico True" marketing programs.

A committee member commented that Raton would be a good location for manufacturing businesses because of available land and accessible rail and highway systems for transportation of products.

Tourism Work Force Development

Jen Schroer, chief executive officer and president, New Mexico Hospitality Association (NMHA), informed the committee that the NMHA is working on a new customer service training program for workers in the hospitality industry to address training and work force development needs in that sector. The NMHA is also working on three tourism entrepreneurship programs. In response to a question from a committee member, Ms. Schroer said that during the week of September 28, the association will host a roundtable in Albuquerque to discuss hospitality issues. She added that the availability and affordability of liquor licenses will be discussed at that event.

Broadband Task Force Steering Committee Report

Johnny L. Montoya, director, state regulatory affairs, CenturyLink, Michael Castillo, CenturyLink, and Michael Riveter discussed the information provided to the committee in the materials titled, "Broadband Presentation to Economic and Rural Development Committee" and "Report and Action Plan Prepared by The New Mexico Broadband Task Force Steering Committee".

In response to a question by a committee member, Mr. Montoya informed the committee that on September 28, the New Mexico Supreme Court heard arguments in a case involving the challenge to a surcharge that would raise \$5 million to support the extension of broadband networks in underserved areas in the state. He said that he did not know when the court would issue its decision. The committee members discussed the issue of how to provide funding to extend broadband service in the state, especially when the return on such investments is slow. Mr. Montoya confirmed that the industry is exploring ways to establish a public-private partnership for the purpose of extending broadband service.

Mr. Montoya said that all providers and carriers were invited to participate in the New Mexico Broadband Task Force Steering Committee. In response to a question from a committee member, Mr. Riveter said that whether the Rural Telecommunications Act of New Mexico applies to broadband is a question that has not yet been decided.

New Mexico Small Business Development Center: Providing Economic Development Assistance to Small Businesses

Russell Wyrick, state director, New Mexico Small Business Development Center (NMSBDC), reviewed the information contained in his presentation materials titled, "America's SBDC: New Mexico". In response to questions by the committee, Mr. Wyrick said that although the NMSBDC maintains records of the number of businesses to which it has provided assistance, the organization does not have a way to determine the status of businesses once the NMSBDC has completed its work with the businesses. He explained that the NMSBDC offers one-on-one services for individual businesses and does not provide "incubator"-type shared support services for fledgling businesses.

Four-County Ground Water Initiative

Bill Sauble, chair, Colfax County Commission, explained the materials he provided to the committee titled, "Four-County Groundwater Initiative (Colfax, Harding, Mora, Union)". Mr. Sauble introduced Dr. Kate E. Zeigler, senior geologist, Zeigler Geologic Consulting, LLC, and Justin Bennett, chair, Union County Commission, and he added that representatives of some of the signatories to the "Four County/Regional SWCDS Groundwater Initiative Colfax, Harding, Mora and Union Counties Memorandum of Understanding" (Initiative) were also present.

Mr. Bennett advised the committee that the members of the Initiative plan to request a general fund appropriation to support further study of the geology of the region to determine ground water capacity for future planning. Dr. Zeigler elaborated that the United States Geological Survey (USGS) does not constantly monitor all of its wells, so there are significant deficiencies in the available sources of information. The Office of the State Engineer (OSE) does not have sufficient staff to conduct the study being proposed, and information regarding the number and location of drawers of ground water in the region, as well as amounts of ground water drawn, is needed for future sustainability and growth planning. Dr. Zeigler emphasized that no additional wells will be drilled for the study, and she said that the Initiative will work

with all of the relevant agencies to ensure that there is no duplication or overlap of efforts. The Initiative's purpose is to obtain a comprehensive picture of ground water resources in the region.

In response to questions by committee members, Mr. Bennett reported that the OSE supported the project and agrees that the Water Trust Board is not the appropriate agency to fund or conduct the study.

Public Comment

John P. Davidson, executive director of Raton's new Center for Sustainable Community, noted that people live in a global economy and that economy drives much of what takes place at a local level. He said that the center is a think tank that aims to identify global and local trends and opportunities to create sustainable communities.

Paul Jenkins, president, Greater Raton Economic Development Corporation, an all-volunteer organization that supports economic development in Raton, described some of the projects in which the organization is involved, including exploration of the development of a firefighting slurry manufacturing facility and warehousing operations.

Larry Stalaski said that the lack of jobs destabilizes communities, so creation of jobs through cooperation among educational institutions, government and the private sector is essential. He cited North Carolina's development of the Research Triangle as an example of successful cooperation.

Recess

The committee recessed at 4:50 p.m.

Tuesday, September 29

Senator Shendo reconvened the committee at 9:34 a.m. and welcomed members of the committee, staff and guests to the meeting.

Utility Infrastructure to Meet New Mexico's Future Needs

Sayuri Yamada, director of New Mexico government affairs, Public Service Company of New Mexico (PNM), and Matthew Jaramillo, a representative of PNM, reviewed their presentation materials titled, "Utility Infrastructure to Meet New Mexico's Future Needs". In response to a question by a committee member, Ms. Yamada confirmed that PNM is always involved in site selection discussions with companies that consider opening or expanding operations in PNM's service area. The committee discussed PNM's sources of power, including the costs and process for replacing one coal-fired generating unit at its Four Corners plant with natural gas. Mr. Jaramillo explained that PNM, as a regulated utility, covers costs related to expansion and improvements, first by borrowing for building the project and then applying to the Public Regulation Commission for a rate increase to recover the cost of the project. In response

to a question by a committee member, Ms. Yamada said that PNM takes a neutral position on the SunZia transmission line in southern New Mexico.

Workforce Solutions Department Update — Unemployment Insurance

Celina Bussey, secretary of workforce solutions, discussed the information in her presentation materials titled, "New Mexico Department of Workforce Solutions: Presentation to the Economic and Rural Development Committee". The committee extensively discussed the various circumstances under which employers' insurance rates may be increased or decreased. Secretary Bussey noted that unemployment insurance payments fell substantially in 2014 and are down significantly so far in 2015, and she attributed the decline to the recovering economy. She said, referring to slides 4 through 6 in her presentation, that even though New Mexico offers somewhat more generous benefits than surrounding states, the state is aligned with other states' payments.

Adjournment

There being no further business before the committee, the fourth meeting of the ERD for the 2015 interim adjourned at 12:34 p.m.

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**October 13-14, 2015
El Morro Theatre
Gallup**

Tuesday, October 13

- 9:30 a.m. **Call to Order — Introductions — Approval of Minutes**
—Senator Benny Shendo, Jr., Chair
- 9:35 a.m. (1) **Welcoming Remarks**
—Jackie McKinney, Mayor, City of Gallup
—Carol Bowman Muskett, Chair, McKinley County Board of
Commissioners (Invited)
- 10:00 a.m. (2) **Energy Logistics Park**
—Representative Patricia A. Lundstrom
—Tommy Haws, President, Greater Gallup Economic Development
Corporation (GGEDC)
—Aaron Kowalski, Business Development Manager, Gallup Land Partners
—Michael Sage, Deputy Director, GGEDC
- 11:30 a.m. **Lunch**
- 1:00 p.m. (3) **Inland Port Project**
—David Lee, President, Tsayatoh Chapter, Navajo Nation
—Brenda Jesus, Community Services Coordinator, Rock Springs Chapter,
Navajo Nation
—Jeff Kiely, Executive Director, Northwest New Mexico Council of
Governments (NNMCOG)
- 2:15 p.m. (4) **Rural Tax Credit**
—David Hinkle, President and Chief Executive Officer, Gallup-McKinley
County Chamber of Commerce
—Michael Sage, Deputy Director, GGEDC
- 3:15 p.m. (5) **Business Improvement District and Arts and Cultural District**
—Francis Bee, Executive Director, Gallup Business Improvement District

4:00 p.m. (6) [NNMCOG's Comprehensive Economic Development Strategy and Panorama Software](#)
—Jeff Kiely, Director, NNMCOG

5:00 p.m. **Recess**

Wednesday, October 14

9:00 a.m. **Call to Order — Introductions**
—Senator Benny Shendo, Jr., Chair

9:05 a.m. (7) [Tourism in Indian Country](#)

- State Tourism in Indian Country
—Rebecca Latham, Secretary, Tourism Department
—Amanda Montoya, American Indian Tourism Specialist, Tourism Department
- Pueblo of Zuni
—Tom R. Kennedy, Director, Tourism and MainStreet, Pueblo of Zuni
- Pueblo of Acoma
—Melvin Juanico, Sky City Cultural Center and Haak'u Museum Group
Tour Coordinator, Pueblo of Acoma
- Navajo Nation
—Arval T. McCabe, Department Manager, Navajo Nation Tourism
Department

12:00 noon **Public Comment**

12:30 p.m. **Adjourn**

**MINUTES
of the
FIFTH MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**October 13-14, 2015
Gallup**

The fifth meeting of the Economic and Rural Development Committee (ERDC) was called to order by Senator Benny Shendo, Jr., chair, on October 13, 2015 at 9:33 a.m. at the El Morro Theatre in Gallup.

Present

Sen. Benny Shendo, Jr., Chair
Rep. D. Wonda Johnson
Rep. Rick Little
Sen. Richard C. Martinez
Sen. John Pinto
Rep. Debbie A. Rodella (10/14)
Sen. Pat Woods
Rep. Bob Wooley (10/13)
Rep. John L. Zimmerman

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Lee S. Cotter (10/13)
Rep. Bealquin Bill Gomez
Rep. Jimmie C. Hall
Rep. Patricia A. Lundstrom

Guest Legislators

Rep. Randal S. Crowder
Rep. Patricio Ruiloba

Absent

Rep. Dianne Miller Hamilton, Vice Chair
Sen. Jacob R. Candelaria
Sen. Ron Griggs
Sen. Michael Padilla
Rep. Patricia Roybal Caballero

Sen. Craig W. Brandt
Rep. George Dodge, Jr.
Rep. Nora Espinoza
Sen. Carroll H. Leavell
Sen. Mark Moores
Sen. Mary Kay Papen
Rep. Dennis J. Roch
Rep. Nick L. Salazar
Sen. William E. Sharer

(Attendance dates are noted for members not present for the entire meeting.)

Staff

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

Celia A. Ludi, Staff Attorney, LCS

Erin Bond, Intern, LCS.

Minutes Approval

Because the committee did not consider adoption of these minutes at its November meeting and 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

Copies of all handouts are in the meeting file.

Tuesday, October 13

Call to Order — Introductions — Approval of Minutes

Senator Shendo welcomed members of the committee, staff and guests to the meeting. Committee members and LCS staff members introduced themselves. Representative Lundstrom thanked the Northwest New Mexico Council of Governments (NNMCOG), the Gallup-McKinley County Chamber of Commerce, Western Refining, the New Mexico Trucking Association and the Gallup Business Improvement District for hosting the committee's meeting.

Welcoming Remarks

Jackie McKinney, mayor of the City of Gallup, welcomed the committee and noted that Gallup is surrounded by Native American land. He said that regionalization of the Gallup area is important to economic development in the area. The most significant sources of economic support in the region are the federal government and the oil and gas industry. When Mayor McKinney took office, he established a private nonprofit corporation, the Greater Gallup Economic Development Corporation (GGEDC), to handle the city's economic development work, which was previously the work of a single part-time employee. Mayor McKinney observed that the GGEDC's status as a private corporation allows the city to maintain economic development negotiations confidentially until they are finalized, something that is difficult for a public entity to achieve. He expects that the GGEDC will be instrumental in generating many good jobs in the region.

Energy Logistics Park

Representative Lundstrom explained that she is the executive director of the GGEDC, a 501(c)(3) organization started in March 2012. She introduced Tommy Haws, president, GGEDC, and Michael Sage, deputy director, GGEDC. Representative Lundstrom informed the

committee that the GGEDC has developed a five-page plan to create economic base jobs in the area by attracting new money to the region instead of recirculating money that is already in the community. An informative, interactive, comprehensive and current website has become a critical component of successful economic development. Representative Lundstrom explained the GGEDC's work and provided the committee with presentation materials. She emphasized that preparation of a successful economic development plan requires a thorough examination and awareness of a community and its assets. She added that one of Gallup's major assets is its existing transportation infrastructure. The city is located at the confluence of the BNSF Railway TransCon Corridor and Interstate 40.

Aaron Kowalski, business development manager for Gallup Land Partners (GLP), has worked with Representative Lundstrom, and he informed the committee that GLP has acquired 26,000 acres and dedicated 3,000 of those acres for the initial build-out of the Energy Logistics Park (ELP). GLP has also allocated another 10,000 acres for expansion of the park. He said that although it is a complicated project, there will be many benefits to the project. There are currently three tenants at the ELP. Representative Lundstrom explained that the site's master plan was developed with consideration of BNSF's needs regarding warehousing and distribution of commodities that are transported by rail. The GGEDC consulted with the developers of the Santa Teresa borderplex during the GLP planning process. Representative Lundstrom added that an important aspect of the plan is workforce development; the GGEDC has partnered with public schools and higher education institutions in the area to offer relevant training to ensure that the local workforce is prepared for the employment opportunities being created.

Mr. Sage provided a virtual tour of the GGEDC's website.

In response to a member's question, Mr. Kowalski confirmed that customers of GLP use roads and rails to move their products. A committee member commented that Santa Teresa is working on a BNSF spur to provide north-south access to the line and opined that the RailRunner should be extended from Ciudad Chihuahua, Mexico, to Calgary, Canada.

A committee member mentioned that Mexico is planning a deepwater port in the Gulf of California to relieve the port of Los Angeles and that the deepwater port will be connected to Santa Teresa.

In response to a member's question, Representative Lundstrom said that most of the planning work for the GLP project was paid for by the City of Gallup using New Mexico Finance Authority funds. The post-performance funding of the project was achieved using industrial revenue bonds, Local Economic Development Act funding and tax credits. She said that BNSF has purchased \$800,000 worth of diesel fuel per month in Gallup since the locomotive fuel tax credit was instituted. She explained that to receive the locomotive fuel tax credit, a company must make certain local investments and the Taxation and Revenue Department will certify whether the investments qualify the taxpayer for the tax credit, which must be used for economic development purposes.

Representative Lundstrom invited the committee to attend an economic development roundtable on January 29, 2016 at 8:30 a.m. at La Fonda Hotel in Santa Fe.

Navajo Inland Port Project

David Lee, president of the Tsayatoh Chapter, Navajo Nation, and Jeff Kiely, executive director of the NNMCOG, described the Navajo inland port project to the committee. Peter Deswood, Jr., senior economic development specialist for the Navajo Nation Division of Economic Development, noted that Thoreau is the energy port. BNSF has told the Navajo Nation that 25,000 acres are needed for the inland port, which is slated to create 4,500 jobs. Unemployment in the Navajo Nation is approximately 60%, so the project is desperately needed. Brenda Jesus, community services coordinator of the Rock Springs Chapter of the Navajo Nation, informed the committee that three chapters will provide \$10,000 each in matching funds for development of the project. The developers are also applying for tribal infrastructure funds.

In response to a member's question, Mr. Kiely said that he is unaware of the Navajo-Gallup water pipeline's potential role in the development of the inland port project. Mr. Deswood said that the Thoreau project will require minimal water use and the project primarily consists of office buildings and light manufacturing operations that do not require a lot of water. He noted, however, that secondary and tertiary businesses providing housing and related support for the project's workforce will require a significant amount of water.

Representative Lundstrom informed the committee that the region's primary water source is the aquifers, which are being depleted faster than they are recharging, but that two pipeline projects will supply the region with additional water to provide a stable long-term source of water.

In response to a question, Mr. Kiely clarified that the inland port and the GLP projects are adjacent to each other. Representative Lundstrom confirmed that the projects are complementary, and she noted that GLP has representation on the tribe's steering committee. She emphasized the need to approach economic development projects regionally and not individually.

Mr. Deswood said that the tribe intends to request between \$3 million and \$4 million in capital outlay funds for the Thoreau project.

Rural Infrastructure Tax Credit

Mr. Sage explained that the inland port will need 100,000 square feet of building space to attract business. He stressed that existing available buildings are an essential component to the development plan's success.

David Hinkle, president and chief executive officer of the Gallup-McKinley County Chamber of Commerce, explained the rural infrastructure tax credit (RITC) proposed in House Bill 337 (2015), which passed the House Transportation and Public Works Committee but

ultimately did not pass in the house of representatives. Mr. Hinkle affirmed the importance of having existing available commercial real estate for businesses looking to locate in an area, and he asserted that the RITC would help create an inventory of available buildings.

When a committee member noted that there is no guarantee of job creation to result from a business that uses the RITC, Mr. Hinkle responded that if businesses are required to guarantee job creation to implement the tax credit, the incentive would not be useful. He said the tax credit applies only to transportation, manufacturing and the oil and gas industry; other extractive industries are not eligible.

In response to a committee member's observation that the proposal is for a tax credit, not a rebate, and the only way to get the credit is if an eligible business owes taxes, Mr. Hinkle said that the primary value in the tax credit is not the credit's use by the taxpayer business, but in the taxpayer's ability to sell the credit to a third party. The state would recoup its money when a building is used to house a business, because property tax on the building would be paid.

A member asked if the tax credit would be available to projects outside rural areas, and Mr. Hinkle confirmed that it would be, but he said that the qualifying projects are limited to brick-and-mortar buildings.

Business Improvement Districts and Arts and Cultural Districts

Francis Bee, executive director, Gallup Business Improvement District, explained how the business improvement districts interact with the arts and cultural districts and MainStreets to create communities where company employees want to live.

Minutes

The minutes of the September 28-29, 2015 meeting were approved without objection.

NNMCOG's Comprehensive Economic Development Strategy and Panorama Software

Mr. Kiely described "The High Plateau Country Blueprint, A Strategic Path for Growth and Prosperity in Northwest New Mexico" using his presentation materials titled, "Comprehensive Economic Development Strategy".

Tim Armer, executive director of the North Central New Mexico Economic Development District, referred to his materials, titled "Ristra Project", to explain the web portal designed for the New Mexico Association of Regional Councils (NewMARC) to assist local governments with navigating state and federal funding opportunities and with establishing steady project development, resulting in long-term asset management.

Mr. Kiely informed the committee that funding for the Ristra Project comes from several sources, and the NewMARC will be seeking a general fund appropriation through the Local Government Division of the Department of Finance and Administration to staff the ongoing development of the project. The primary source of long-term funding for the project will be

subscriptions paid for by agencies and councils of governments. The project is designed to have minimal bureaucracy supporting it because data would be added by each agency with oversight and maintenance by the appropriate council of government.

Recess

The committee recessed at 5:17 p.m.

Wednesday, October 14

Reconvene — Introductions

Senator Shendo reconvened the committee meeting at 9:14 a.m. and welcomed members of the committee, staff and guests to the meeting.

Tourism in Indian Country

Rebecca Latham, secretary of tourism, reported on the economic impact of tourism in New Mexico using her presentation materials titled, "Economic Impact of Tourism in New Mexico". She reminded the committee that the department's current target markets are Dallas, Houston, Phoenix, Chicago and Denver, and she presented examples of video media campaigns used in those markets.

In response to a member's question, Secretary Latham said that the only county that did not experience growth in tourism in 2014 was Los Alamos, and she attributed the lack of growth to the lingering effects of the Cerro Grande fire. She added that the counties with the greatest growth in lodging are those where the oil and gas industry is centered in the southeast and northwest parts of the state. She added that because of the disproportionate impact of those industries, the department had not included Lea and Eddy counties in the tourism lodging calculations for 2014.

A committee member suggested that the Tourism Department highlight rail-based tourism, pointing out that a tourist could ride Amtrak from Raton through Las Vegas to Lamy and on to Gallup. Secretary Latham said that the department had already approached Amtrak about joint promotions. She said that the department was recently added to the Spaceport Authority board and is starting to work with the Spaceport Authority.

Another member suggested adding Chihuahua and other cities in Mexico to the state's target markets. Another member said attention could be brought to the Vietnam Veterans Memorial State Park in Angel Fire as well as to White Sands National Monument and the Valles Caldera. Secretary Latham responded that she had designated an employee as a public lands liaison to work with federal and state parks. She commented that there are competing interests between tourism and the National Park Service (NPS) because the NPS's focus is on conservation.

Secretary Latham reported on state tourism in Indian Country and introduced Amanda Montoya, the Tourism Department's recently hired American Indian tourism specialist. Ms. Montoya described her plan to interface with and support the tourism efforts of tribes in New Mexico. She has begun meeting with and surveying the interests and needs of tribes with respect to tourism. She most frequently hears that tribes are in need of better signage and visitor guides to communicate with visitors about etiquette when on tribal lands.

Tom R. Kennedy, director of tourism and MainStreet for the Pueblo of Zuni, informed the committee that the pueblo became a MainStreet community three years ago and is the only Native American MainStreet in the country. He provided information about the Pueblo of Zuni's tourism outlook and challenges.

Arval T. McCabe, department manager of the Navajo Nation Tourism Department, reported on the activities of his department. Mr. McCabe said that tourism in the New Mexico part of the Navajo Nation has flatlined, while tourism on the Arizona side has grown. The department implemented its strategic plan last year, beginning with development of a master plan for tourism services at Chinle, Arizona. He said that the Veterans Highway is not safe and makes tourist travel difficult. The department launched a new website, www.discovernavajo.com, two years ago and is updating its visitor guide. Mr. McCabe observed that the councils of governments seem to be focused on drawing Native American money to cities like Farmington and Gallup and are not as focused on developing communities outside those areas.

In response to a member's question, Mr. Kennedy and Mr. McCabe agreed that neither of the communities they represent have experienced an increase in tourism in the past year.

The committee discussed the need and responsibility for maintaining and upgrading the scenic byways, which provide an easily identifiable way for tourists to get around New Mexico and see the things that New Mexico True advertises.

A member inquired about the status of a proposed Navajo code talker museum, and Mr. Deswood responded that the Navajo Nation appropriated money to start a fundraising campaign for the museum, but the project was stalled and is now being reinvigorated.

In response to a member's request for an update on the status of a hotel in Crownpoint, Mr. Largo said that a tenant, Choice Hotels, has been identified and a site leased. Financing is being arranged, and it is hoped that construction on a 67-room hotel with a 2,000-square-foot conference center will begin in the spring.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the fifth meeting of the ERDC for the 2015 interim adjourned at 11:54 a.m.

Revised: November 12, 2015

**TENTATIVE AGENDA
for the
SIXTH MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**November 12-13, 2015
Room 322, State Capitol
Santa Fe**

Thursday, November 12

- 9:00 a.m. **Call to Order — Introductions — Approval of Minutes**
—Senator Richard C. Martinez, Acting Chair
- 9:05 a.m. (1) **New Mexico's Creative Economy**
—Jeffrey Mitchell, Director, Bureau of Business and Economic Research,
University of New Mexico
—Veronica Gonzales, Secretary, Cultural Affairs Department
- 10:00 a.m. (2) **Community Collaboration — Creative Economic Development and
Tourism**
—Vince Kadlubek, Co-Founder, Meow Wolf
- 11:00 a.m. (3) **Building Creative Economies**
—Tom Aageson, Co-Founder, Creative Startups
- 12:00 noon **Lunch**
- 1:15 p.m. (4) **New Mexico-Grown Fresh Fruits and Vegetables for School Meals —
Farmers Market Double Up Food Bucks Program**
—Pam Roy, Executive Director, Farm to Table New Mexico
—Denise Miller, Executive Director, New Mexico Farmers' Marketing
Association
—Sandra Kemp, Policy Chair, New Mexico School Nutrition Association;
Executive Director, Food and Nutrition Services, Albuquerque Public
Schools

- 2:15 p.m. (5) [Industrial Hemp](#)
—Jerry Fuentes, Advocate and Lobbyist, New Mexico Industrial Hemp Coalition
—Representative Bealquin Bill Gomez
—Luke Spangenburg, Director, Biofuels Center of Excellence, Santa Fe Community College (SFCC)
—Dr. Stephen Gomez, Chair, Department of Sustainable Trades and Technologies, SFCC
- 3:15 p.m. (6) [New Mexico Angel Investment Credit](#)
—John Chavez, President, New Mexico Angels
- 4:00 p.m. **Public Comment**
- 4:15 p.m. **Recess**

Friday, November 13

- 9:00 a.m. **Reconvene**
—Senator Richard C. Martinez, Acting Chair
- 9:05 a.m. (7) [Carlsbad Nuclear Task Force](#)
—John Heaton, Chair, Carlsbad Nuclear Task Force
- 9:35 a.m. (8) [New Mexico Aviation Today](#)
—David Querio, General Manager, Aersale
- 10:20 a.m. (9) [Superintendent of Insurance — 2016 Legislation](#)
—Alan Seeley, Chief Property and Casualty Actuary, Office of Superintendent of Insurance
—David P. Barton, General Counsel, Office of Superintendent of Insurance
- 10:40 a.m. **Discussion of 2016 Legislation — Committee Endorsement**
- (10) [Rural Infrastructure Tax Credit](#)
—Representative James R.J. Strickler
- (11) [Boll Weevil and Pink Bollworm Monitoring](#)
—Representative Bealquin Bill Gomez
- (12) [Big Game Depredation Damage Fund](#)
—Representative Bealquin Bill Gomez
- (13) [Industrial Hemp](#)
—Representative Bealquin Bill Gomez

- (14) [Workers' Compensation — Injury While Under the Influence](#)
—Representative Dennis J. Roch
- (15) [Scenic Byways Appropriation](#)
—Representative Patricia A. Lundstrom

12:15 p.m. **Public Comment**

12:30 p.m. **Adjourn**

**MINUTES
of the
SIXTH MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**November 12-13, 2015
Santa Fe**

The sixth meeting of the Economic and Rural Development Committee (ERDC) was called to order by Senator Richard C. Martinez, acting chair, on November 12, 2015 at 9:18 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Benny Shendo, Jr., Chair (11/13)
Sen. Ron Griggs
Rep. Rick Little
Sen. Richard C. Martinez
Sen. Michael Padilla
Sen. John Pinto
Rep. Debbie A. Rodella
Rep. Patricia Roybal Caballero
Rep. Bob Wooley
Rep. John L. Zimmerman

Advisory Members

Rep. Eliseo Lee Alcon (11/13)
Sen. Craig W. Brandt
Sen. Lee S. Cotter
Rep. Bealquin Bill Gomez
Rep. Jimmie C. Hall
Rep. Patricia A. Lundstrom
Sen. Mark Moores (11/13)
Rep. Dennis J. Roch
Rep. Nick L. Salazar (11/13)
Sen. William E. Sharer

Guest Legislators

Sen. Howie C. Morales (11/12)
Rep. Cathrynn N. Brown (11/13)

Absent

Rep. Dianne Miller Hamilton, Vice Chair
Sen. Jacob R. Candelaria
Rep. D. Wonda Johnson
Sen. Pat Woods

Rep. George Dodge, Jr.
Rep. Nora Espinoza
Sen. Carroll H. Leavell
Sen. Mary Kay Papen

(Attendance dates are noted for members not present for the entire meeting.)

Minutes Approval

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

Staff

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

Celia Ludi, Staff Attorney, LCS

Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Thursday, November 12

Call to Order — Introductions

Senator Martinez welcomed members of the committee, staff and guests to the meeting. Committee members introduced themselves.

New Mexico's Creative Economy

Veronica Gonzales, secretary, Cultural Affairs Department (CAD), informed the committee that the CAD commissioned the Bureau of Business and Economic Research (BBER) at the University of New Mexico (UNM) to study the impact of creative industries on the state's economy. She said that the recommendations in the BBER's report provide a critical perspective on how to stimulate economic growth and to support education in New Mexico. Secretary Gonzales introduced Jeffrey Mitchell, director, BBER.

Mr. Mitchell reviewed the executive summary of the BBER's report, titled "Building on the Past, Facing the Future: Renewing the Creative Economy of New Mexico". He said that the recession significantly changed the state's economy and resulted in the permanent loss of some jobs and highlighted the importance of certain employment sectors. He reported that there are more jobs in New Mexico in arts- and culture-related industries than there are in the construction and manufacturing industries combined, and often, creative industry jobs are found in geographic areas where other employment options, such as construction and manufacturing, are not available. He emphasized that the communities that support arts and culture are the same communities that are experiencing economic growth.

Mr. Mitchell opined that New Mexico has tremendous arts and culture assets, but he noted that the sector needs support to encourage creative industries job growth. Mr. Mitchell suggested that public-private partnerships can be essential to creating jobs, and those partnerships can produce a significant return on the parties' investments. He added that school dropout rates

could be reduced if arts- and culture-related classes were offered. Finally, he said that support of the arts and culture economy is a long-term investment, unlike other economic incentives and investments that the state offers to encourage employment and economic growth.

Secretary Gonzales noted that the BBER's full report can be found on the CAD's website.

Committee members asked about the status of preservation efforts at Fort Bayard, about the development of a new library in La Mesa and about the Gutierrez-Hubbell House in Albuquerque. There was discussion about the question of authenticity of Native American arts and crafts such as jewelry and pottery. Secretary Gonzales assured the committee that CAD works with the Attorney General's Office to enforce the federal Indian Arts and Crafts Act and Native American Graves Protection and Repatriation Act and the State's Indian Arts and Crafts Sales Act.

Community Collaboration — Creative Economic Development and Tourism

Vince Kadlubek, co-founder of Meow Wolf, explained that Meow Wolf is a for-profit arts collective that grew from the need for young artists in Santa Fe to have a venue for creative expression. Meow Wolf's founders were not primarily concerned with the economy or jobs, but they eventually realized that there is a market for the things that the young artists in the collective were making. The founders participated in a business accelerator program called Creative Startups, and their venture has since grown to employ more than 100 artists working on a 33,000-square-foot arts complex. The arts complex — formerly a roller rink that has been purchased with the assistance of George R.R. Martin — includes exhibition space, education and program space and production space where members can use machinery and equipment to make things. Meow Wolf employs 135 people, 85 of whom are full-time employees, and more than 100 employees are native New Mexicans. One of Meow Wolf's first art productions drew 25,000 visitors in three months, which Mr. Kadlubek noted is significantly higher attendance than many art venues in Santa Fe. A for-profit subsidiary, MWLabs, has applied for three patents. Another for-profit subsidiary, Scratch, produces a specialized sculpting medium from a material that it developed and patented. Meow Wolf has also begun operating a nonprofit arts education center for youths aged seven to 13. Mr. Kadlubek presented a slide show that highlighted many of Meow Wolf's projects.

A committee member asked Mr. Kadlubek for suggestions about how to attract millennials to New Mexico. Mr. Kadlubek said that millennials are now business owners, homeowners, tourists and families in the state. He observed that New Mexico should market itself as a good place to live as well as a good tourist destination. He emphasized the state's easy access to nature, the availability of space, the state's moderate weather and its commitment to a slower-paced lifestyle as attractive to millennials. He believes the state should emphasize that it offers cultural experiences that cannot be experienced digitally. He added that he is also on the City of Santa Fe's Nighttime Economy Task Force, which supports the revision of the state's liquor control laws to allow for the sale of alcohol at performance venues.

A committee member asked about Meow Wolf's interactions with the Economic Development Department (EDD) and Mr. Kadlubek said that the collective has experience with the state's Local Economic Development Act and the EDD's Job Training Incentive Program. He added that the state's film tax credit is also a benefit to the collective for certain projects.

Building Creative Economies

Tom Aageson, co-founder, Creative Startups, introduced Alice Loy, also a co-founder of the organization, John Liebman and Sidney Alfonso, founder, Etkie.com. Mr. Aageson and Ms. Loy discussed Creative Startups, which offers a business accelerator program for creative entrepreneurs. The program includes intensive business training and mentoring to assist creative business people, including the founders of Meow Wolf. The organization solicits applications for its program each year and receives applications from across the United States and the world. The 2015 applicants included entrepreneurs from 13 states, including New Mexico, and from five other countries. Ms. Loy said that they developed a business boot camp program to encourage additional New Mexicans to apply for the accelerator program.

Ms. Alfonso, a graduate of Creative Startups, said that she developed her jewelry company, based in Embudo, New Mexico, with the help of the accelerator program. She described how she uses technology to produce jewelry designs: she designs a piece of jewelry and 3-D prints it. The work is then cast in gold or silver. Her jewelry is carried in high-end shops and is available nationally and internationally through her website.

Mr. Aageson said that an important part of New Mexico's economic development strategy should be to support the state's creative economy, and he suggested the creation of an "Office of Creative Economy" within the EDD or the CAD to help New Mexico compete with the many other states that have similar programs.

A committee member said that a significant obstacle to economic development in the state is the lack of broadband infrastructure and high-speed internet throughout the state. Other members agreed and recalled presentations to the Jobs Council and the Science, Technology and Telecommunications Committee on the need for broadband improvements. Another member noted that it is very expensive to bring broadband infrastructure to rural areas of the state, and private companies are hesitant to invest in the infrastructure without some assurance that they will be able to realize a profit. Another member noted that internet access is available in New Mexico State University Cooperative Extension Service offices, located in every county, and in the county offices participating in UNM's telemedicine program. The member suggested that expanding the state's broadband network could build on those existing services.

Referring to creation of art and jewelry using technology such as 3-D printers, the committee and presenters discussed the issue of authenticity in the creation of hand-made jewelry.

New Mexico-Grown Fresh Fruits and Vegetables for School Meals — Farmers Market Double Up Food Bucks Program

Denise Miller, executive director of the New Mexico Farmers' Marketing Association, explained the New Mexico Department of Agriculture's "Double Up Food Bucks" program. She requested that the legislature reappropriate \$400,000 for the program in fiscal year 2017. Ms. Miller also informed the committee about the various award amounts made by the Public Education Department (PED) to public school food authorities in 2015-2016 for New Mexico-grown fresh fruits and vegetables for school meals.

Pam Roy, executive director of Farm to Table New Mexico, spoke to the committee about improving farming and health outcomes in the state. She provided presentation materials, titled "The Power of Public Procurement: An Action Plan for Healthier Farms and People in New Mexico". She said the materials provide a perspective on the meals — almost 60 million of them — that are served in public institutions throughout the state. She said that she would seek another appropriation of \$1.44 million in the coming session to provide New Mexico-grown fresh fruits and vegetables for school meals.

Sandra Kemp, policy chair, New Mexico School Nutrition Association, and executive director, Food and Nutrition Services, Albuquerque Public Schools (APS), informed the committee that APS uses small and large local farms to provide fresh fruit and vegetables in all APS schools, including summer school and summer recreation programs offered by the City of Albuquerque. She noted that the PED allows schools to work directly with farmers markets in their areas to purchase fresh fruits and vegetables for the schools. She said that her program is only authorized to feed children up to 18 years of age.

In response to a member's question, Ms. Roy said that La Montanita Co-Op has been helpful in transporting food to communities.

Another member asked about the presenters' experience with the farmers market in Las Cruces, and the presenters explained that the very successful market serves many customers who use financial assistance from the state for purchasing fresh foods.

Industrial Hemp

Jerry Fuentes, advocate and lobbyist for the New Mexico Industrial Hemp Coalition, recalled that Senate Bill 94, authorizing the New Mexico Department of Agriculture to grow industrial hemp for research and development purposes, passed the 2015 legislature but was vetoed by the governor.

Dr. Stephen Gomez, chair of the Department of Sustainable Trades and Technologies for Santa Fe Community College, described the benefits of hemp as an industrial crop. He said that the estimated retail value of hemp products sold each year is approximately \$620 million. The majority of hemp products are oil-based and cosmetics. He provided information on some of the benefits of growing hemp, a plant that requires fewer pesticides and herbicides to grow. He

added that the crop is also ideal for New Mexico's growing environment because it is very drought tolerant. Finally, he noted that hemp seeds are high in protein and the plant can also be used to make plastics, papers, insulation and textiles.

Representative Gomez said that the state's agriculture community has lost several important crops, including jalapenos, cayenne pepper and alfalfa, to competitor farms in Mexico, and growing new crops, such as hemp, will be necessary to keep the agriculture industry alive in New Mexico. He added that hemp is an especially attractive crop for New Mexico growers because it requires significantly less water than crops such as alfalfa.

In response to a member's question, Dr. Gomez explained that the difference between industrial hemp and marijuana is the amount of tetrahydrocannabinol (THC) in the plants. Mr. Fuentes added that the federal Farm Bill of 2014 defines hemp as a plant that has no more than .03% THC, and the Senate Bill 94 (2015) used the same THC content to define hemp.

New Mexico Angel Investment Credit

Representative Jane E. Powdrell-Culbert summarized House Bill 261 (2015), which proposed to increase the annual amount of angel investment credits that can be issued and eliminated some restrictions on the type and number of investments that qualify for the credit.

Representative Powdrell-Culbert introduced John Chavez, president of New Mexico Angels, who explained angel investing as a high-risk and potentially high-return investment. Angel investors typically do not acquire more than 25% of a company in which they invest. New Mexico Angels coaches and mentors entrepreneurs, in addition to providing financial support for their companies. The return on investments through New Mexico Angels varies and depends on individual investment agreements.

In response to a member's question, Mr. Chavez said that New Mexico Angels does not object to the existing statutory provisions in Section 7-2-18.17 NMSA 1978. In response to another question, Mr. Chavez clarified that while not all New Mexico angels are New Mexico residents, the tax credits provided in Section 7-2-18.17 NMSA 1978 are only available to New Mexico residents who have a state tax liability.

Recess

The committee recessed at 3:48 p.m.

Friday, November 13

Reconvene — Introductions

At 9:05 a.m., Senator Shendo reconvened the committee and welcomed committee members, staff and guests to the meeting.

Carlsbad Nuclear Task Force

John Heaton, chair, Carlsbad Nuclear Task Force, and vice chair, Eddy-Lea Energy Alliance (ELEA), explained a proposal to develop a centralized interim storage (CIS) facility to house used nuclear fuel. The CIS would be located approximately halfway between Carlsbad and Hobbs in Eddy and Lea counties. The ELEA partnered with Holtec International to develop the proposal. An application in connection with the CIS will be submitted to the federal Nuclear Regulatory Commission on June 1, 2016, and a license would not be issued until approximately January 30, 2019. Mr. Heaton stressed that the CIS site in the state's nuclear corridor is a remote, sparsely populated location away from existing communities. By contrast, another site proposed by the ELEA's competitor is in Texas, but it is just three miles from Eunice, New Mexico. The ELEA has received letters of support for the project from the governor, and it will be proposing legislation in the upcoming session to address state law issues that could affect the application for the CIS.

In response to questions from committee members, Mr. Heaton said that the storage facility would use canisters with welds that have been tested using x-rays, and the canisters will be certified for safety before and after they are sealed. He provided information about how the facility will be developed and said that Holtec International will purchase cement for the project at the best price available, so he does not know whether the cement will be domestically sourced.

A committee member asked why the CIS could not be constructed at one of the existing 13 decommissioned sites. Mr. Heaton said that the selection process was very political and that there were no proposals to develop a CIS at an existing decommissioned site. He noted that most of the other sites are in densely populated areas or are near lakes and rivers.

A committee member asked how spent nuclear fuel would be transported to the CIS. Mr. Heaton explained that it is transported by rail because the canisters are too heavy to be transported on highways. Some fuel could also be transported by ocean barges before rail transport.

A committee member asked about short- and long-term water needs for the proposed CIS. Mr. Heaton said that water would be necessary during construction. After that, water would be used for personal use only.

In response to a question about reuse of spent fuel, Mr. Heaton said that France is reprocessing fuel and that it is possible that reprocessing will be allowed in the United States by the time the CIS is built.

Mr. Heaton asked if the committee would write a letter to the state's congressional delegation expressing support for the proposed CIS. He said that the state's U.S. representatives support the proposal and the state's U.S. senators are not yet committed on the issue. The committee voted to send a letter of support to the congressional delegation.

New Mexico Aviation Today

David Querio, general manager of AerSale, said that his company is an international after-market aircraft, engine, parts and service company, with an aircraft engine and operations center facility in Roswell and a new facility in Rio Rancho. The operations center includes 200,000 square feet of hangar space, a 16,000-square-foot engine facility and enough aircraft storage space to accommodate more than 2,000 aircraft on paved outdoor surfaces. It is the largest commercial hangar in New Mexico, but it is much smaller than similar facilities in other states. New Mexico's climate and open space is conducive to long-term aircraft storage. The company employs 165 highly skilled and highly paid workers in Roswell and approximately 40 workers in Rio Rancho.

AerSale's biggest challenge to its plans for expansion is inadequate short- and long-term housing and a lack of skilled workers, quality education and cultural amenities. Recruiting workers from other places is difficult because the closest major airport to Roswell is about three hours away. AerSale's workforce is highly skilled and specialized, with multiple certifications required for most positions. AerSale has tried to grow its own local workforce with scholarships and work training programs focused on veterans and people seeking a second career. AerSale has provided scholarships to Central New Mexico Community College and Eastern New Mexico University-Roswell for 20 students and has used Jobs Training Incentive Program funds to support specialized work training programs. Last year, AerSale hired 18 graduates from New Mexico institutions. The starting salary for mechanics at AerSale is \$40,000 per year.

In response to a member's question, Mr. Querio said that some military veterans are able to test for their Federal Aviation Administration licenses immediately upon hire, and others need additional training. AerSale is working with U.S. Air Force bases in New Mexico to help veterans transition from military life to civilian life.

Superintendent of Insurance — 2016 Legislation

Alan Seeley, chief property and casualty actuary, Office of Superintendent of Insurance (OSI), said that the OSI plans to introduce revised versions of Senate Bill 663 and Senate Bill 577 from the 2015 session that will incorporate committee amendments added to the bills during the 2015 session. His presentation materials, "Legislation to be Proposed by the Office of Superintendent of Insurance (OSI)", described the substance of those bills, and David P. Barton, general counsel, OSI, confirmed that the OSI was not requesting the committee's endorsement but, rather, wanted to inform the committee of the bills to be introduced.

In response to a member's question, Mr. Seeley clarified that insurance agents are not required by the companies they represent to take continuing education classes, but the OSI does require continuing education for agents to maintain their licenses. He explained that the revised version of Senate Bill 663 to be introduced in 2016 requires continuing education to renew an agent's license, and the purpose of requiring license renewal is to ensure agents' completion of continuing education credits.

Discussion of 2016 Legislation — Committee Endorsement

202 Number (Item Number)	Topic	Sponsor	Notes/Discussion	Endorsed?
202253.2 (10)	Rural Infrastructure Tax Credit	Rep. James R.J. Strickler; co- sponsor Rep. Patricia A. Lundstrom	Amended to delete "in an H class county or" on p. 7, line 17	Yes, as amended
201925.1 (11)	Boll Weevil and Pink Bollworm Monitoring	Rep. Bealquin Bill Gomez	Also endorsed in Water and Natural Resources Committee	Yes
202006.2 (12)	Big Game Depredation Damage Fund	Rep. Bealquin Bill Gomez	Also endorsed in Water and Natural Resources Committee	Yes
202275.2 (13)	Industrial Hemp	Rep. Bealquin Bill Gomez	Also endorsed in Water and Natural Resources Committee	Yes
202339.1 (14)	Workers' Compensation — Injury While Under the Influence	Rep. Dennis J. Roch	The bill was introduced in 2015 as House Bill 238, and was amended in committees. The 2016 proposal is the same version passed by the house.	No
202343.2 (15)	Scenic Byways Appropriation	Rep. Patricia A. Lundstrom		Yes

Public Comment

Rachel Bayless, Workers' Compensation Administration, speaking as a private citizen, said that she supports Representative Roch's bill, as introduced, and specifically not as amended in the Senate Judiciary Committee.

Adjournment

There being no further business before the committee, the sixth meeting of the ERDC for the 2015 interim adjourned at 12:59 p.m.

ENDORSED LEGISLATION

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HOUSE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

AN ACT

MAKING AN APPROPRIATION TO THE NEW MEXICO DEPARTMENT OF
AGRICULTURE TO MONITOR THE BOLL WEEVIL AND PINK BOLLWORM
SITUATION IN SOUTH CENTRAL AND SOUTHWEST NEW MEXICO.

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

SECTION 1. APPROPRIATION.--Fifty thousand dollars
(\$50,000) is appropriated from the general fund to the board of
regents of New Mexico state university for expenditure in
fiscal year 2017 for the New Mexico department of agriculture
to monitor the boll weevil and pink bollworm situation in south
central and southwest New Mexico. Any unexpended or
unencumbered balance remaining at the end of fiscal year 2017
shall revert to the general fund.

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HOUSE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

FOR THE WATER AND NATURAL RESOURCES COMMITTEE
AND THE ECONOMIC AND RURAL DEVELOPMENT COMMITTEE

AN ACT

RELATING TO GAME AND FISH; AMENDING SECTION 17-3-13.4 NMSA 1978
(BEING LAWS 2001, CHAPTER 213, SECTION 2) TO CLARIFY THAT THE
PURPOSE OF THE BIG GAME DEPREDATION DAMAGE FUND INCLUDES
COMPENSATION OF LANDOWNERS FOR THE FINANCIAL DAMAGES CAUSED BY
BIG GAME.

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

SECTION 1. Section 17-3-13.4 NMSA 1978 (being Laws 2001,
Chapter 213, Section 2) is amended to read:

"17-3-13.4. BIG GAME DEPREDATION DAMAGE FUND--CREATION--
EXPENDITURE.--

A. The "big game depredation damage fund" is
created in the state treasury. The fund consists of
appropriations made to the fund, revenues received by the
department of game and fish from the sale of big game

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1 deprecation damage stamps and earnings from the investment of
2 the fund. The fund shall be administered by the department and
3 money in the fund is appropriated to the department to carry
4 out the provisions of Subsection B of this section. Payments
5 from the fund shall be by warrant of the secretary of finance
6 and administration upon vouchers signed by the director of the
7 department or [~~his~~] the director's authorized representative.
8 Balances in the fund shall not revert to any other fund.

9 B. The department of game and fish shall, by rule,
10 establish a program to correct damage to federal, state or
11 private land caused by big game and to prevent such damage in
12 the future, including compensation of landowners for the
13 financial damages caused by big game. Pursuant to rules
14 adopted by the department, expenditures from the big game
15 deprecation damage fund shall be made by the department to
16 carry out the established program; provided that money in the
17 fund shall not be expended for any administrative costs."

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HOUSE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

FOR THE ECONOMIC AND RURAL DEVELOPMENT COMMITTEE AND
THE JOBS COUNCIL

AN ACT

RELATING TO TAXATION; CREATING THE RURAL INFRASTRUCTURE TAX
CREDIT.

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

SECTION 1. A new section of Chapter 7 NMSA 1978 is
enacted to read:

"[NEW MATERIAL] RURAL INFRASTRUCTURE TAX CREDIT.--

A. Prior to January 1, 2022, a taxpayer who makes a
qualified investment that is likely to produce quantifiable
benefits may claim a tax credit in an amount not to exceed
thirty percent of the cost of the qualified investment against
the taxpayer's modified combined tax liability or the
taxpayer's tax liability pursuant to the provisions of the
Income Tax Act and the Corporate Income and Franchise Tax Act;
provided that the amount of the credit associated with the

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1 purchase of land or fixed assets shall not exceed fifty percent
2 of the amount of the credit associated with the cost of
3 construction of one or more buildings. The tax credit provided
4 by this section may be referred to as the "rural infrastructure
5 tax credit".

6 B. The purposes of the rural infrastructure tax
7 credit are to:

8 (1) stimulate economic development by
9 providing gap funding for manufacturers, processors and natural
10 resource extractors to build infrastructure;

11 (2) encourage private investment in
12 manufacturing facilities;

13 (3) give rural communities an advantage in
14 attracting investment by private industry; and

15 (4) promote job creation.

16 C. A taxpayer may claim a rural infrastructure tax
17 credit in an amount not to exceed one million dollars
18 (\$1,000,000) per qualified investment for not more than three
19 qualified investments in a taxable year. A taxpayer shall
20 claim the rural infrastructure tax credit no later than one
21 year following the end of the calendar year in which the
22 taxpayer receives a certificate of eligibility pursuant to
23 Subsection D of this section.

24 D. A taxpayer may apply for certification of
25 eligibility for the rural infrastructure tax credit from the

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1 authority. The authority shall consider for certification
2 completed applications in the order received. If the authority
3 determines that the project is a qualified investment that is
4 likely to produce quantifiable benefits, it shall issue a
5 certificate of eligibility to the taxpayer, subject to the
6 limitation in Subsection E of this section. The certificate
7 shall be dated and shall include a calculation of the amount of
8 the rural infrastructure tax credit for which the taxpayer is
9 eligible. The authority may issue rules governing the
10 procedure for administering the provisions of this subsection.

11 E. The authority may issue a certificate of
12 eligibility pursuant to Subsection D of this section only if
13 the total amount of rural infrastructure tax credits
14 represented by those certificates in any calendar year does not
15 exceed ten million dollars (\$10,000,000). If the applications
16 for certificates for rural infrastructure tax credits represent
17 an aggregate amount exceeding ten million dollars (\$10,000,000)
18 for any calendar year, certificates shall be issued in the
19 order that the completed applications were received. The
20 excess applications that would have been certified, but for the
21 limit imposed by this subsection, shall be certified, subject
22 to the same limit, in subsequent calendar years.

23 F. To claim the rural infrastructure tax credit, a
24 taxpayer shall provide to the department a certificate of
25 eligibility issued by the authority pursuant to Subsection D of

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1 this section and any other information that the department may
2 require to determine the amount of the tax credit due the
3 taxpayer. If the requirements of this section have been
4 complied with, the department shall approve the claim for the
5 credit.

6 G. To receive a rural infrastructure tax credit, a
7 taxpayer shall apply to the department on forms and in the
8 manner prescribed by the department. The application shall
9 include a certification made pursuant to Subsection D of this
10 section. If the requirements of this section have been
11 complied with, the department shall issue to the taxpayer a
12 document granting the tax credit. The document shall be
13 numbered for identification and shall declare its date of
14 issuance and the amount of the tax credit allowed pursuant to
15 this section. The document may be submitted by the applicant
16 with that taxpayer's tax return or may be sold, exchanged or
17 otherwise transferred to another taxpayer. The parties to such
18 a transaction shall notify the department of the sale, exchange
19 or transfer within ten days of the sale, exchange or transfer.

20 H. That portion of a rural infrastructure tax
21 credit that exceeds a taxpayer's tax liability in the taxable
22 period in which the credit is claimed may be carried forward
23 for a maximum of ten consecutive taxable years.

24 I. Married individuals filing separate returns for
25 a taxable year for which they could have filed a joint return

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1 may each claim only one-half of the rural infrastructure tax
2 credit that would have been claimed on a joint return.

3 J. A taxpayer may be allocated the right to claim a
4 rural infrastructure tax credit in proportion to the taxpayer's
5 ownership interest if the taxpayer owns an interest in a
6 business entity that is taxed for federal income tax purposes
7 as a partnership and that business entity has met all of the
8 requirements to be eligible for the tax credit. The total tax
9 credit claimed by all members of the partnership or limited
10 liability company shall not exceed the allowable tax credit
11 pursuant to Subsection C of this section.

12 K. If the department determines that the qualified
13 investment is not substantially complete within twelve months
14 from the date that a certificate of eligibility was issued, the
15 department shall timely notify the taxpayer of that
16 determination. The taxpayer may request an extension of time
17 in which to complete the project, and the department, if it
18 determines that meaningful and measurable progress toward
19 project completion is being made, may grant a six-month
20 extension. A taxpayer may request, and the department may
21 grant, more than one extension. If no request is made or if
22 the department determines that meaningful and measurable
23 progress toward project completion has not been made, the
24 department shall:

25 (1) if the taxpayer has not claimed the rural

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1 infrastructure tax credit, extinguish the credit; and

2 (2) if the taxpayer has claimed the rural
3 infrastructure tax credit, deem any taxes to which the tax
4 credit was applied as unpaid and extinguish the remainder of
5 the unclaimed tax credit, if any.

6 L. The authority and the department shall compile
7 an annual report on the rural infrastructure tax credit that
8 shall include the number of certificates of eligibility that
9 the authority issued in the previous year, the number of
10 taxpayers approved by the department to receive the tax credit,
11 the aggregate amount of tax credits approved and any other
12 information necessary to evaluate the effectiveness of the tax
13 credit. Before December 1 of each year, the department shall
14 compile and present the annual report to the revenue
15 stabilization and tax policy committee and the legislative
16 finance committee with an analysis of the effectiveness and
17 cost of the tax credit and whether the tax credit is performing
18 the purpose for which it was created.

19 M. As used in this section:

20 (1) "authority" means the New Mexico finance
21 authority;

22 (2) "department" means the taxation and
23 revenue department;

24 (3) "modified combined tax liability" means
25 the total liability for the reporting period for the gross

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1 receipts tax imposed by Section 7-9-4 NMSA 1978 together with
2 any tax collected at the same time and in the same manner as
3 that gross receipts tax, such as the compensating tax, the
4 withholding tax, the interstate telecommunications gross
5 receipts tax, the surcharges imposed by Section 63-9D-5 NMSA
6 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978,
7 minus the amount of any credit other than the rural job tax
8 credit applied against any or all of these taxes or surcharges;
9 but "modified combined tax liability" excludes all amounts
10 collected with respect to local option gross receipts taxes;

11 (4) "qualified institution" means a state-
12 chartered financial institution or a nationally chartered
13 financial institution;

14 (5) "qualified investment" means an investment
15 of at least one million dollars (\$1,000,000) in a commercial
16 enterprise project:

17 (a) not located in, or within ten miles
18 of, a municipality with a population that is equal to or
19 greater than fifty-five thousand as of the most recent federal
20 decennial census;

21 (b) whose purpose is to: 1) manufacture
22 goods for sale; 2) extract natural resources for sale; or 3)
23 process raw materials for sale;

24 (c) that includes the construction of at
25 least one building or the construction of at least one building

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and the purchase of land or fixed assets, or both;

(d) that is not functionally related or subordinate to another project that has received or will receive a rural infrastructure tax credit; and

(e) for which a loan from a qualified institution has closed; and

(6) "quantifiable benefits" means economic development as measured by a variety of factors, including increased local hiring, job training, direct and indirect job creation, increased gross receipts tax collection, increased occupancy tax collection, increased property tax collection, increased state corporate and personal income tax collection and increased other fee and revenue collections."

SECTION 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2016.

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HOUSE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

FOR THE ECONOMIC AND RURAL DEVELOPMENT COMMITTEE

AN ACT

RELATING TO AGRICULTURE; ENACTING A NEW SECTION OF CHAPTER 76
NMSA 1978 TO PROVIDE AUTHORIZATION FOR THE NEW MEXICO
DEPARTMENT OF AGRICULTURE TO ADOPT RULES FOR RESEARCH ON
INDUSTRIAL HEMP; PROVIDING FOR THE ESTABLISHMENT OF THE NEW
MEXICO INDUSTRIAL HEMP RESEARCH AND DEVELOPMENT FUND.

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

SECTION 1. A new section of Chapter 76 NMSA 1978 is
enacted to read:

"[NEW MATERIAL] INDUSTRIAL HEMP RESEARCH--NEW MEXICO
DEPARTMENT OF AGRICULTURE.--

A. As used in this section, "industrial hemp" means
the plant Cannabis sativa L. and any part of the plant, whether
growing or not, containing a delta-9-tetrahydrocannabinol
concentration of no more than three-tenths percent on a dry

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1 weight basis.

2 B. The intent of this section is to bring New
3 Mexico into compliance with federal law.

4 C. Notwithstanding any other provision of law to
5 the contrary, the New Mexico department of agriculture shall
6 issue licenses pursuant to rules enacted under Subsection D of
7 this section to grow industrial hemp for research and
8 development purposes, including agricultural, agronomic,
9 ecological, processing, sales and marketing research.

10 D. The director of the New Mexico department of
11 agriculture shall adopt rules to establish and carry out the
12 provisions of this section, including requirements for
13 licensure, training of law enforcement personnel, inspection,
14 recordkeeping, fees not to exceed program costs and compliance
15 processes. An institution of higher education, person or
16 business that plans to grow industrial hemp seed or industrial
17 hemp fiber shall obtain a grower's license by submitting an
18 application to the New Mexico department of agriculture
19 pursuant to promulgated rules.

20 E. A person who holds a license issued pursuant to
21 this section may grow industrial hemp for commercial or
22 research and development purposes, including agricultural,
23 agronomic, ecological, processing, sales and marketing
24 research.

25 F. New Mexico state university shall establish a

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1 "New Mexico industrial hemp research and development fund".
2 The fund consists of fees collected by the New Mexico
3 department of agriculture for administration of the industrial
4 hemp research and development program, donations, grants and
5 income earned from investment of the fund and money otherwise
6 accruing to the fund. Money in the fund shall not revert to
7 any other fund at the end of a fiscal year. The New Mexico
8 department of agriculture shall administer the fund to conduct
9 related programs. Money in the fund shall be disbursed on
10 warrants signed by the secretary of finance and administration
11 pursuant to vouchers signed by the director of the New Mexico
12 department of agriculture or the director's authorized
13 representative."

14 SECTION 2. Section 30-31-2 NMSA 1978 (being Laws 1972,
15 Chapter 84, Section 2, as amended) is amended to read:

16 "30-31-2. DEFINITIONS.--As used in the Controlled
17 Substances Act:

18 A. "administer" means the direct application of a
19 controlled substance by any means to the body of a patient or
20 research subject by a practitioner or the practitioner's agent;

21 B. "agent" includes an authorized person who acts
22 on behalf of a manufacturer, distributor or dispenser. It does
23 not include a common or contract carrier, public
24 warehouseperson or employee of the carrier or warehouseperson;

25 C. "board" means the board of pharmacy;

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1 D. "bureau" means the narcotic and dangerous drug
2 section of the criminal division of the United States
3 department of justice, or its successor agency;

4 E. "controlled substance" means a drug or substance
5 listed in Schedules I through V of the Controlled Substances
6 Act or rules adopted thereto;

7 F. "counterfeit substance" means a controlled
8 substance that bears the unauthorized trademark, trade name,
9 imprint, number, device or other identifying mark or likeness
10 of a manufacturer, distributor or dispenser other than the
11 person who in fact manufactured, distributed or dispensed the
12 controlled substance;

13 G. "deliver" means the actual, constructive or
14 attempted transfer from one person to another of a controlled
15 substance or controlled substance analog, whether or not there
16 is an agency relationship;

17 H. "dispense" means to deliver a controlled
18 substance to an ultimate user or research subject pursuant to
19 the lawful order of a practitioner, including the
20 administering, prescribing, packaging, labeling or compounding
21 necessary to prepare the controlled substance for that
22 delivery;

23 I. "dispenser" means a practitioner who dispenses
24 and includes hospitals, pharmacies and clinics where controlled
25 substances are dispensed;

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underscoring material = new
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1 J. "distribute" means to deliver other than by
2 administering or dispensing a controlled substance or
3 controlled substance analog;

4 K. "drug" or "substance" means substances
5 recognized as drugs in the official United States
6 pharmacopoeia, official homeopathic pharmacopoeia of the United
7 States or official national formulary or any respective
8 supplement to those publications. It does not include devices
9 or their components, parts or accessories;

10 L. "hashish" means the resin extracted from any
11 part of marijuana, whether growing or not, and every compound,
12 manufacture, salt, derivative, mixture or preparation of such
13 resins;

14 M. "manufacture" means the production, preparation,
15 compounding, conversion or processing of a controlled substance
16 or controlled substance analog by extraction from substances of
17 natural origin or independently by means of chemical synthesis
18 or by a combination of extraction and chemical synthesis and
19 includes any packaging or repackaging of the substance or
20 labeling or relabeling of its container, except that this term
21 does not include the preparation or compounding of a controlled
22 substance:

23 (1) by a practitioner as an incident to
24 administering or dispensing a controlled substance in the
25 course of the practitioner's professional practice; or

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1 (2) by a practitioner, or by the
2 practitioner's agent under the practitioner's supervision, for
3 the purpose of or as an incident to research, teaching or
4 chemical analysis and not for sale;

5 N. "marijuana" means all parts of the plant
6 cannabis, including any and all varieties, species and
7 subspecies of the genus Cannabis, whether growing or not, the
8 seeds thereof and every compound, manufacture, salt,
9 derivative, mixture or preparation of the plant or its seeds.
10 It does not include the mature stalks of the plant, hashish,
11 tetrahydrocannabinols extracted or isolated from marijuana,
12 fiber produced from the stalks, oil or cake made from the seeds
13 of the plant, any other compound, manufacture, salt,
14 derivative, mixture or preparation of the mature stalks, fiber,
15 oil or cake, or the sterilized seed of the plant that is
16 incapable of germination or the plant Cannabis sativa L. and
17 any part of the plant, whether growing or not, containing a
18 delta-9-tetrahydrocannabinol concentration of no more than
19 three-tenths percent on a dry weight basis;

20 O. "narcotic drug" means any of the following,
21 whether produced directly or indirectly by extraction from
22 substances of vegetable origin or independently by means of
23 chemical synthesis or by a combination of extraction and
24 chemical synthesis:

25 (1) opium and opiate and any salt, compound,

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1 derivative or preparation of opium or opiate;

2 (2) any salt, compound, isomer, derivative or
3 preparation that is a chemical equivalent of any of the
4 substances referred to in Paragraph (1) of this subsection,
5 except the isoquinoline alkaloids of opium;

6 (3) opium poppy and poppy straw, including all
7 parts of the plant of the species *Papaver somniferum* L. except
8 its seeds; or

9 (4) coca leaves and any salt, compound,
10 derivative or preparation of coca leaves, any salt, compound,
11 isomer, derivative or preparation that is a chemical equivalent
12 of any of these substances except decocainized coca leaves or
13 extractions of coca leaves that do not contain cocaine or
14 ecgonine;

15 P. "opiate" means any substance having an
16 addiction-forming or addiction-sustaining liability similar to
17 morphine or being capable of conversion into a drug having
18 addiction-forming or addiction-sustaining liability. "Opiate"
19 does not include, unless specifically designated as controlled
20 under Section 30-31-5 NMSA 1978, the dextrorotatory isomer of
21 3-methoxy-n-methylmorphinan and its salts, dextromethorphan.
22 "Opiate" does include its racemic and levorotatory forms;

23 Q. "person" means an individual, partnership,
24 corporation, association, institution, political subdivision,
25 government agency or other legal entity;

underscoring material = new
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1 R. "practitioner" means a physician, certified
2 advanced practice chiropractic physician, doctor of oriental
3 medicine, dentist, physician assistant, certified nurse
4 practitioner, clinical nurse specialist, certified nurse-
5 midwife, prescribing psychologist, veterinarian, euthanasia
6 technician, pharmacist, pharmacist clinician or other person
7 licensed or certified to prescribe and administer drugs that
8 are subject to the Controlled Substances Act;

9 S. "prescription" means an order given individually
10 for the person for whom is prescribed a controlled substance,
11 either directly from a licensed practitioner or the
12 practitioner's agent to the pharmacist, including by means of
13 electronic transmission, or indirectly by means of a written
14 order signed by the prescriber, bearing the name and address of
15 the prescriber, the prescriber's license classification, the
16 name and address of the patient, the name and quantity of the
17 drug prescribed, directions for use and the date of issue and
18 in accordance with the Controlled Substances Act or rules
19 adopted thereto;

20 T. "scientific investigator" means a person
21 registered to conduct research with controlled substances in
22 the course of the person's professional practice or research
23 and includes analytical laboratories;

24 U. "ultimate user" means a person who lawfully
25 possesses a controlled substance for the person's own use or

1 for the use of a member of the person's household or for
2 administering to an animal under the care, custody and control
3 of the person or by a member of the person's household;

4 V. "drug paraphernalia" means all equipment,
5 products and materials of any kind that are used, intended for
6 use or designed for use in planting, propagating, cultivating,
7 growing, harvesting, manufacturing, compounding, converting,
8 producing, processing, preparing, testing, analyzing,
9 packaging, repackaging, storing, containing, concealing,
10 injecting, ingesting, inhaling or otherwise introducing into
11 the human body a controlled substance or controlled substance
12 analog in violation of the Controlled Substances Act. It
13 includes:

14 (1) kits used, intended for use or designed
15 for use in planting, propagating, cultivating, growing or
16 harvesting any species of plant that is a controlled substance
17 or controlled substance analog or from which a controlled
18 substance can be derived;

19 (2) kits used, intended for use or designed
20 for use in manufacturing, compounding, converting, producing,
21 processing or preparing controlled substances or controlled
22 substance analogs;

23 (3) isomerization devices used, intended for
24 use or designed for use in increasing the potency of any
25 species of plant that is a controlled substance;

underscored material = new
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1 (4) testing equipment used, intended for use
2 or designed for use in identifying or in analyzing the
3 strength, effectiveness or purity of controlled substances or
4 controlled substance analogs;

5 (5) scales or balances used, intended for use
6 or designed for use in weighing or measuring controlled
7 substances or controlled substance analogs;

8 (6) diluents and adulterants, such as quinine
9 hydrochloride, mannitol, mannite dextrose and lactose, used,
10 intended for use or designed for use in cutting controlled
11 substances or controlled substance analogs;

12 (7) separation gins and sifters used, intended
13 for use or designed for use in removing twigs and seeds from,
14 or in otherwise cleaning and refining, marijuana;

15 (8) blenders, bowls, containers, spoons and
16 mixing devices used, intended for use or designed for use in
17 compounding controlled substances or controlled substance
18 analogs;

19 (9) capsules, balloons, envelopes and other
20 containers used, intended for use or designed for use in
21 packaging small quantities of controlled substances or
22 controlled substance analogs;

23 (10) containers and other objects used,
24 intended for use or designed for use in storing or concealing
25 controlled substances or controlled substance analogs;

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underscoring material = new
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1 (11) hypodermic syringes, needles and other
2 objects used, intended for use or designed for use in
3 parenterally injecting controlled substances or controlled
4 substance analogs into the human body;

5 (12) objects used, intended for use or
6 designed for use in ingesting, inhaling or otherwise
7 introducing marijuana, cocaine, hashish or hashish oil into the
8 human body, such as:

9 (a) metal, wooden, acrylic, glass,
10 stone, plastic or ceramic pipes, with or without screens,
11 permanent screens, hashish heads or punctured metal bowls;

12 (b) water pipes;

13 (c) carburetion tubes and devices;

14 (d) smoking and carburetion masks;

15 (e) roach clips, meaning objects used to
16 hold burning material, such as a marijuana cigarette, that has
17 become too small to hold in the hand;

18 (f) miniature cocaine spoons and cocaine
19 vials;

20 (g) chamber pipes;

21 (h) carburetor pipes;

22 (i) electric pipes;

23 (j) air-driven pipes;

24 (k) chilams;

25 (l) bonges; or

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

1 (m) ice pipes or chillers; and
2 (13) in determining whether an object is drug
3 paraphernalia, a court or other authority should consider, in
4 addition to all other logically relevant factors, the
5 following:

6 (a) statements by the owner or by anyone
7 in control of the object concerning its use;

8 (b) the proximity of the object, in time
9 and space, to a direct violation of the Controlled Substances
10 Act or any other law relating to controlled substances or
11 controlled substance analogs;

12 (c) the proximity of the object to
13 controlled substances or controlled substance analogs;

14 (d) the existence of any residue of a
15 controlled substance or controlled substance analog on the
16 object;

17 (e) instructions, written or oral,
18 provided with the object concerning its use;

19 (f) descriptive materials accompanying
20 the object that explain or depict its use;

21 (g) the manner in which the object is
22 displayed for sale; and

23 (h) expert testimony concerning its use;

24 W. "controlled substance analog" means a substance
25 other than a controlled substance that has a chemical structure

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1 substantially similar to that of a controlled substance in
2 Schedule I, II, III, IV or V or that was specifically designed
3 to produce effects substantially similar to that of controlled
4 substances in Schedule I, II, III, IV or V. Examples of
5 chemical classes in which controlled substance analogs are
6 found include the following:

- 7 (1) phenethylamines;
- 8 (2) N-substituted piperidines;
- 9 (3) morphinans;
- 10 (4) ecgonines;
- 11 (5) quinazolinones;
- 12 (6) substituted indoles; and
- 13 (7) arylcycloalkylamines.

14 Specifically excluded from the definition of "controlled
15 substance analog" are those substances that are generally
16 recognized as safe and effective within the meaning of the
17 Federal Food, Drug, and Cosmetic Act or have been manufactured,
18 distributed or possessed in conformance with the provisions of
19 an approved new drug application or an exemption for
20 investigational use within the meaning of Section 505 of the
21 Federal Food, Drug, and Cosmetic Act;

22 X. "human consumption" includes application,
23 injection, inhalation, ingestion or any other manner of
24 introduction;

25 Y. "drug-free school zone" means a public school,

underscoring material = new
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1 parochial school or private school or property that is used for
2 a public, parochial or private school purpose and the area
3 within one thousand feet of the school property line, but it
4 does not mean any post-secondary school; and

5 Z. "valid practitioner-patient relationship" means
6 a professional relationship, as defined by the practitioner's
7 licensing board, between the practitioner and the patient."

8 SECTION 3. Section 30-31-6 NMSA 1978 (being Laws 1972,
9 Chapter 84, Section 6, as amended) is amended to read:

10 "30-31-6. SCHEDULE I.--The following controlled
11 substances are included in Schedule I:

12 A. any of the following opiates, including their
13 isomers, esters, ethers, salts, and salts of isomers, esters
14 and ethers, unless specifically exempted, whenever the
15 existence of these isomers, esters, ethers and salts is
16 possible within the specific chemical designation:

- 17 (1) acetylmethadol;
18 (2) allylprodine;
19 (3) alphacetylmethadol;
20 (4) alphameprodine;
21 (5) alphamethadol;
22 (6) benzethidine;
23 (7) betacetylmethadol;
24 (8) betameprodine;
25 (9) betamethadol;

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- 1 (10) betaprodine;
- 2 (11) clonitazene;
- 3 (12) dextromoramide;
- 4 (13) dextrorphan;
- 5 (14) diampromide;
- 6 (15) diethylthiambutene;
- 7 (16) dimenoxadol;
- 8 (17) dimepheptanol;
- 9 (18) dimethylthiambutene;
- 10 (19) dioxaphetyl butyrate;
- 11 (20) dipipanone;
- 12 (21) ethylmethylthiambutene;
- 13 (22) etonitazene;
- 14 (23) etoxeridine;
- 15 (24) furethidine;
- 16 (25) hydroxypethidine;
- 17 (26) ketobemidone;
- 18 (27) levomoramide;
- 19 (28) levophenacymorphan;
- 20 (29) morpheridine;
- 21 (30) noracymethadol;
- 22 (31) norlevorphanol;
- 23 (32) normethadone;
- 24 (33) norpipanone;
- 25 (34) phenadoxone;

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- 1 (35) phenampromide;
- 2 (36) phenomorphan;
- 3 (37) phenoperidine;
- 4 (38) piritramide;
- 5 (39) proheptazine;
- 6 (40) properidine;
- 7 (41) racemoramide; and
- 8 (42) trimeperidine;

9 B. any of the following opium derivatives, their
10 salts, isomers and salts of isomers, unless specifically
11 exempted, whenever the existence of these salts, isomers and
12 salts of isomers is possible within the specific chemical
13 designation:

- 14 (1) acetorphine;
- 15 (2) acetyldihydrocodeine;
- 16 (3) benzylmorphine;
- 17 (4) codeine methylbromide;
- 18 (5) codeine-N-oxide;
- 19 (6) cyprenorphine;
- 20 (7) desomorphine;
- 21 (8) dihydromorphine;
- 22 (9) etorphine;
- 23 (10) heroin;
- 24 (11) hydromorphinol;
- 25 (12) methyldesorphine;

- 1 (13) methyldihydromorphine;
- 2 (14) morphine methylbromide;
- 3 (15) morphine methylsulfonate;
- 4 (16) morphine-N-oxide;
- 5 (17) myrophine;
- 6 (18) nicocodeine;
- 7 (19) nicomorphine;
- 8 (20) normorphine;
- 9 (21) pholcodine; and
- 10 (22) thebacon;

11 C. any material, compound, mixture or preparation
12 that contains any quantity of the following hallucinogenic
13 substances, their salts, isomers and salts of isomers, unless
14 specifically exempted, whenever the existence of these salts,
15 isomers and salts of isomers is possible within the specific
16 chemical designation:

- 17 (1) 3,4-methylenedioxy amphetamine;
- 18 (2) 5-methoxy-3,4-methylenedioxy amphetamine;
- 19 (3) 3,4,5-trimethoxy amphetamine;
- 20 (4) bufotenine;
- 21 (5) diethyltryptamine;
- 22 (6) dimethyltryptamine;
- 23 (7) 4-methyl-2,5-dimethoxy amphetamine;
- 24 (8) ibogaine;
- 25 (9) lysergic acid diethylamide;

- 1 (10) marijuana;
- 2 (11) mescaline;
- 3 (12) peyote, except as otherwise provided in
- 4 the Controlled Substances Act;
- 5 (13) N-ethyl-3-piperidyl benzilate;
- 6 (14) N-methyl-3-piperidyl benzilate;
- 7 (15) psilocybin;
- 8 (16) psilocyn;
- 9 (17) tetrahydrocannabinols;
- 10 (18) hashish;
- 11 (19) synthetic cannabinoids, including:
- 12 (a) 1-[2-(4-(morpholinyl)ethyl)-3-(1-
- 13 naphthoyl)indole;
- 14 (b) 1-butyl-3-(1-naphthoyl)indole;
- 15 (c) 1-hexyl-3-(1-naphthoyl)indole;
- 16 (d) 1-pentyl-3-(1-naphthoyl)indole;
- 17 (e) 1-pentyl-3-(2-methoxyphenylacetyl)
- 18 indole;
- 19 (f) cannabicyclohexanol (CP 47, 497 and
- 20 homologues: 5-(1,1-dimethylheptyl)-2-[(1R,3S)
- 21 -3-hydroxycyclohexyl]-phenol (CP-47,497); and 5-(1,
- 22 1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol;
- 23 (g) 6aR,10aR)-9-(hydroxymethyl)
- 24 -6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,
- 25 10a-tetrahydrobenzo[c]chromen-1-ol);

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- 1 (h) dexanabinol, (6aS,10aS)
2 -9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)
3 -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol;
4 (i) 1-pentyl-3-(4-chloro naphthoyl)
5 indole;
6 (j) (2-methyl-1-propyl-1H-indol-3-yl)
7 -1-naphthalenyl-methanone; and
8 (k) 5-(1,1-dimethylheptyl)-2-(3-hydroxy
9 cyclohexyl)-phenol;
10 (20) 3,4-methylenedioxy methcathinone;
11 (21) 3,4-methylenedioxy pyrovalerone;
12 (22) 4-methylmethcathinone;
13 (23) 4-methoxymethcathinone;
14 (24) 3-fluoromethcathinone; and
15 (25) 4-fluoromethcathinone;

16 D. the enumeration of peyote as a controlled
17 substance does not apply to the use of peyote in bona fide
18 religious ceremonies by a bona fide religious organization, and
19 members of the organization so using peyote are exempt from
20 registration. Any person who manufactures peyote for or
21 distributes peyote to the organization or its members shall
22 comply with the federal Comprehensive Drug Abuse Prevention and
23 Control Act of 1970 and all other requirements of law;

24 E. the enumeration of marijuana,
25 tetrahydrocannabinols or chemical derivatives of

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1 tetrahydrocannabinol as Schedule I controlled substances does
2 not apply to:

3 (1) cultivation of industrial hemp by
4 qualified entities pursuant to rules adopted by the New Mexico
5 department of agriculture; or

6 (2) the use of marijuana,
7 tetrahydrocannabinols or chemical derivatives of
8 tetrahydrocannabinol by certified patients pursuant to the
9 Controlled Substances Therapeutic Research Act or by qualified
10 patients pursuant to the provisions of the Lynn and Erin
11 Compassionate Use Act; and

12 F. controlled substances added to Schedule I by
13 rule adopted by the board pursuant to Section 30-31-3 NMSA
14 1978."

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HOUSE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

FOR THE ECONOMIC AND RURAL DEVELOPMENT COMMITTEE AND
THE JOBS COUNCIL

AN ACT

MAKING AN APPROPRIATION TO THE TOURISM DEPARTMENT FOR THE STATE
TOURISM REGION BOARDS TO ADMINISTER THE SCENIC BYWAYS 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 tourism
department for expenditure in fiscal year 2017 for
administration and operation of the scenic byways program to be
administered by the state tourism region boards. Any
unexpended or unencumbered balance remaining at the end of
fiscal year 2017 shall revert to the general fund.

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