



Economic Development Opportunities for New Mexico in the  
**NEXT NORMAL**

DEKKER  
PERICH  
SABATINI

ARCHITECTURE  
IN PROGRESS



SERVING PUBLIC + PRIVATE  
CLIENTS FOR **62** YEARS



MULTIDISCIPLINARY  
DESIGN FIRM | ARCHITECTURE  
STRUCTURAL ENGINEERING  
INTERIOR DESIGN  
LANDSCAPE ARCHITECTURE  
PLANNING



**190** STAFF  
LOCATED IN **3** REGIONAL  
OFFICES

ABQ

uptown



Indian School Rd





Presbyterian Rust Medical Center



# **Extreme Makeovers**



Old Albuquerque High School



Old Albuquerque High School





Albuquerque Convention Center



Albuquerque Convention Center



NMSU-Undergraduate Learning Center



NMSU-Undergraduate Learning Center

*“I skate to where the puck is going to be, not to where it has been.”* – Wayne Gretzky

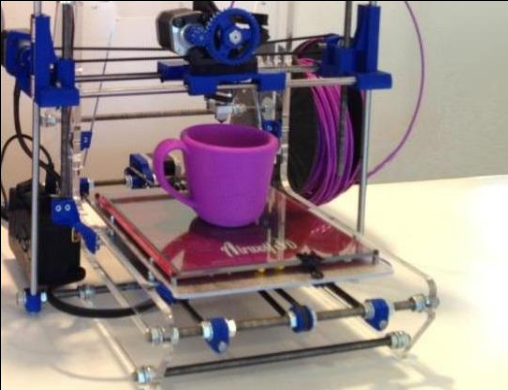
Goalcast



# Mega Trends...



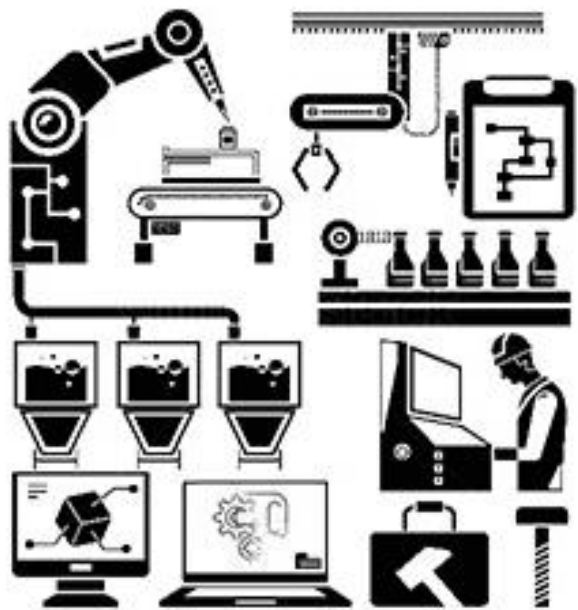
**Robotics & Artificial Intelligence**  
**50% of jobs by 2025**  
**65% of jobs will require associates+**  
**Big Data & Analytics**



**Industrial Revolution 4.0**  
**3-D Printing**  
**Machine Learning**  
**AR & VR (Augmented & Virtual Reality)**



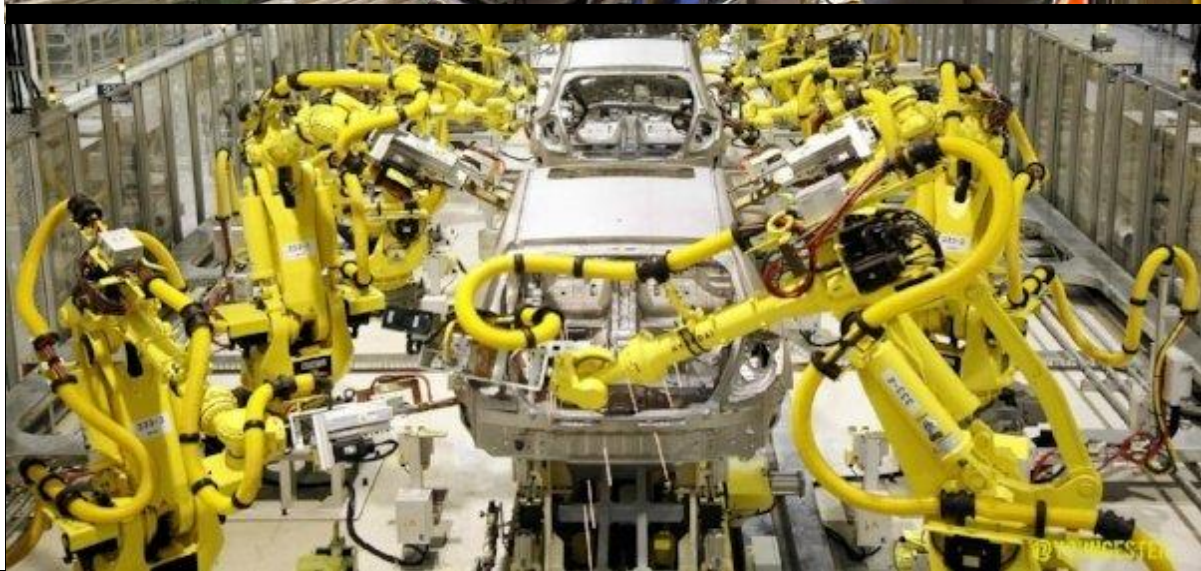
**5G...Internet of Things (IOT)**  
**Smart sensors**  
**EV-Electric Vehicles**  
**Autonomous Vehicles & Trucks**  
**Smart Cities**  
**Climate Change Adaptation**



**Today**

**Industry 4.0**

Intelligent production  
incorporated with IoT,  
cloud technology & big data



**Industrial Revolution 4.0**

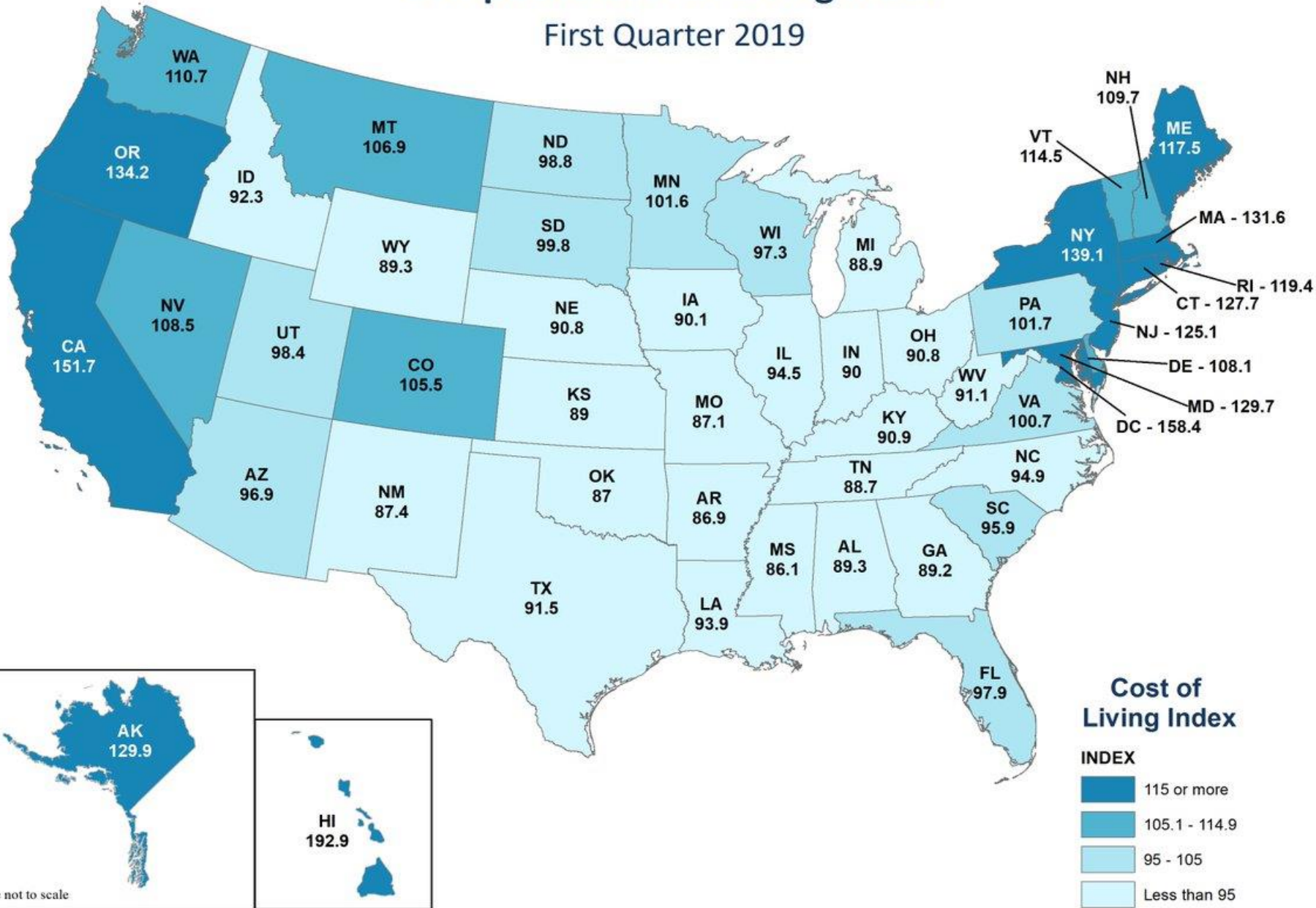


**Strengths & Opportunities**



# Composite Cost of Living Index

First Quarter 2019



Insets are not to scale

# States Business Incentives Rankings

2018 Business Incentive Rankings			2020 Business Incentive Rankings		
Rank	State	# of incentive programs	Rank	State	# of incentive programs
1	Maryland	76	1	Oklahoma	80
2	Pennsylvania	64	2	Pennsylvania	78
3	North Dakota	59	3	Kansas	72
4	Oklahoma	58	4	Maryland	69
4	Connecticut	58	5	North Dakota	67
6	Virginia	54	6	South Carolina	66
6	South Carolina	54	7	Iowa	65
8	Wisconsin	50	8	Connecticut	60
9	Mississippi	49	9	Massachusetts	58
10	New York	48	10	New Mexico	56
11	Florida	46	11	West Virginia	54
12	Washington	45	12	Ohio	51
12	Ohio	45	13	Mississippi	50
14	Kansas	44	13	New York	50
15	Rhode Island	43	13	Wisconsin	50
15	New Mexico	43	16	Minnesota	46
17	Arkansas	41	17	Virginia	46
17	Iowa	41	18	Washington	45
As of September 2018			As of June 2020		

**2018**

**2020**

## Workforce Training Leaders

- 1 LOUISIANA
- 2 ALABAMA
- 3 TENNESSEE
- 4 GEORGIA
- 5 VIRGINIA
- 6 FLORIDA
- 7 NEW MEXICO
- 8 NORTH CAROLINA
- 9 OKLAHOMA
- 10 TEXAS

## Business Facilities' 15th Annual Rankings: State Rankings Report

July 24, 2019

<https://businessfacilities.com/2019/07/business-facilities-15th-annual-rankings-state-rankings-report/>

A wide-angle landscape photograph showing a paved road in the foreground leading towards a valley. In the distance, there are blue-toned mountains under a sky filled with large, dark, and textured clouds. The lighting is dramatic, with some light breaking through the clouds. The text "the weather..." is overlaid in the center in a large, white, sans-serif font.

**“the weather...”**

310



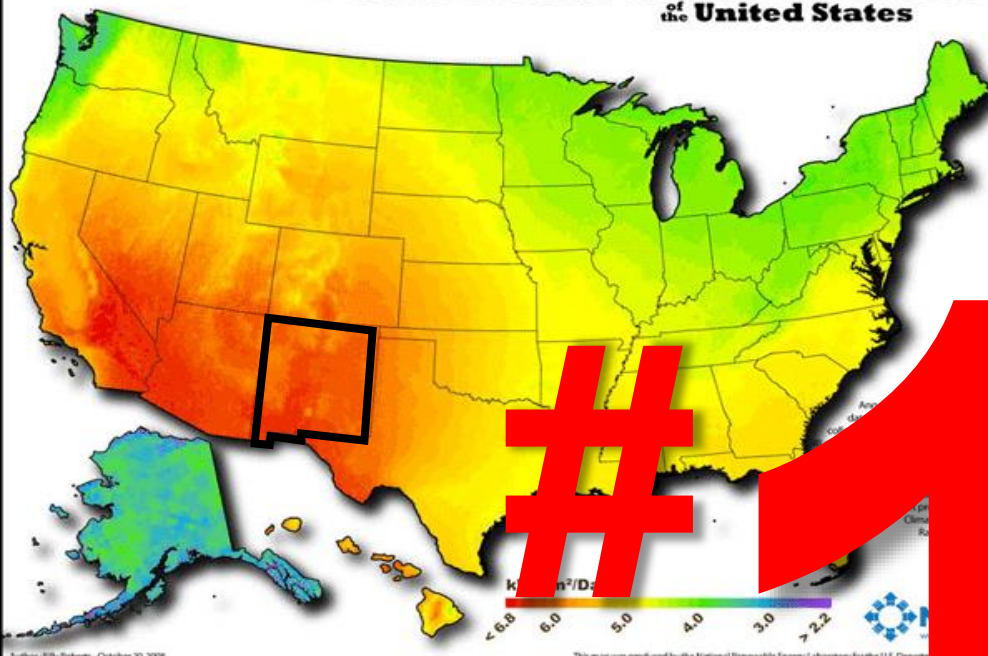




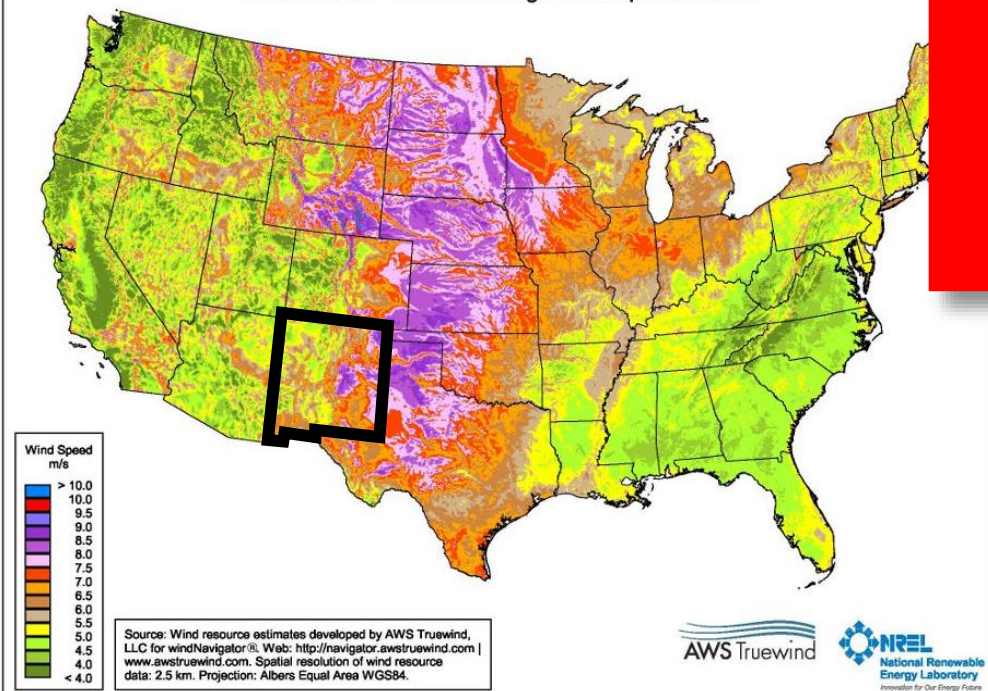
# LCORE

**“New Mexico has the Lowest Cost of Renewable Energy”**

# Photovoltaic Solar Resource of the United States



United States - Annual Average Wind Speed at 80 m



Wind Speed  
m/s

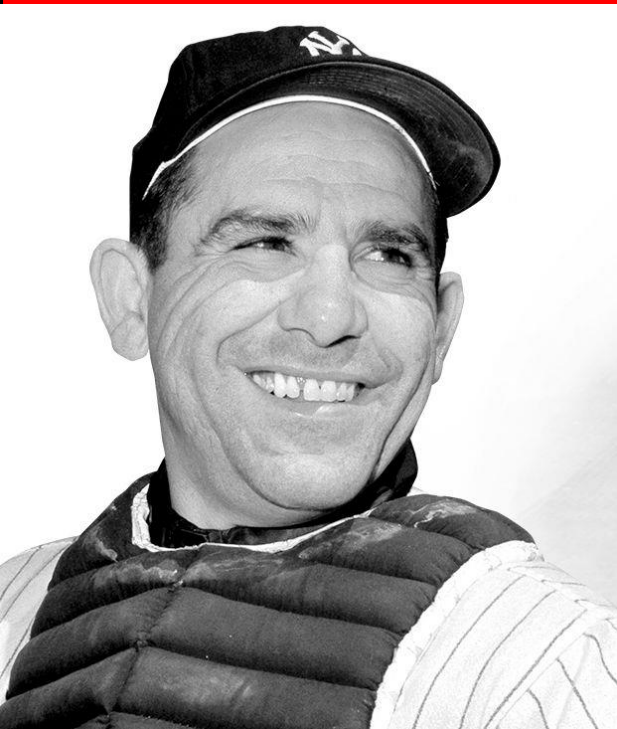
- > 10.0
- 10.0
- 9.5
- 9.0
- 8.5
- 8.0
- 7.5
- 7.0
- 6.5
- 6.0
- 5.5
- 5.0
- 4.5
- 4.0
- < 4.0

Source: Wind resource estimates developed by AWS Truewind, LLC for windNavigator®. Web: <http://navigator.awstruewind.com> | [www.awstruewind.com](http://www.awstruewind.com). Spatial resolution of wind resource data: 2.5 km. Projection: Albers Equal Area WGS84.

AWS Truewind

NREL  
National Renewable Energy Laboratory  
Innovation for Our Energy Future

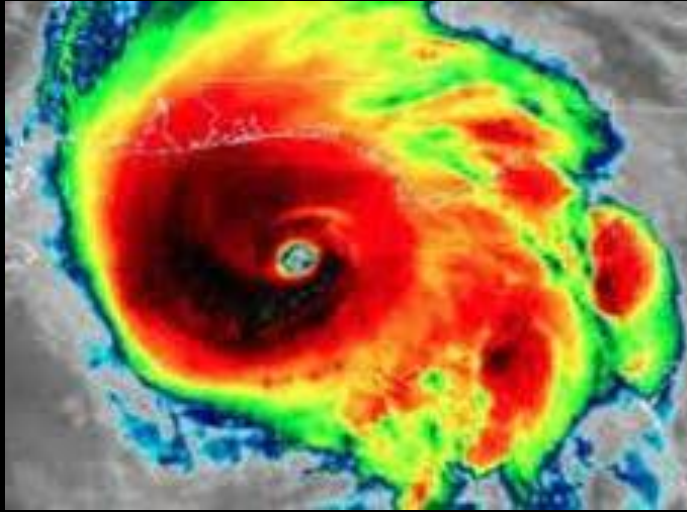




**“The future ain’t  
what it used to be.”**

Yogi Berra

# Supply Chain Disruption



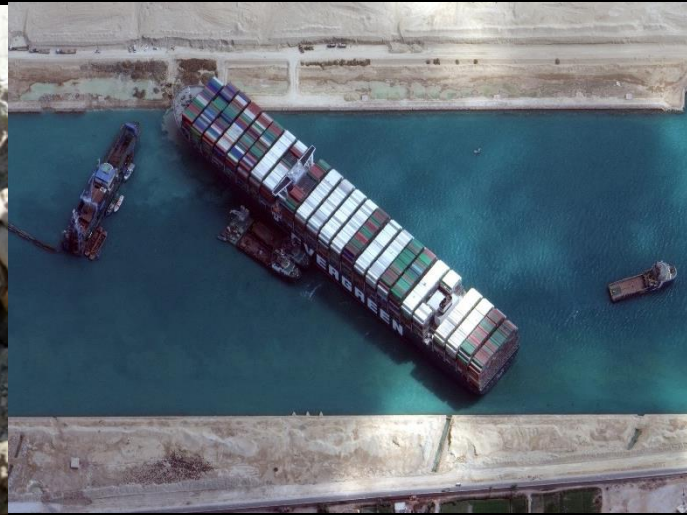
Extreme Weather-  
Climate Change



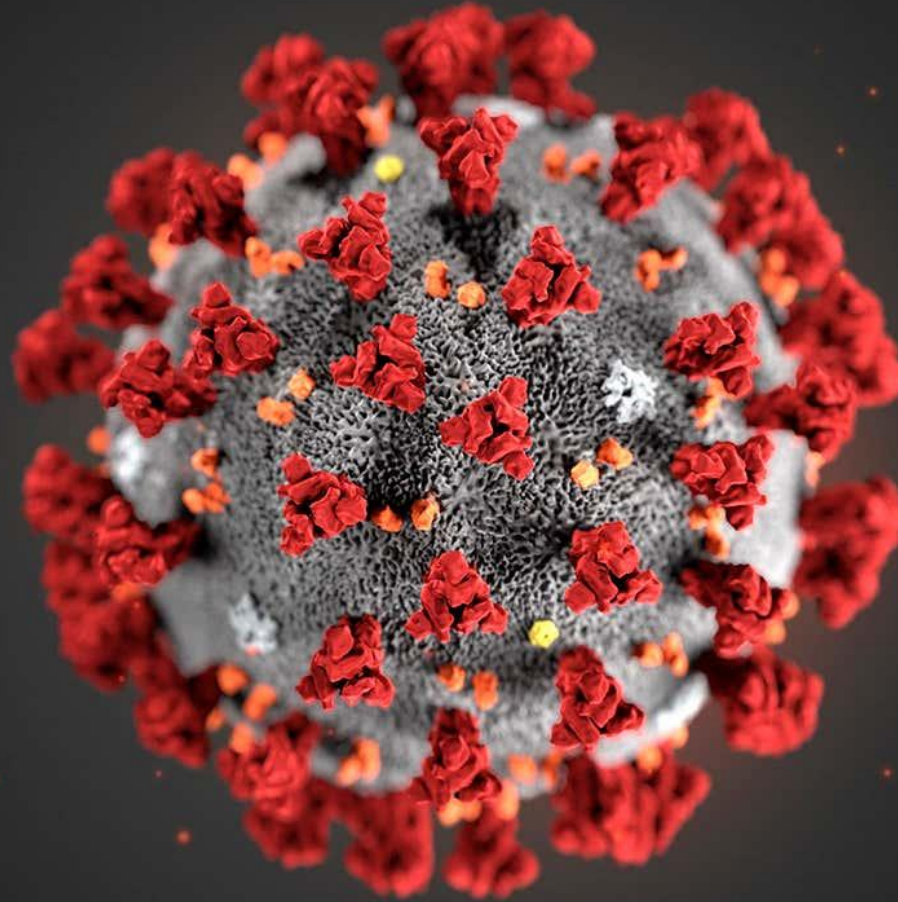
Political



Human Rights



Accidents



“The shockwaves of the coronavirus pandemic cannot be overstated.”

2021 Kearney-Confidence Index

<https://businessfacilities.com/2020/04/top-10-covid-19-takeaways-for-corporate-site-selection/>

## *In the headlines...*

**“Overextended and risky supply chains are no longer tolerable....”**

**“91% of the companies affected by the supply chain disruption in China are U.S. based.”**

**“The U.S. medical devices and biopharma sector is dangerously concentrated in China must be the first in line to disinvest there and reinvest back in the U.S.”**

**“COVID-19 is providing new and forceful momentum for the re-shoring of manufacturing investment back to the U.S. from China and elsewhere.”**



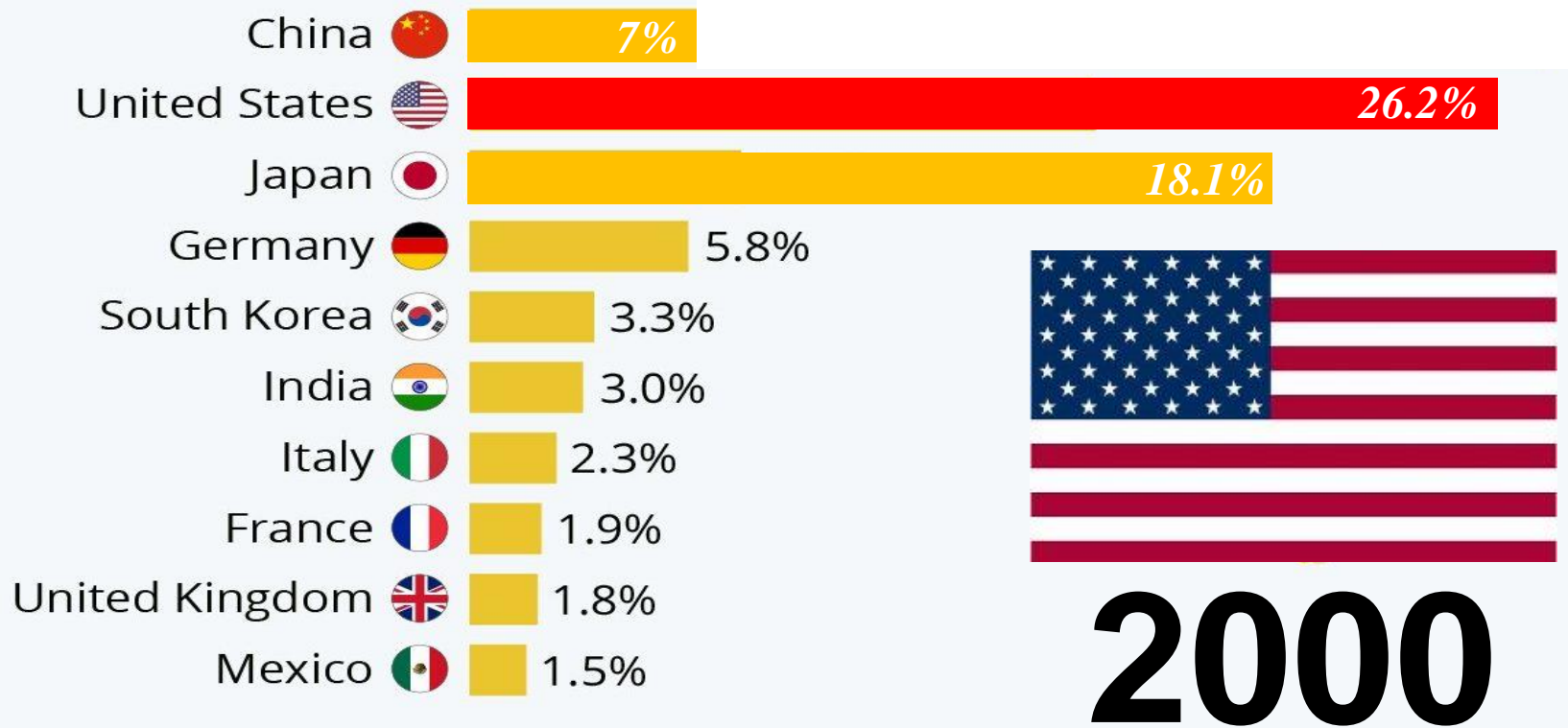
**“The coronavirus has exposed a dangerous risk to the national security and safety to United States citizens...”**

Top 10 COVID-19 Takeaways For Corporate Site Selection-April 7, 2020-Business Facilities

<https://businessfacilities.com/2020/04/top-10-covid-19-takeaways-for-corporate-site-selection/>

# United States the World's Manufacturing Superpower

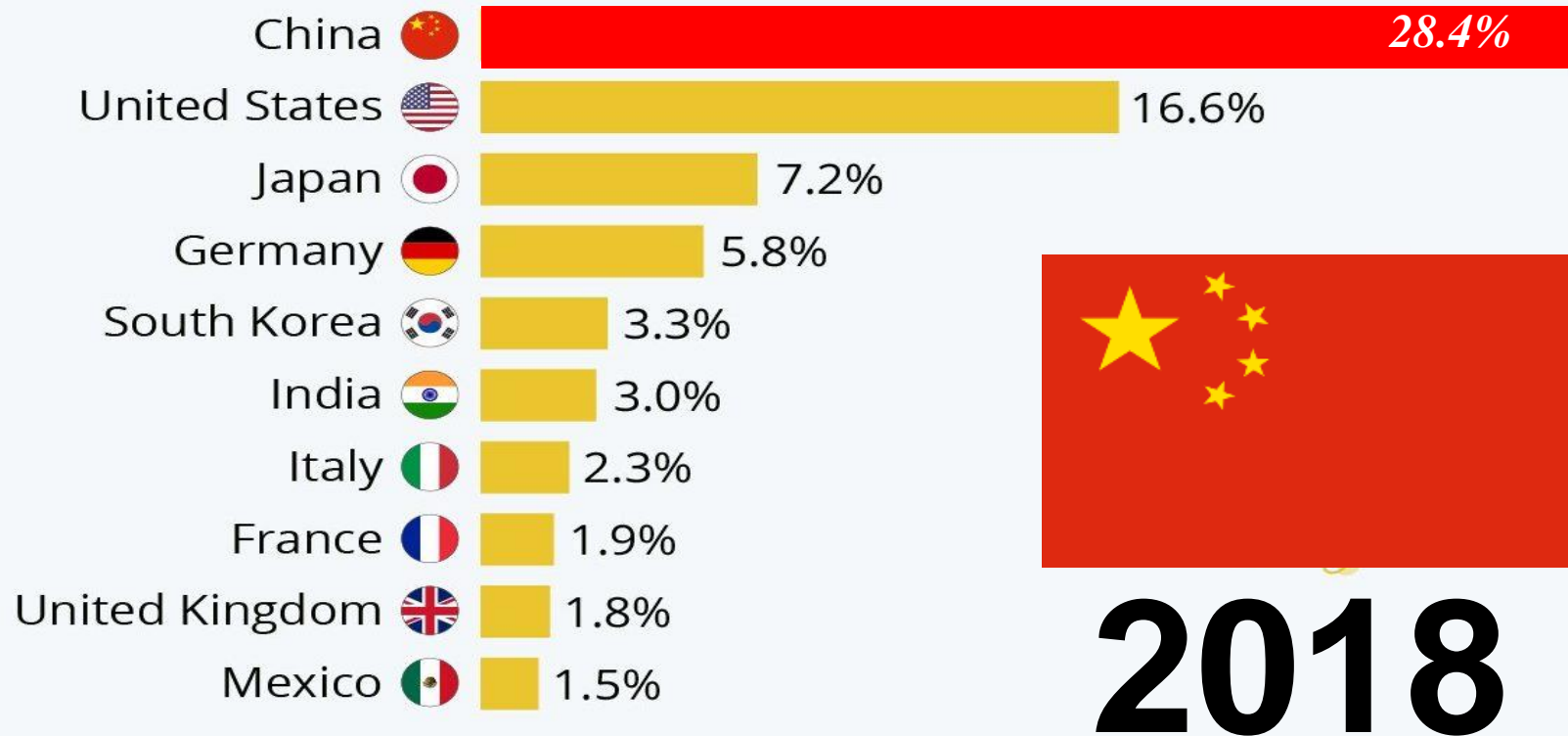
Top 10 countries by share of global manufacturing output in 2000 \*



\* output measured on a value-added basis in current U.S. dollars  
Source: United Nations Statistics Division

# China Is the World's Manufacturing Superpower

Top 10 countries by share of global manufacturing output in 2018\*



\* output measured on a value-added basis in current U.S. dollars  
Source: United Nations Statistics Division

# *“China’s Plan to Win in a Post-Pandemic World”*

Amy Qin New York Times 3/5/2021

## Made in China 2025

The 10 key sectors



New information technology



Numerical control tools



Aerospace equipment



High-tech ships



Railway equipment



Energy saving



New materials



Medical devices



Agricultural machinery



Power equipment

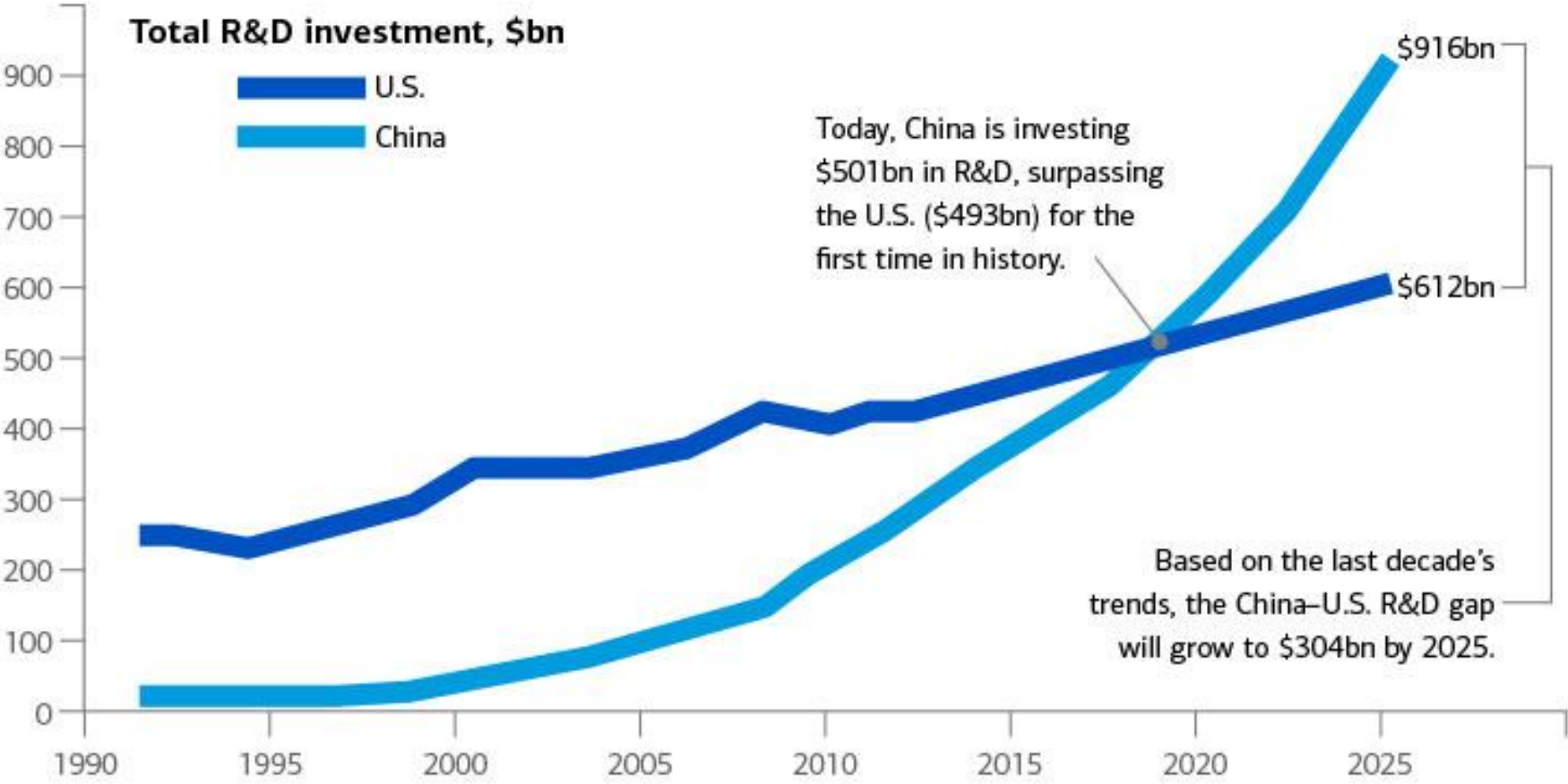
“China is displaying a superpower’s ambition...

...China is gearing up to contest America’s global leadership are unmistakable, and they are ubiquitous.”

Hal Brands, Jake Sullivan May 2020  
Carnegie Endowment For International Peace

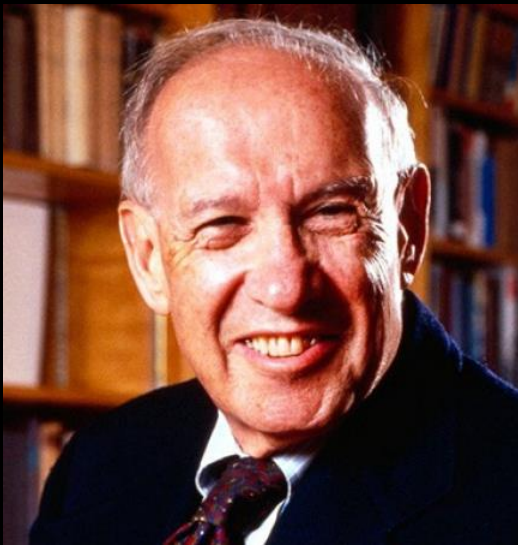


# U.S. falling behind in research & development

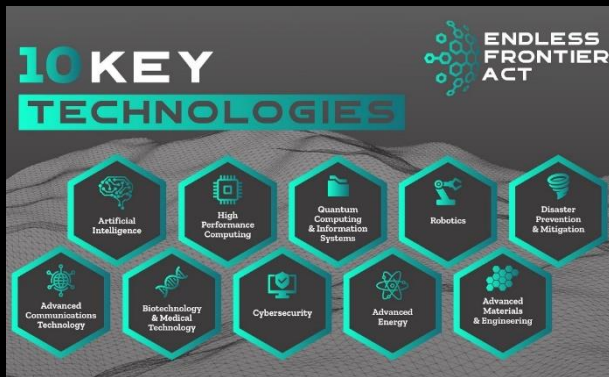


Source: BofA Global Research Investment Committee, OECD

# The Future and the **NEXT NORMAL...**




“The best way to  
predict the future is  
to create it...” Peter Drucker



# Innovation/R&D

**BUILDING RESILIENT SUPPLY CHAINS, REVITALIZING AMERICAN MANUFACTURING, AND FOSTERING BROAD-BASED GROWTH**

100-Day Reviews under Executive Order 14017



THE WHITE HOUSE  
WASHINGTON

# Resilient Supply Chains



# 21<sup>st</sup> Century Infrastructure

# 10 KEY TECHNOLOGIES



\$110,000,000,000



Artificial Intelligence



High Performance Computing



Quantum Computing & Information Systems



Robotics



Disaster Prevention & Mitigation



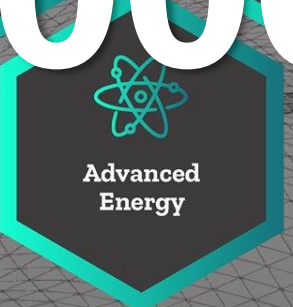
Advanced Communications Technology



Biotechnology & Medical Technology



Cybersecurity



Advanced Energy



Advanced Materials & Engineering

## United States Innovation and Competition Act of 2021

“The act is aimed at competing with China and to respond to US fears of an AI Cold War”

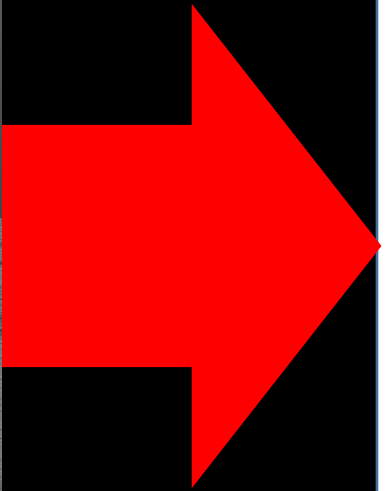
# Innovation

**10 KEY TECHNOLOGIES**

**ENDLESS FRONTIER ACT**

- Artificial Intelligence
- High Performance Computing
- Quantum Computing & Information Systems
- Robotics
- Disaster Prevention & Mitigation
- Advanced Communications Technology
- Biotechnology & Medical Technology
- Cybersecurity
- Advanced Energy
- Advanced Materials & Engineering

**\$110,000,000,000**



**NM STATE UNIVERSITY**

**NMTL**

**NEW MEXICO TECH**  
SCIENCE · ENGINEERING · RESEARCH UNIVERSITY

**Los Alamos**  
NATIONAL LABORATORY  
EST. 1943

**Sandia National Laboratories**

**AFRL**  
THE AIR FORCE RESEARCH LABORATORY  
LEAD | DISCOVER | DEVELOP | DELIVER

# Innovation

NM STATE UNIVERSITY

NMU

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Los Alamos  
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Research Parks

NM STATE UNIVERSITY

NMU

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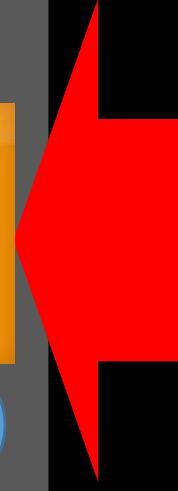
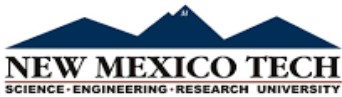


NewCo

# Tech Transfer

# Innovation

Research Parks



## NEW MEXICO ANGEL TAX CREDIT

The credit allows for a New Mexico accredited investor to take a tax credit (not refund) of 25% of their investment, up to \$62,500 per investment.

**\$2 million cap**

The bill sunsets  
December 31, 2024.

Tech Transfer

# Critical Infrastructure

Pharmaceuticals

Medical Equipment/PPE

Aerospace

Microelectronics

Advanced Manufacturing

Rare Earth Minerals

Defense Industrial Base



THE WHITE HOUSE  
WASHINGTON

BUILDING RESILIENT  
SUPPLY CHAINS,  
REVITALIZING AMERICAN  
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GROWTH

100-Day Reviews under  
Executive Order 14017



# “Shoring” up New Mexico’s Economy in the **NEXT NORMAL**

## Critical Infrastructure

Pharmaceuticals



**ReShoring**

Medical Equipment/PPE



**OnShoring**

Aerospace

Microelectronics



**GreenShoring**

Advanced Manufacturing



**GreenOnShoring**

Rare Earth Minerals

Defense Industrial Base



**NearShoring**

# ReShoring

**ReShoring** is the act of bringing U.S. manufacturing that moved overseas **back to** the United States.

# OnShoring

**OnShoring** is sourcing or expanding U.S. manufacturing production to a factory or new location within the U.S.

# What are the market forces driving ReShoring and OnShoring?

**Supply Chain Risks and Costs**

**Total Costs-Energy-Taxes-Transportation**

**Transportation-disruption**

**Wage Gap is Closing**

**Technology**

**IoT...AI...Robotics...5G...3D Printing**

**Advanced Manufacturing**

# “Economic Incentives a Major Boon for Reshoring and FDI”

Colliers Site Selection Services July 22, 2021



## Top Two Factors Driving New Reshoring and FDI Investment

1. Proximity to customers and market
2. **Economic incentives**

“**Economic incentives** can help push capital projects across the finish line, creating new employment opportunities and adding to the tax base.” Colliers Site Selection analysis:



- **ReShoring** and FDI accounted for 161,000 new manufacturing jobs in 2020 compared to 110,000 in 2019.
- **ReShoring** activities created more manufacturing jobs in the United States than foreign direct investment (FDI).



“... **83%** of **manufacturers** are likely to **ReShore** supply chains in the next 12 months, representing a potential **\$443 billion** injection into the US economy.”

Thomas State of North American Manufacturing Report Thomas Monthly Update June 2021



# LCORE

**“New Mexico has the Lowest Cost of Renewable Energy”**

# GreenShoring

**GreenShoring** is bringing manufacturing that moved overseas back to the United States that has a corporate mandate to reduce its carbon footprint.

# GreenOnShoring

**GreenOnshoring** is sourcing or expanding manufacturing production to a factory or new location within the United States due to a corporate mandate to reduce its carbon footprint.<sup>47</sup>

# RE



THE <sup>o</sup>CLIMATE GROUP



The **RE100** organization in London has signed up **223** global companies who have publicly committed to a goal of **100% renewables**.



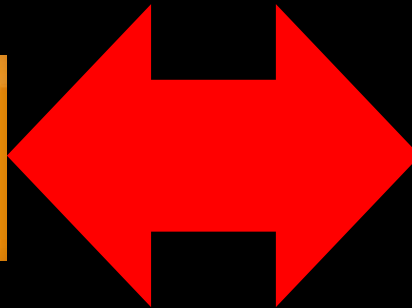


*In the headlines...*

“The pick for the next manufacturing superpower? **Mexico.**”

# NearShoring

“Transferring a business operation to a nearby country, in preference to a more distant one.”





# Seven Reasons to Move International Manufacturing from China to Mexico

- 1. Wage Stability in Mexico vs. China**
- 2. Mexico Offers Favorable Tax Benefits to Manufacturers**
- 3. Operational Simplicity**
- 4. Shipping Transit Time and Costs- 1 to 3 days vs. 30 days**
- 5. Economic Status**-Higher per capita incomes
- 6. Intellectual Property Protection**
- 7. Access to Qualified and Affordable Labor**



# Transportation Connectivity

# U.S. – Mexico Trade by Main POEs

Value in \$ billion



**\$81,000,000,000**



**How can NM THRIVE in the 21<sup>st</sup> Century?**

Needs

**GAP**

Raise Taxes

Raid the  
Permanent  
Fund

*Business  
as Usual*

Status Quo

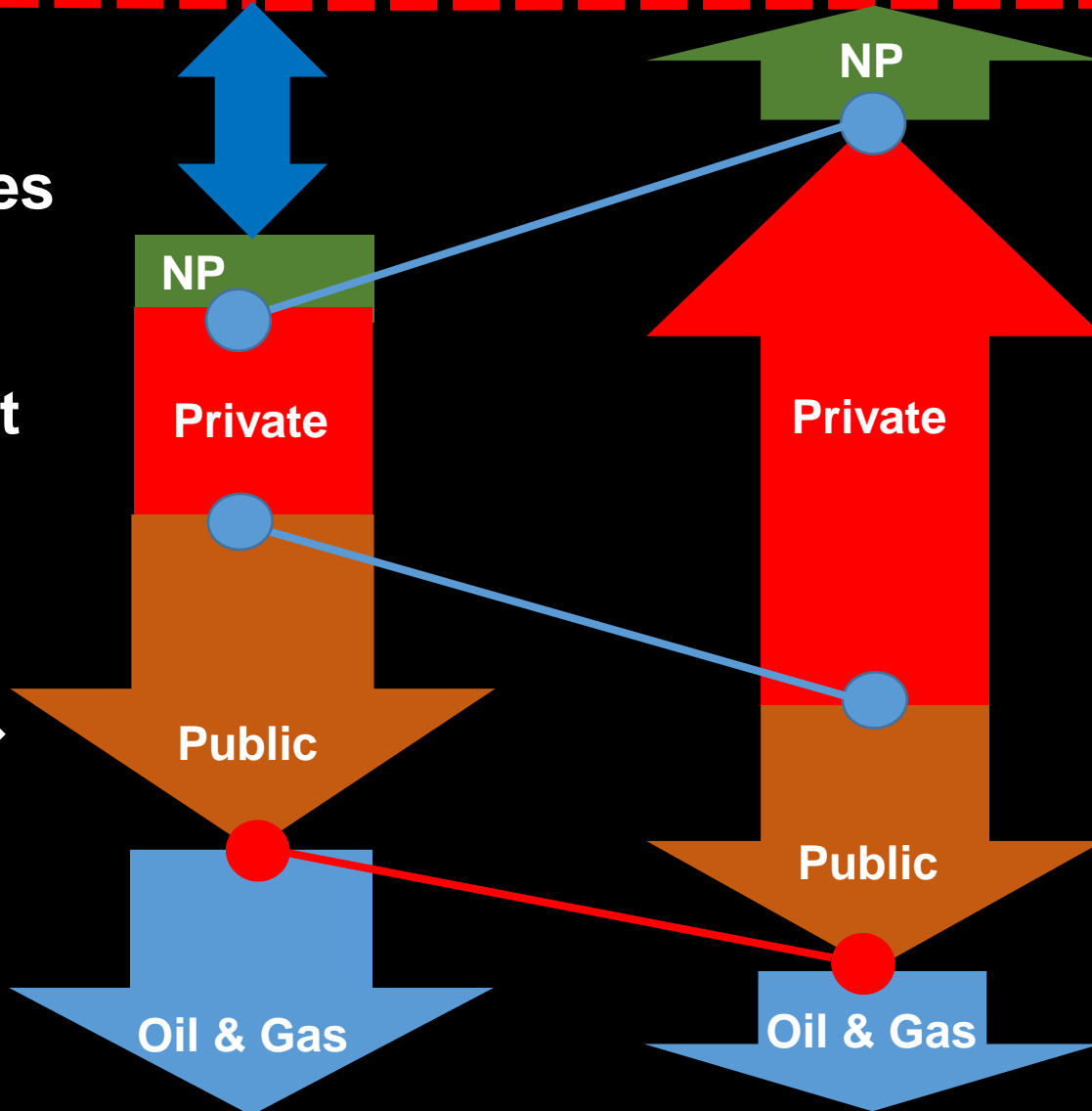
**Grow**

Tax Base

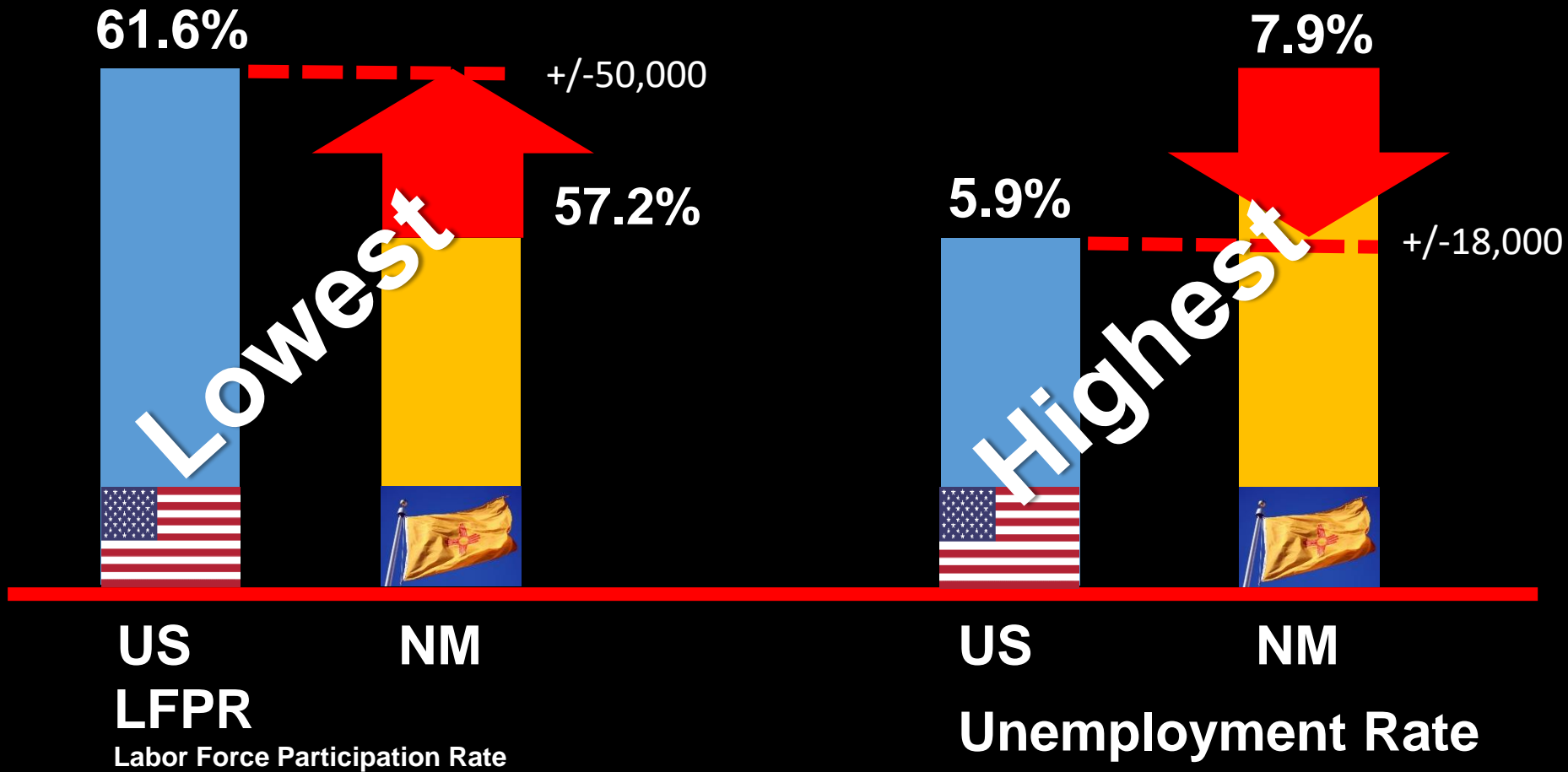
Increase  
Revenues

*Grow the  
Private Sector*

Growth



# 60-75,000 +/-

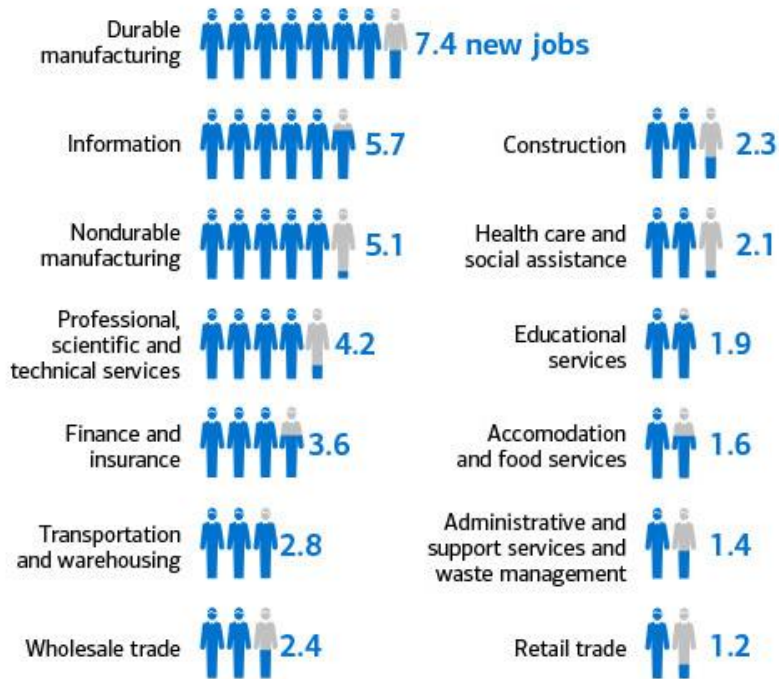




# Job Creators: The Multiplier Effect

The virtuous cycle of "building it here"

Job multiplier effect by employment industry



Source: Economic Policy Institute



1 → 4+



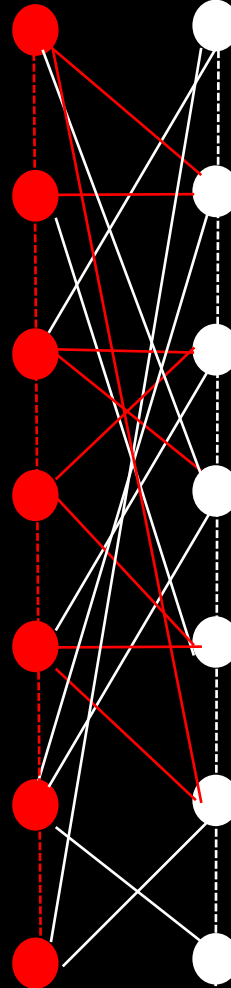
## Critical Infrastructure

Pharmaceuticals  
Medical Equipment/PPE  
Aerospace  
Microelectronics  
Advanced Manufacturing  
Rare Earth Minerals  
Defense Industrial Base

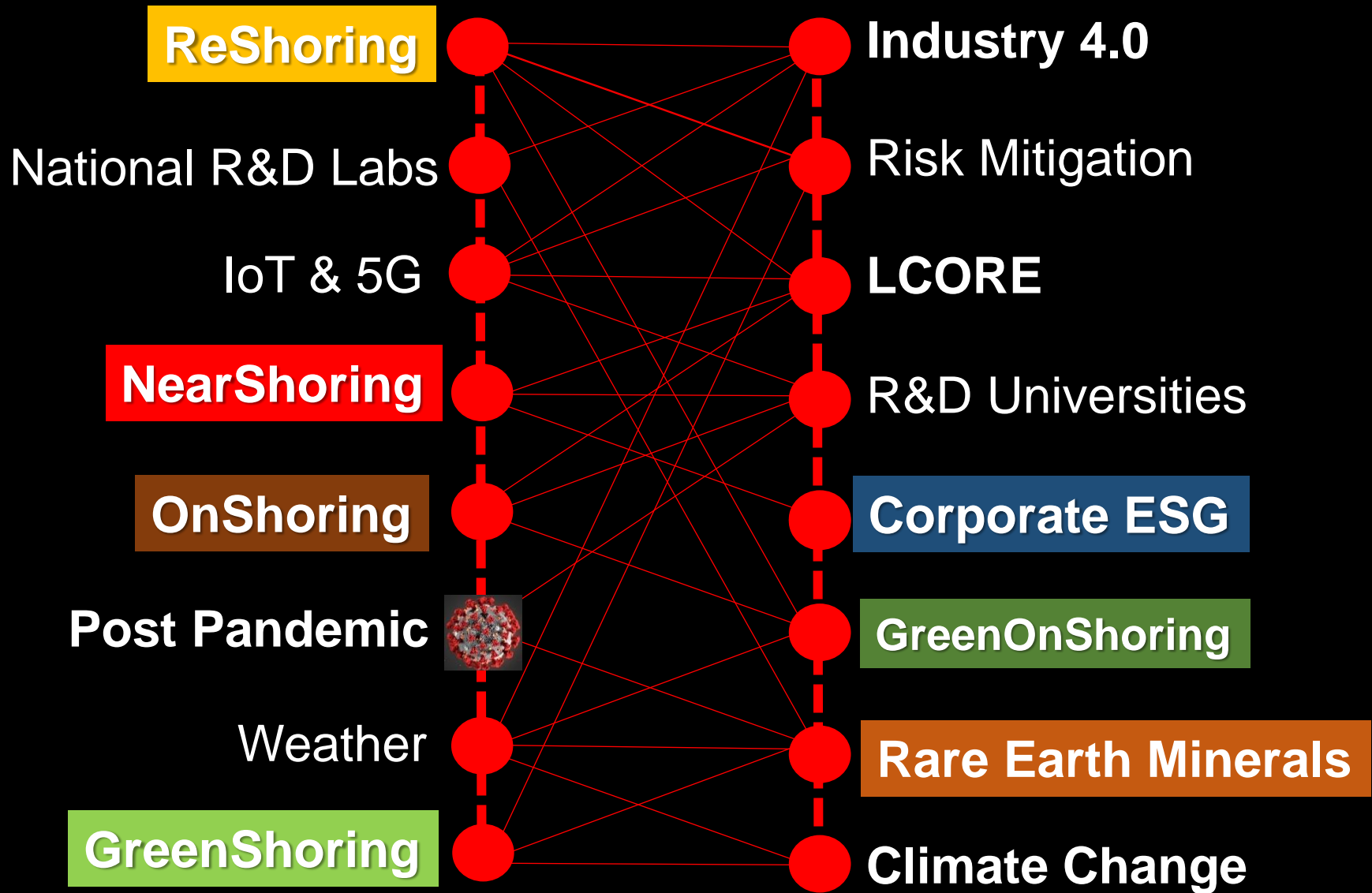


## ED Clusters

**Aerospace & Defense**  
**Biosciences**  
**Cyber Security**  
**Global Trade**  
**Advanced Manuf.**  
**RE/Green Energy**  
**Sustainable Ag**



# Connecting the Dots...in the **NEXT NORMAL**



# AED 2021 Strategic Plan and Policy Priorities

1. **CREATE MECHANISMS TO ENCOURAGE PRIVATE DEVELOPMENT:**
2. **REDUCE RED TAPE AND SPEED TO MARKET FOR BUSINESS:**
3. **ECONOMIC DEVELOPMENT UTILITY RATE:** Seek legislation requiring the adoption of rules by the Public Regulation Commission to implement an economic development utility rate in a fashion that allows it to be used as an aggressive strategy to incentivize business growth, recruitment, and retention.
4. **INVEST IN ECONOMIC DEVELOPMENT:**
5. **DRAW NEW INVESTMENT TO THE STATE FOR STARTUPS:** Open the angel investment tax credit to out of state investors.

## 6. ONSHORING/RESHORING TAX CREDIT PROGRAM:

A tax credit program, preferably in addition to other applicable incentives, specifically tied to businesses onshoring/reshoring capital investments and jobs would be a differentiator for the state. Mechanisms could include waiving GRT or compensating tax for new businesses building infrastructure in New Mexico; consider a formulaic program as opposed to case-by-case.

7. **MAINTAIN AND EXPAND BEST PRACTICES TOOLS:** Ensure the extension of successful programs such as the high Wage Jobs Tax Credit set to sunset June 2026.

## Tax Incentives

- New tax incentives to encourage US pharmaceutical companies to produce high-priority medicines by:
  - relocating foreign manufacturing sites back to the US;
  - building new greenfield sites;
  - refurbishing already existing manufacturing facilities and/or transforming existing production lines.

### Long-Term Price and Volume Guaranteed Contracts

- Guaranteed volume and price agreements for US-based generic manufacturing for “high priority” medicines.

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### Regulatory Efficiencies

- To expedite the approval of onshored facilities and all the products to be produced in them, the FDA will streamline its regulatory review and approval processes of such facilities.
- The FDA to create an internal, intra-agency working group to expedite reviews and approvals to onshore pharmaceutical manufacturing.

Source: Association for Accessible Medicin

# Proposed Incentives to Secure the US Pharmaceutical Supply Chain

# Bring It Home



“...in 2020, at least 20 different bills,<sup>1</sup> many of them with support from both political parties, were introduced into Congress.

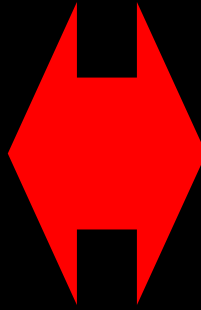
A key objective is to use reshoring as a catalyst for greater R&D spending and to create public-private partnerships.”

Jared Woodard, Head of the Research Investment Committee at BofA Global Research

# Alignment of Federal and State of NM Incentives

## The Federal Solar Investment Tax Credit

is a **26 percent tax credit** for solar systems on residential (under Section 25D) and commercial (under Section 48) properties. The Section 48 commercial credit can be applied to both customer-sited commercial solar systems and large-scale utility solar farms.

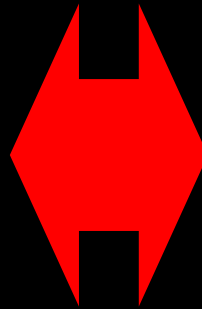


## NM-New Solar Market Development ITC

was passed by the 2020 New Mexico Legislature, and the bill provides a 10% tax credit with a value up to \$6,000 for a solar system.

## Federal Rehabilitation Historic Tax Credit,

is one of the most powerful historic preservation tools we have provides a 20% income tax credit to developers of income producing properties such as office buildings, retail establishments, rental apartments.



## NM- Preservation of Cultural Properties ITC

The maximum amount of project expenses eligible for the 50% tax credit is \$50,000... the maximum tax credit amount is \$25,000. When a listed property is located within the boundaries of a state-certified Arts & Cultural District\*, the maximum amount of eligible expenses is increased to \$100,000.

# Critical Infrastructure

ReShoring

OnShoring

GreenShoring

GreenOnShoring



Long Term Price  
& Volume

Guaranteed  
Contracts

Direct Grants

Tax Incentives

Regulatory  
Efficiencies

Using Incentives to Address  
Immediate U.S. Priorities

- National Security
- Resilient Supply Chains
- Reshore Manuf Jobs
- R&D Enhanced Funding

Enhancing NM Competitiveness  
with Incentives

- **Diversify** the NM Economy
- Raise per capita incomes
- Grow the economy
- Build a sustainable economy

Direct  
Grants/Rebates

Tax Incentives

Regulatory  
Efficiencies

Strategic  
Investments

Align **Next Normal** Federal and State of NM Incentives



**10 KEY TECHNOLOGIES**

**ENDLESS FRONTIER ACT**

- Artificial Intelligence
- High Performance Computing
- Quantum Computing & Information Systems
- Robotics
- Disaster Prevention & Mitigation
- Advanced Communications Technology
- Biotechnology & Medical Technology
- Cybersecurity
- Advanced Energy
- Advanced Materials & Engineering

# Innovation/R&D



**BUILDING RESILIENT SUPPLY CHAINS, REVITALIZING AMERICAN MANUFACTURING, AND FOSTERING BROAD-BASED GROWTH**

100-Day Reviews under Executive Order 14017

THE WHITE HOUSE  
WASHINGTON

# Resilient Supply Chains

**ReShoring**

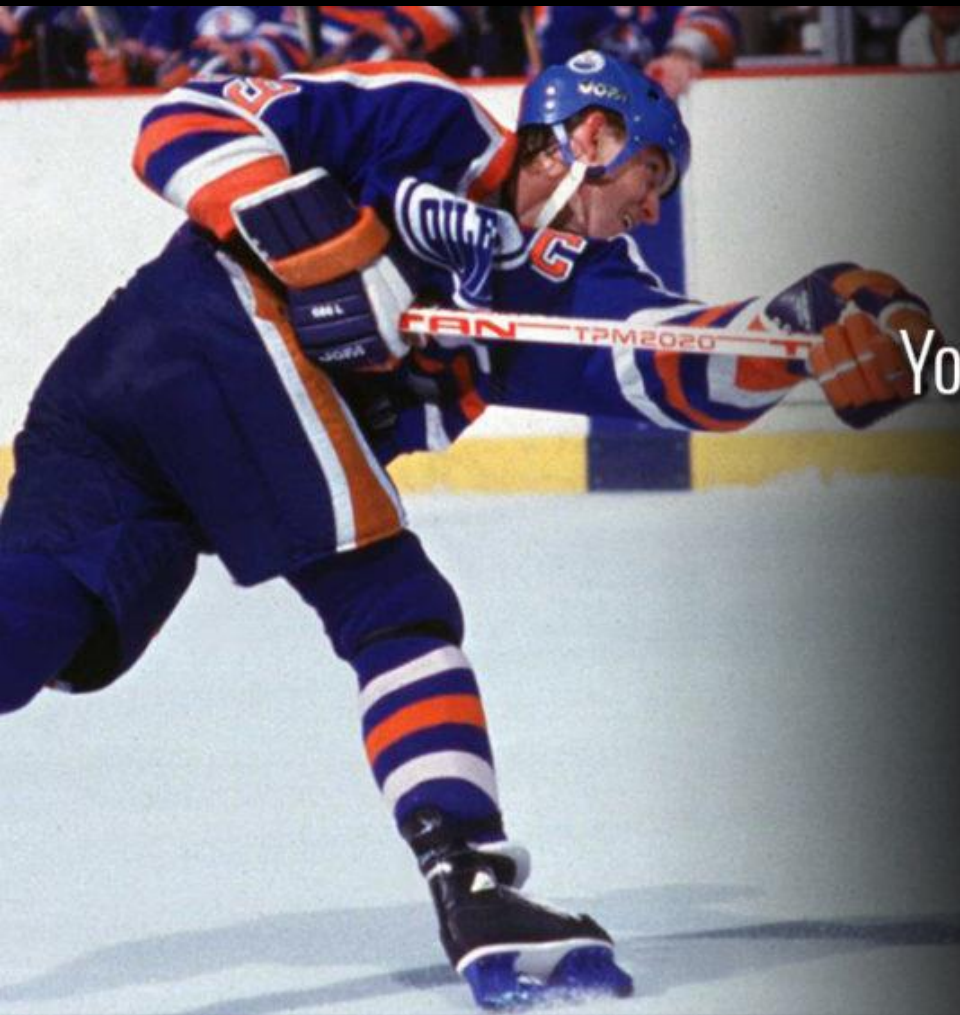
Or  
Gr

**GreenOnShoring**

**BUILD BACK BETTER**  
MCNEES COUNTY COLLEGE

# 21<sup>st</sup> Century Infrastructure

- ✓ **New Mexico** must develop a strategic business plan for the **21<sup>st</sup> Century...**
- ✓ **New Mexico** must **diversify** its economy... utilizing **public/private partnerships...**
- ✓ **New Mexico** needs to focus on creating a more **business friendly environment...**
- ✓ **New Mexico** needs to make real strategic infrastructure investments based on a **21<sup>st</sup> Century** plan...
- ✓ **New Mexico** must plan for the **NEXT NORMAL...** speed is of the essence...



You miss **100%** of the shots  
**you don't take.**

- *Wayne Gretzky*

Goalcast



**URGENCY!!!**

