

**FOSTERING THE TECHNOLOGY
ECONOMY IN NEW MEXICO**

Science, Technology & Telecommunications Committee

October 28, 2022



New Mexico IDEA is the statewide economic development professional association with membership from statewide, regional, and local economic development professionals and private sector businesses interest in promoting economic growth across New Mexico.

We **provide a forum** for the interchange of ideas, practices, and principles.

We **stimulate cooperation** among our economic development professionals.

We **promote economic growth** through advocacy of economic development issues.

WHAT IS ECONOMIC DEVELOPMENT?

Economic development is the intentional practice of improving a community's economic well-being and quality of life. It includes a broad-range of activities to attract, create, and retain jobs, and to foster a resilient, pro-growth tax base and an inclusive economy.

The practice of economic development comprises of a collaborative effort involving industry, government and myriad community stakeholders.

Economic development is robust, resilient and inclusive.

WHO ARE ECONOMIC DEVELOPERS?

An economic developer is a professional practitioner of economic development. Economic developers have a code of ethics, profession-specific education and training, and a professional certification. With varying backgrounds and specializations, economic developers frequently provide both leadership in policymaking, as well as administering policies, programs and projects in support of economic development.

The effectiveness of economic developers lies in their ability to collaborate with industry, government and community stakeholders. Often thought of as conveners, economic developers play a central role in leveraging the resources of a community to support economic development.

WHAT DOES AN ECONOMIC DEVELOPER DO?

Professional economic developers engage in a number of tasks in support of their community's economic development. While many economic developers may specialize in one or more areas, understanding the intersections of all is essential to success. Economic developers regularly engage in:

- + Business Retention & Expansion
- + Marketing & Attraction
- + Technology Commercialization
- + Real Estate Development
- + Small Business Development
- + Finance
- + Workforce Development
- + Strategic Planning
- + Disaster Recovery & Resiliency
- + International Opportunities

POLICY BRIEFS: INSIGHT & RECOMMENDATIONS

In 2021, New Mexico IDEA members and staff began the practice of drafting policy briefs (similar to LFC Policy Briefs) to educate policymakers and other stakeholders about economic development issues, challenges, and opportunities. Current policy briefs include the following topics:



Workforce Training & Development



Industrial & Office Space Development



Access to Risk Capital in New Mexico



Investing in Local Economic Development

WORKFORCE: SKILLED LABOR IS CRITICAL

According to a survey conducted by Area Development, which is leading national site selection publication, a majority of site selection consultants and C-level executives rank workforce issues as a top issue affecting future decision-making regarding active economic development projects.

<u>CORPORATE SURVEY (2020)</u>	<u>SITE CONSULTANT SURVEY (2020)</u>
1. AVAILABILITY OF SKILLED LABOR	1. LABOR COSTS
2. HIGHWAY ACCEESSIBILITY	2. AVAILABILITY OF SKILLED LABOR
3. ENERGY AVAILABILITY & COSTS	3. HIGHWAY ACCESSIBILITY
4. QUALITY OF LIFE	4. ENERGY AVAILABILITY & COSTS

WORKFORCE: LABOR FORCE SKILLS GAP

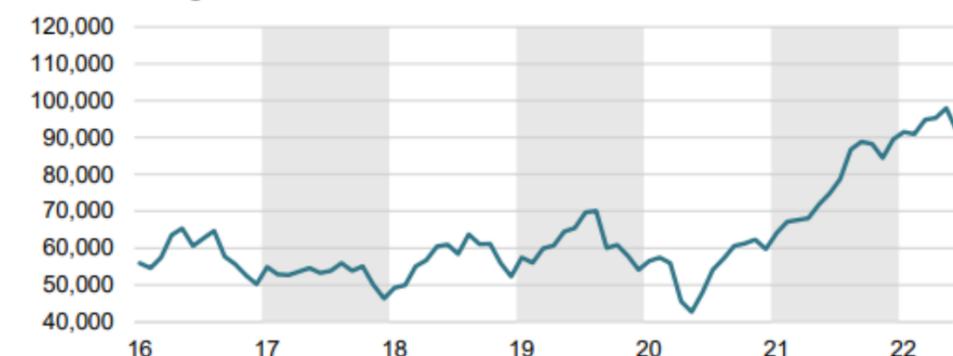
The total number of advertised jobs in New Mexico (according to the NMDWS LASER) has increased from 86,746 jobs in August 2021 to 94,336 in August 2022.

There is often a gap between advertised positions and what skills the currently available workforce has that match the needs of the advertised positions.

Being able to dive to a deeper level of the type of skills an individual possesses and having verifiable numbers on nationally- or internationally-recognized skills would allow economic developers to better recruit companies that could hire existing talent at higher wages, rather than

Online Job Postings

Jan 16-Aug 22



	Aug 22	Jul 22	Aug 21	Percentage Change (%)			
				OTM	OTY	2 yr	5 yr
NM	94,336	112,422	86,746	-16.1	8.7	65.0	68.7

NM Department of Workforce Solutions
Job postings from the Workforce Connection Online System

POLICY RECOMMENDATIONS: WORKFORCE



Identify the industry-specific degrees and certificate programs within Higher Education in New Mexico that support workforce development for the key industry segments identified by the NMEDD Statewide Comprehensive Economic Development Strategy.



Ensure higher education institutions receive funding (credit) for students that enroll in programs (even if they are non-credit bearing) that result in national or international certificates that align with the key industry segments.



Allocate funding to NMDWS for necessary database and software updates to be able to implement tracking, by geography, of the specific national and international industry certifications that were obtained through non-higher education programs.

WHY THIS MATTERS

Investing in and incentivizing workforce skills development to align with private, industry-recognized certifications will allow New Mexico to rise above other states by addressing gaps and furthering discussions between workforce producers and workforce consumers. It will also help to address competitiveness in our rural state by giving stronger assurance to prospective companies through verifiable numbers that we do have the talent base despite our small person-per-square-mile ration.

This type of alignment of workforce and economic development strategies will also present the current youth not in the workforce with identifiable pathways to good careers with key industry segments in New Mexico.

POLICY BRIEF: ACCESS TO RISK CAPITAL

According to a Legislative Finance Committee Fiscal Impact Report of House Bill 419 from the 2019 Legislative Session, "Economic developers and small business startups often report difficulty in funding new businesses in the state, and venture capital companies have noted New Mexico lacks the amount of early-state funding available to businesses in many other states."

Additionally, the New Mexico Department of Workforce Solutions Economic Research and Analysis Bureau 2015 stated, "little sustaining benefit to the state will result either from creation of an entrepreneurial ecosystem or from converting ideas into companies if those businesses were to leave the state to grow. Reasons for leaving could include lack of access to capital..."

INVESTMENTS IN NEW MEXICO MATTER

Increasing the flow of risk capital in New Mexico's entrepreneurial ecosystem matters because it:

- + Supports entrepreneurs
- + Supports an innovation led economy
- + Supports general economic development efforts
- + Supports creation of high-wage jobs
- + Support wealth creation
- + Provides support and opportunities for underappreciated talent in NM

POLICY RECOMMENDATIONS: CAPITAL ACCESS



Enhance the Angel Investment Tax Credit:

- Diversify the pool of investors by making the credit refundable and available to out-of-state investors to increase the flow of outside capital into New Mexico (economic-base jobs).



Invest More in New Mexico Companies

- Increase the size of investments being made by the Catalyst Fund to individual companies.
- Develop methods that allow or incentivize corporations in New Mexico to invest in venture capital investments in New Mexico through a tax credit or deduction.

POLICY BRIEF: INDUSTRIAL SPACE DEVELOPMENT

LACK OF AVAILABLE PROPERTY OPTIONS

According to the New Mexico Economic Development Department's 2019 Economic Development Innovation Task Force Report, which was the result of House Memorial 16, "the lack of available property throughout New Mexico remains a barrier to attracting companies to the state."

Additionally, the report stated that "a review of New Mexico Partnership projects that have been removed from its project pipeline indicates that the primary reason any project ultimately went to other short-list competitors, rather than New Mexico, was that our state lacked a suitable existing facility or build-to-suit opportunity."

An Albuquerque Journal article titled, ABQ's available industrial space hits 'historic low', published on July 2021 revealed that "Albuquerque's already low industrial vacancy rate dipped below 2% during the second quarter of 2021, which represents a new record low for the market."

RECOMMENDATION: FUND AND IMPLEMENT A COMPREHENSIVE CERTIFIED-SITES INITIATIVE TO MEET THE DEMAND FOR BUILD-TO-SUIT OPTIONS AND INCREASE PREDICTABILITY AND CERTAINTY AROUND DEVELOPMENT TIMELINES AND COSTS.

While buildable land is available, it is often not shovel ready, and it is often not clear what the land would require in terms of both time and resources to get it ready for development.

Business Oregon, the state's economic development agency, states that "today's business environment demands that a supply of market-ready employment-oriented sites, specifically zoned for industrial or economic-base uses, are available for development within 180 days or less."

To address the demand, Oregon implemented a Shovel-Ready Certification Program, which guarantees that certified sites are ready for construction within six months or less and verifies that a site is market-ready and developable. Oregon's certification, which is one of the most comprehensive in the country, requires applicants to submit extensive information about a site's utilities (water, electric, telecom, etc.), easements and liens, endangered species, environmental contamination zones, and a number of other components

RECOMMENDATION: EXPAND ELIGIBILITY FOR PROJECTS THAT QUALIFY FOR TAX REVENUE SHARING ON LEDA PROJECTS THAT EXCEED \$350 MILLION

One of the biggest obstacles for construction in New Mexico is the exponential cost of gross receipts in the construction process.

In the 2021 Special Session, the NM Legislature voted 87-18 to pass SB 1, which established a permanent mechanism for tax revenue sharing on LEDA projects that exceeded \$350 million in value. This legislation set two precedents, as highlighted by the FIR:

- It addressed the negative impact of construction-related gross receipts taxes on LEDA projects, and;
- It implemented a solution for both the State and local governments to provide assistance when current dollars were not available.

However, the probability that a LEDA-eligible project would come to a rural community and have the capital threshold required by this bill is low. Adding to this, rural locations across the state struggle with attraction of industry because their industrial facility inventory is much lower than urban locations.

POLICY BRIEF: INVEST IN LOCAL ECO DEV

Economic Development is the core of well-being and quality of life for communities across New Mexico. It encompasses policies, programs, and activities that seek to create and retain jobs and ultimately facilitate economic growth.

Local and regional economic development professionals are key components of the economic development ecosystem. They help with infrastructure improvements, site improvements, export assistance, strategic incentives, market identification strategies and intelligence, technical assistance, investment and other funding resources, marketing community assets to new businesses, and workforce demand and supply.

However, a recent report released by New Mexico First states, "despite its importance in building New Mexico's overall economy, with few exceptions, local economic development in the state has been chronically underfunded."

POLICY BRIEF: INVEST IN LOCAL ECO DEV

*Rural Economic Development
Organizational Personnel Budgets,
2018*

*Cibola Communities Economic
Development Foundation: \$75,706*

*Estancia Valley Economic
Development Association: \$61,800*

*Greater Raton Economic
Development Corporation: \$2,616*

*Las Vegas / San Miguel County
Economic Development: \$89,344*

Even more concerning, many of the communities that are in the most need of local economic development are the ones that struggle the most to fund and build local economic development capacity.

Additionally, as the state continues to invest dollars into economic development incentives and other statewide economic development programs, the number of leads generated for business recruitment continues to increase. However, a lack of local economic development capacity throughout the state can potentially create an economic development bottleneck across the state, which means a potential loss of job creation opportunities for communities that need them most.

RECOMMENDATION: FUND THE ECONOMIC DEVELOPMENT GRANT PROGRAM

In 2014, the legislature unanimously created the Economic Development Grant Program, which provides matching funds to local and regional economic development organizations to enhance on the-ground economic development and job creation efforts.

New Mexico IDEA recommends allocating \$1 million towards the fund. Since these are matching grants to regional and local economic development organizations, the funding would leverage an additional \$1 million for an overall impact of \$2 million.

New Mexico IDEA also recommends revising the Economic Development Grant Program to allow for more innovation and collaboration in proposals so that they further the New Mexico Economic Development Department's efforts to foster an advanced economic development network within the state of New Mexico.

BROADBAND IS CRITICAL TO ECONOMIC DEVELOPMENT

NMIDEA supports policies that increase broadband deployment through public-private partnerships and initiatives, including legislative actions to share infrastructure and access, regulatory structures that incentivize broadband infrastructure development, and to promote adoption of new technologies

A robust broadband infrastructure is critical to enhance economic development in New Mexico and supports:

- The continued growth of the tech sector;
- The ability to create remote work opportunities;
- Enhanced traveler experience, especially in rural communities;
- The expansion of healthcare access, especially in rural communities
- Enhanced educational opportunities



**JASON ESPINOZA
EXECUTIVE DIRECTOR
NEW MEXICO IDEA**

**JESPINOZA.KW@GMAIL.COM
505-417-4001**

**LEO BACA
BOARD PRESIDENT
NEW MEXICO IDEA**

**LEO.BACA@LUMEN.COM
505-250-4393**



The **New Mexico Technology Council** is a member-driven association of businesses, organizations and tech professionals working together to promote the growth and success of New Mexico's technology business sectors.

We believe our technology community is the catalyst for inspiration and leadership that transforms our state into a world-center for business innovation, creative thinking, community involvement and educational support.

MEMBER-DRIVEN POLICY AGENDA

Through its local partnerships, the New Mexico Technology Council (NMTC) is dedicated to empowering and mobilizing the New Mexico technology community to impact legislative and regulatory issues important to growth, innovation, and job creation.

An association representing more than 160 IT and technology-related companies, NMTC aims to develop and implement thoughtful policy that successfully supports our members' interests and encourages Technology-Based Economic Development (TBED), workforce development, and STEM education.



Broadband Expansion



We Believe Wholeheartedly

Broadband is the path to our future economy.

Broadband is the infrastructure that will support the industries which will thrive within it.



Promulgation of terrestrial pathways (fiber) are the preferred method of deployment; however *we also support alternative technologies* such as 5G Millimeter Wave, 5G LTE, Fixed Wireless, Low & High Altitude Platforms, 4G LTE Technologies and Free Space Optical to achieve connectivity statewide.



Provide all solutions to enable opportunities

Source & Use of Funds



Grants or Matching Funds for Grants

By providing direct grants, or partnering with providers and tribes or municipalities to provide the matching funds for federal grants, New Mexico can support its own infrastructure growth by those ready and willing to build it.
WE SUPPORT NM PREFERENCE.



Public-Private-Partnerships



NMTC Supports Engaging in PPP to achieve Specific Goals

A public-private partnership is an arrangement between two or more public and private sectors of a long-term nature. Typically, it involves private capital financing government projects and services up-front, and then drawing profits from taxpayers and/or users over the course of the PPP contract.



Low Interest Loans

By Funding Projects at low interest rates, the state can support small businesses with limited access to capital to execute larger projects that benefit its citizens on multiple levels, addressing entrepreneurship, employment, and infrastructure.

Incentives are Always a Good Option



Prescriptive Incentives

NMTC supports prescriptive incentives which are not discretionary, but guaranteed in a performance-based manner (ie, a new company delivers X, they are guaranteed to get Y).



Extend LEDA/JTIP

NMTC supports expanding LEDA/JTIP eligibility to support additional technology businesses in New Mexico.



Incentivize PPP for Education

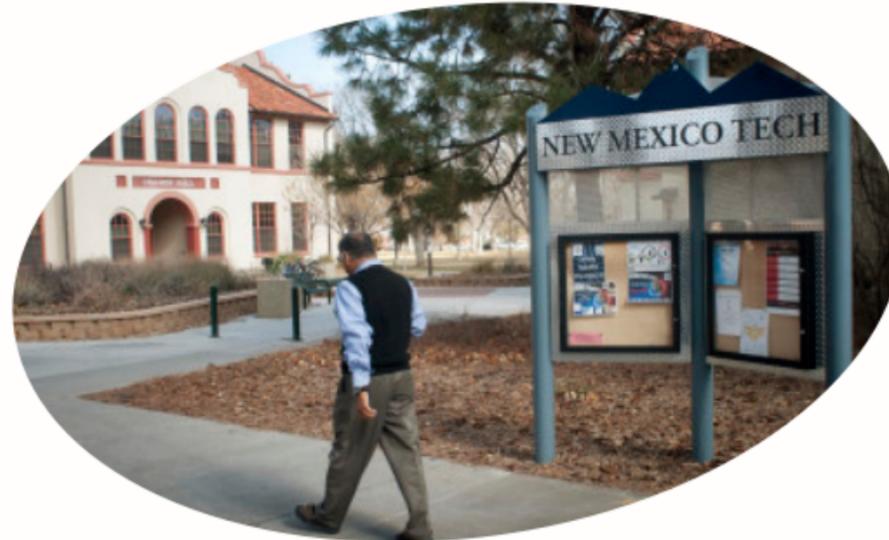
NMTC supports incentives for private sector and educational system partnerships as well as certificate programs.

Workforce Development



Apprenticeships/Internships - Certificate Training

We support the use of state and federal funding for apprenticeships, internships and/or certificate training programs and scholarships for New Mexico residents (certs/licensure).



Higher Ed - STEM Programs

We support the use of state and federal funds to directly support specific higher education STEM programs, at the institution's discretion.



Tribal Training & Innovation

We support the use of federal & state funds for tribal and other underrepresented communities' STEM workforce training & innovation projects.

SUPPORT K-12 COMPUTER SCIENCE EDUCATION IN NEW MEXICO

In New Mexico, there are currently 2,720 open computing jobs with an average salary of \$71,285.

Yet, there were only 198 graduates in computer science in 2019 and only 41% of all public high schools teach a foundational computer science course.



State-Plan



Certification



K-12 Standards



Dedicated State Position



Count Towards Graduation

93% of parents want their child's school to teach computer science, but only **53% of high schools** offer it.

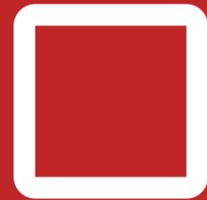
More than **70% of superintendents and principals** say offering computer science is just as important as offering subjects like English, math, history, and science.

50% of Americans rank computer science as one of the two most important subjects of study after reading and writing.

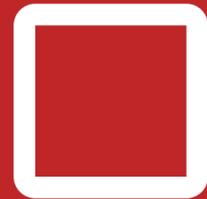
Students who learn computer science in high school are **six times** more likely to major in it, and **women are ten times more likely.**

Black students are **more interested** in CS and **more confident** in their abilities than white students but are less likely to enroll in a class.

RECOMMENDATIONS



Require High Schools to Offer - The state can support the expansion of computer science courses by adopting policies that require schools to offer a computer science course based on rigorous standards, with appropriate implementation timelines and allowing for remote and/or in-person courses



Pre-Service Programs - The computer science teacher shortage can be addressed by exposing more preservice teachers to computer science during their required coursework or by creating specific pathways for computer science teachers.



IHE Admission - Admission policies that do not include rigorous computer science courses as meeting a core entrance requirement, such as in mathematics or science, discourage students from taking such courses in secondary education.

NMTC SELECTED AS A KEY PARTNER TO ACCELERATE LATINX REPRESENTATION IN STEM

NMTC was selected by Arizona State University (ASU) to receive a portion of a \$10 million National Science Foundation (NSF) Accelerate Latinx Representation in STEM Education (ALRISE) Alliance grant. The grant is intended to develop experiential work-based opportunities in STEM for Latinx students.

ASU's ALRISE Alliance is funded by NSF Inclusion across the Nation of Communities of Learners of Underrepresented Discoverers in Engineering and Science (NSF INCLUDES), a comprehensive national initiative to enhance innovations by focusing on diversity, inclusion, and broadening participation in STEM at scale. The grant represents a nationwide effort to broaden the participation and representation of Latinx students in STEM education and build capacity for experiential learning.



Clearing the Path for Growth



Right of Way

NMTC encourages the creation of one agency permitting template, to bolster interoperability and streamline the build process.

NMTC members generally oppose fees assessed per mile; however, members could support fees that are not excessive and do not attempt to recoup all costs borne by state agencies in land management, with consideration for equitable asset swaps.

Anti-Donation Law

NMTC supports amending the constitution of the State of New Mexico.

NMTC believes the anti-donation clause is applied inconsistently and is too often a barrier to economic and infrastructure development in New Mexico.

Leveling Up

NMTC supports the requirement that all high schools in New Mexico offer computer science courses.



**MIA PETERSON
EXECUTIVE DIRECTOR
NEW MEXICO TECH COUNCIL**

MIA@NMTECHCOUNCIL.ORG

**JASON ESPINOZA
CONTRACT LOBBYIST
NEW MEXICO TECH COUNCIL**

JESPINOZA.KW@GMAIL.COM