

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

**September 14-15, 2022  
Career and Technical Education Center of Hobbs  
801 North Marland Boulevard  
Hobbs**

**September 16, 2022  
Jack Case Community Room  
Central Valley Electric Cooperative  
1403 North 13th Street  
Artesia**

The fourth meeting of the Economic Development and Policy Committee was called to order by Representative Antonio Maestas, chair, on September 14, 2022 at 10:15 a.m. at the Career and Technical Education Center of Hobbs (CTECH).

**Present**

Rep. Antonio Maestas, Chair  
Sen. Carrie Hamblen, Vice Chair  
Rep. Meredith A. Dixon (9/15, 9/16)  
Rep. Raymundo Lara  
Rep. Willie D. Madrid  
Rep. Jane E. Powdrell-Culbert  
Rep. Linda Serrato (9/16)  
Sen. Benny Shendo, Jr. (9/14, 9/15)

**Absent**

Rep. Kelly K. Fajardo  
Sen. Ron Griggs  
Rep. Joshua N. Hernandez  
Sen. Leo Jaramillo  
Rep. Georgene Louis  
Rep. Tara L. Lujan  
Rep. Kristina Ortez  
Sen. Michael Padilla  
Rep. Patricia Roybal Caballero  
Sen. Pat Woods

**Advisory Members**

Sen. Crystal R. Diamond  
Rep. Rebecca Dow

Rep. Eliseo Lee Alcon  
Rep. Anthony Allison  
Rep. Gail Armstrong  
Sen. Jacob R. Candelaria  
Rep. Ambrose Castellano  
Rep. Christine Chandler  
Sen. Katy M. Duhigg  
Rep. Doreen Y. Gallegos  
Rep. Joy Garratt  
Sen. Siah Correa Hemphill  
Rep. Pamela Herndon  
Rep. Susan K. Herrera

Rep. Derrick J. Lente  
Rep. Patricia A Lundstrom  
Rep. Rod Montoya  
Sen. Cliff R. Pirtle  
Rep. William "Bill" R. Rehm  
Rep. Andrea Romero  
Sen. Joshua A. Sanchez  
Rep. Nathan P. Small  
Sen. Elizabeth "Liz" Stefanics  
Rep. Candie G. Sweetser  
Sen. Bill Tallman  
Rep. Luis M. Terrazas

### **Guest Legislators**

Rep. Cathrynn N. Brown (9/14, 9/16)  
Rep. Candy Spence Ezzell (9/15)  
Sen. Gay G. Kernan (9/14, 9/15)

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

### **Staff**

Erin Bond, Researcher, Legislative Council Service (LCS)  
Tom Kricka, Staff Attorney, LCS  
Martin Fischer, Staff Attorney, LCS

### **Guests**

The guest list is in the meeting file.

### **Handouts**

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

### **References to Webcast**

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at [www.nmlegis.gov](http://www.nmlegis.gov), under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

## **Wednesday, September 14 — Hobbs**

### **Welcome and Introductions (10:00 a.m.)**

Representative Maestas welcomed the committee, and the members introduced themselves.

### **Welcome to Hobbs (10:25 a.m.)**

Sam Cobb, mayor, City of Hobbs, welcomed the legislators to Hobbs.

**CTECH (10:31 a.m.)**

Zeke Kaney, director, CTECH, introduced legislators to the building, which was built with \$43 million in private funds and opened on August 8, 2022. Mr. Kaney provided a tour of the building and its six pathway clusters: culinary, auto, oil, digital, electric and woodworking. The presentation can be found here:

<https://www.nmlegis.gov/handouts/EDPC%20091422%20Item%201%20Ctech%20Welcome%20Sheet.pdf>.

**Cannabis Banking (11:36 a.m.)**

Phil Forbert, director of cannabis business development, U.S. Eagle Federal Credit Union, spoke about the credit union's role as New Mexico's first credit union for cannabis-related businesses (CRBs). He highlighted the exponential growth of CRBs in New Mexico, with about 800-1,000 CRBs licensed but only a few hundred within the credit union. Mr. Forbert described the credit union's provision of compliant banking services for managing and monitoring accounts and transactions, vetting and validating cash and receipts and ensuring that CRBs are conducting legal business and which services include an extensive onboarding process. He noted that the credit union disincentivizes cash transactions, which risk potential money laundering, and reduces the role of the black market in the cannabis industry. The presentation can be found here:

<https://www.nmlegis.gov/handouts/EDPC%20091422%20Item%202%20Cannabis%20Banking.pdf>.

**Oilfields Economics 101 (1:38 p.m.)**

Sarah Mitchell, regulatory manager, EOG Resources, Inc. (EOG), and Olivia Desser, water resources manager, EOG, presented about EOG being the largest crude oil producer in New Mexico, with 16 Permian operating rigs, and possessing a core trait of innovation in the field. They noted that EOG uses drones and fixed-wing aircraft to conduct surveys with 3D modeling; an electric frac to conduct its hydraulic fracturing; a water reuse system; a closed loop gas capture system to reduce flaring and emissions; and iSense continuous methane monitoring.

Greg Bloom, assistant commissioner for mineral resources, State Land Office, spoke about lease sales and royalty checks from oil and gas leasing, as well as state beneficiaries of this money. He noted that royalties are at an all-time high due to the production of oil and gas also being at an all-time high, earning New Mexico the spot as the second-largest state producer of gas and oil, behind only Texas, and that New Mexico earned \$2 billion in oil and gas royalties in the past 12 months. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=EDPC&Date=9/14/2022&ItemNumber=3>.

**Global Energy Transition (3:44 p.m.)**

Karl Fennessey, vice president, Corporate Public Policy, ConocoPhillips, discussed the need for energy policies during this global energy transition to low-carbon technologies. He introduced ConocoPhillips as the largest independent operator in the Permian basin, with 1.5

million net acres, and explained the costs of decarbonizing to net zero by the year 2050 and the continuing need for oil and natural gas as vital fuels in the global economy. Mr. Fennessey focused on oil and gas as enablers of the energy transition for developing new technologies, investing in low-carbon technologies, reducing emissions and designing durable and pragmatic policy. The presentation can be found here:

<https://www.nmlegis.gov/handouts/EDPC%20091422%20Item%204%20Global%20Energy%20Transition.pdf>.

#### **Public Comment (4:39 p.m.)**

A list of individuals making public comment is available in the meeting file.

#### **Recess**

The meeting recessed at 4:44 p.m.

### **Thursday, September 15 — Hobbs**

#### **Financial Literacy Education (9:19 a.m.)**

Heather Morton, senior fellow, Fiscal Affairs, National Conference of State Legislatures (NCSL), introduced the NCSL and presented an overview of national financial education legislation. She spoke about the 27 states that have requirements for financial education courses or content compared to the 23 states without such requirements and noted that there are 18 states and Washington, D.C. that passed legislation or resolutions in 2022 and 37 states with pending financial education and literacy bills. Ms. Morton highlighted several states' laws, including Florida and Mississippi, which have passed substantial legislation, adding that South Carolina directed its state board of education to promulgate requirements for financial literacy credits and that Washington enacted legislation requiring a financial education public-private partnership to establish a grant program to provide assistance to school districts for the purpose of integrating financial literacy into their professional development courses. The presentation can be found here:

<https://www.nmlegis.gov/handouts/EDPC%20091422%20Item%205%20State%20Financial%20Education%20Legislation.pdf>.

Ramona Ortega, chief executive officer and founder, My Money My Future, presented about financial literacy, especially its effect on the racial wealth gap. Ms. Ortega created her company around the thesis: "What would I have needed to learn as a 20-year-old?". She noted that many people who do not learn financial literacy at home or in school, especially minorities, learn about finances through costly mistakes, adding that financial literacy needs to be a national priority, starting at the state level, with legislators and educators stepping up.

Ms. Ortega spoke about the racial wealth gap as it pertains to financial literacy and how it relates to economic development and growth in the state. She defined "net worth" as being the money that remains after subtracting liabilities, noting that the average net worth of a white American is \$437,000, while the average net worth of an African American is \$107,000 and that of a Latino American is \$53,000. Ms. Ortega emphasized that disparities are increasing despite

overall growth in wealth, which is connected to financial literacy and a negative correlation between poverty and socioeconomic outcomes, as well as educational outcomes. Ms. Ortega stated that high poverty rates in rural New Mexico have led to predatory practices, such as payday loans and other financial products, that heighten the need for financial literacy courses to protect this most vulnerable population.

Ms. Ortega stated that financial literacy is especially important now because of the increase in the wealth disparity gap and because it is necessary for overall economic growth, including retirement accounts, mortgages and small business capital and scaling, noting that wealth disparity costs the United States about \$5 trillion in gross domestic product output per year and because of changing demographics. She explained that for the first time, minorities are the top-hired group in the workforce, and the "millennial" generation will inherit trillions of dollars from the "baby boomer" generation.

In sum, Ms. Ortega stated that financial technology needs to unbundle financial products to meet the needs of the changing demographics of the United States and that educational guidance by nonprofits, technology companies, foundations, schools and universities is lacking.

Tim Ranzetta, co-founder, Next Gen Personal Finance (NGPF), presented about the NGPF platform and provided a national and statewide look at the state of financial education, focusing on New Mexico. He said that 40% of young people receive their financial information from TikTok and that he was inspired to create NGPF based on his past experience teaching. Mr. Ranzetta said that there are 15 states that guarantee a standalone, one-semester personal finance course and cited research that says embedded content is not learned, but rather that a standalone semester is required for the material to stick. He added that 40% of states have passed laws to implement a semester-long personal finance course. Mr. Ranzetta highlighted that California recently passed a law that provided \$600 per student for financial literacy, Oregon passed a law mandating a future planning course to include financial literacy and Idaho and Montana superintendents made commitments to expand financial education.

Mr. Ranzetta studied New Mexico through a research partnership with Montana State University and found that only two schools currently guarantee a financial education course for students, although several hundred educators use NGPF's curriculum to teach financial literacy. Mr. Ranzetta recommended against buying textbooks, which become outdated quickly, and instead using applications and websites that can be updated immediately to reflect relevant current events, such as the Robinhood stock investment and GameStop phenomena.

Mr. Ranzetta described the benefits of financial education, such as improvements to credit scores and reduced use of payday loans. Mr. Ranzetta stated that local control is the linchpin to community change and that several surveys have shown that financial literacy courses are popular with adults. He recommended that legislation should set standards but not mandate curriculum while allowing local districts to determine financial literacy graduation requirements and placement in class schedules, noting that national standards already exist to guide educators. He said that effective and certified teachers are needed and that he believes that NGPF can help meet this need through its free teacher certification and curriculum, which has resulted in 10,000 teacher certifications and 350,000 hours of teacher training on various topics,

such as cryptocurrency. He said that a scalable model to implement on a state level is necessary. The presentation can be found here:

<https://www.nmlegis.gov/handouts/EDPC%20091422%20Item%205%20NGPF%20Mission%202030%20Fund.pdf>

Responding to questions from committee members, panelists stated that:

- NGPF is current, customizable and curated for best resources and content across the web;
- there is a mandate that schools offer financial literacy courses that can qualify as a math credit, but only 11% of students take those courses;
- financial literacy is very important for narrowing the racial wealth gap;
- it is not enough to require a national curriculum; there need to be specific, targeted solutions for different communities based on the nuanced relationships each community has to money, finances and institutions;
- there is a need to understand the nuances in communities in order to build trust and provide education and advice that the diverse community members will heed;
- if financial literacy is taught as part of an economics class rather than as a standalone course, adequate time would need to be invested in financial literacy instruction; and
- community support and a strong relationship with a legislative champion to get legislation passed will be essential.

### **Economics of the Racing Industry (10:31 a.m.)**

Izzy Trejo, executive director, State Racing Commission, presented about the positive and negative things occurring in horse racing as the racing industry goes through a transition with online, offsite and offshore wagering competing for the gambling dollar. He stated that where horse racing used to be the "king of the gambling hill", it now faces increased competition and that the industry must embrace technology and get out of the dark ages since gambling has shifted 90% or more to mobile device platforms in certain states.

Mr. Trejo spoke about advanced deposit wagering and how it is being used to bet on New Mexico races by people in New York, Kentucky and elsewhere semi-legally but that New Mexicans cannot bet on New Mexico racetracks. He said that there is \$5 million at New Mexico's derby, indicating that there is still plenty of involvement and that the industry must keep the product at a high level and increase mobile accessibility. He added that people are sending signals and messages, and the commission and leaders must listen and adapt.

Mr. Trejo stated that the State Racing Commission has broad authority to regulate the industry for its best interest and that there are many different stakeholders, so he has found it difficult as a regulator to please them all. He said that he believes that New Mexico needs race horses, which requires having breeders and trainers, but the number of breeders and trainers has been declining over the years. Furthermore, he added that rules and regulations are needed to ensure the safety of jockeys.

Dave Dixon, Ph.D., senior lecturer, Department of Economics, University of New Mexico, presented on the economic impact of the horse racing industry, highlighting that statewide it produced \$677.5 million in 2016 despite a 24% drop from 2006 to 2016 and compared to the 12% decline nationwide since 2006. He discussed data that shows that horse breeding in New Mexico peaked in 2008 and that the number of foals bred has significantly declined since 2016. Mr. Dixon said that the average United States household spends 5.5% of their household income on entertainment and that there is increasing competition for that portion. Mr. Dixon stated that it is the breeders, owners, jockeys, labor, services and tracks that produce economic activity, not gambling. The presentation can be found here:

<https://www.nmlegis.gov/handouts/EDPC%20091422%20Item%206%20Horse%20Racing%20in%20New%20Mexico-%20Economic%20Trends.pdf>

Bill Belcher, general manager, Zia Park Casino, Hotel and Racetrack, spoke about the need for more avenues to generate revenue, specifically advanced deposit wagering. He discussed the \$12 billion wagered on horse racing per year nationwide, with 55% wagered by mobile device. He said that he believes it would be better to have more ways to generate money, such as allowing mobile wagering in New Mexico.

Tom Goncharoff, president, New Mexico Horse Breeders Association, and Mike Logan, vice president, New Mexico Horse Breeders Association, presented on the association, which is the registrar for New Mexico-bred horses and administers the legislative-mandated incentive fund that encourages the expansion of industry and improvement of performance quality. Mr. Goncharoff spoke about the excitement and economic development of racing, especially on Labor Day weekend, which he described as packed and full. He stated that there has been a 43% increase of horse sales since 2021 and that 2021 experienced record sales of New Mexico-bred horses. Mr. Goncharoff discussed the national focus on having fewer horses that are of higher quality, along with the resulting auction prices and demand on horses that are through the roof. According to Mr. Goncharoff, the horse racing industry involves significant agricultural components, such as hay and trailers. Mr. Goncharoff also expressed support for legalizing off-the-track betting in New Mexico. He stated that people can bid by phone on races all over the country, but that New Mexico law does not allow New Mexicans to bet on New Mexico races remotely. He opined that this loses money for the state and industry. The presentation can be found here:

<https://www.nmlegis.gov/handouts/EDPC%20091422%20Item%206%20NMHBA%20Facts.pdf>

Responding to questions from committee members, panelists stated that:

- the State Racing Commission cannot enter and stop unsanctioned races, so there is a need for law enforcement agencies to enforce the law and shut down unsanctioned races to prevent the loss of money and harm to horses;
- the State Racing Commission determines the number of race dates in the state and gets a set purse amount, so fewer races allow for a bigger purse per race, while more races would decrease the purse for each race's winner;
- the industry needs to allow more avenues of revenue;

- legislation needs to be flexible to accommodate the changing business climate;
- the industry needs adequate resources to provide for the welfare of race horses;
- infighting within the industry needs to stop; and
- advanced deposit wagering should be allowed in New Mexico.

### **A Market Perspective on Oil and Gas (1:10 p.m.)**

Janie Chermak, professor and chair, Department of Economics, University of New Mexico, presented a market perspective on the oil and gas industries and how they impact the state. She discussed the expansion toward a global world market and various challenges, such as supply chain issues and the impact of Russia's invasion of Ukraine. Ms. Chermak examined the gross domestic product's relation to the consumption of oil and gas, supply and demand and production of crude oil, as well as the Organization of the Petroleum Exporting Countries' role as price leader and its actions to influence the world oil market. The presentation can be found here:

<https://www.nmlegis.gov/handouts/EDPC%20091422%20Item%207%20Market%20Perspective%20on%20Oil%20and%20Gas.pdf>.

### **Quality of Life in the Permian and the Effects on Economic Development (2:00 p.m.)**

Steve Aldridge, mayor, City of Jal, presented on the quality of life in Jal and highlighted some of Jal's economic developments, such as a stocked lake, green spaces and parks, a golf course, a library, recreation facilities and other economic producers. Mike Gallagher, manager, Lea County, presented an overview of Lea County, its population growth, quality of life, growth in gross domestic product, airport expansion, roadway construction, housing, health care and recreation. Mr. Cobb discussed Hobbs' economic development, focusing on four areas: housing, recreation, health care and education. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=EDPC&Date=9/14/2022&ItemNumber=8>.

### **Economic Development Tax Discussion (3:01 p.m.)**

Mr. Cobb and Toby Spears, C.P.A., finance director, City of Hobbs, presented on Hobbs' tax rate structure, the impact of House Bill 6 (2021) on Hobbs and Lea County, gross receipt tax comparisons and the impact on rig counts and various area vendors.

### **Public Comment**

A list of individuals making public comment is available in the meeting file.

### **Recess**

The meeting recessed at 3:44 p.m.



## **Friday, September 16 — Artesia**

### **Reconvene**

Representative Maestas reconvened the meeting at 10:08 a.m. and welcomed committee members and the public.

### **Welcome to Artesia (10:10 a.m.)**

Jon Henry, mayor, City of Artesia, welcomed the committee.

### **Report on Eddy County Tax Study (10:45 a.m.)**

Al Davis, manager, Eddy County, spoke about Eddy County's population, high growth rate and significant economic contributions to the state largely via oil, gas, mining, nuclear power and agriculture. He discussed the diverse range of industries, their role as a strong economic engine for the state and the importance of bolstering this success by reinvesting in Eddy County businesses. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=EDPC&Date=9/14/2022&ItemNumber=10>.

### **Approval of Minutes (11:31 a.m.)**

Upon a motion duly made and seconded, the minutes of the May 26, 2022 and July 14-15, 2022 meetings were approved without changes.

### **Education and the Economy (11:45 a.m.)**

Thad Phipps, superintendent, Artesia Public School District, presented on the state of the school district and recent developments and goals of the district, especially regarding professional development and career pathways to meet the needs of the students and community. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=EDPC&Date=9/14/2022&ItemNumber=11>.

### **Public Comment**

There was no public comment.

### **Adjournment**

There being no further business before the committee, the meeting adjourned at 12:15 p.m.