

**MINUTES  
of the  
FIFTH MEETING  
of the**

**D** **ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**October 11, 2018  
New Mexico State University  
Burrell College of Osteopathic Medicine  
Las Cruces**

**October 12, 2018  
New Mexico State University  
Fulton Athletics Center  
Las Cruces**

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The fifth meeting of the Economic and Rural Development Committee (ERD) was called to order as a subcommittee by Representative Debbie A. Rodella, chair, on October 11, 2018 at 9:05 a.m. at the New Mexico State University (NMSU) Burrell College of Osteopathic Medicine (BCOM) in Las Cruces.

**Present**

Rep. Debbie A. Rodella, Chair  
Sen. Benny Shendo, Jr., Vice Chair  
Rep. Harry Garcia  
Sen. Ron Griggs (10/11)  
Rep. Rick Little  
Rep. Patricia A. Lundstrom  
Sen. Richard C. Martinez  
Rep. Jane E. Powdrell-Culbert  
Rep. Candie G. Sweetser

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**Absent**

Sen. Jacob R. Candelaria  
Rep. Rebecca Dow  
Rep. Tim D. Lewis  
Sen. Michael Padilla  
Sen. John Pinto  
Rep. Nathan P. Small  
Sen. Pat Woods

**Advisory Members**

Rep. Eliseo Lee Alcon  
Rep. Alonzo Baldonado (10/11)  
Rep. Kelly K. Fajardo (10/11)  
Rep. David M. Gallegos  
Rep. Bealquin Bill Gomez  
Rep. D. Wonda Johnson  
Rep. William "Bill" R. Rehm  
Sen. Bill Tallman (10/11)  
Rep. Bob Wooley (10/11)

**F**

Sen. Craig W. Brandt  
Sen. William F. Burt  
Rep. George Dodge, Jr.  
Rep. Joanne J. Ferrary  
Rep. Yvette Herrell  
Sen. Carroll H. Leavell  
Rep. Sarah Maestas Barnes  
Rep. Rod Montoya  
Sen. Mark Moores  
Sen. Mary Kay Papen  
Rep. Patricia Roybal Caballero

Rep. Gail Armstrong

Rep. Angelica Rubio  
Rep. Patricio Ruiloba  
Rep. Nick L. Salazar  
Sen. William E. Sharer  
Rep. Elizabeth "Liz" Stefanics  
Rep. Linda M. Trujillo  
Rep. Monica Youngblood

(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**

Randall Cherry, Staff Attorney, Legislative Council Service (LCS)  
Diego Jimenez, Research Assistant, LCS  
Sara Weidmaier, Research Assistant, LCS  
Anthony Montoya, Bill Drafter, LCS

### **Guests**

The guest list is in the meeting file.

### **Handouts**

All handouts and other written testimony are in the meeting file.

## **Thursday, October 11 — BCOM, Las Cruces**

### **Introductions/Welcome**

Kenneth D. Miyagishima, mayor, City of Las Cruces, welcomed the committee. John L. Hummer, executive director and president, BCOM, discussed recruitment and training efforts at BCOM and discussed the history of osteopathic medicine. Mr. Hummer described BCOM's mission, funding and statistics, including its rank in the top five most diverse medical schools in terms of student population. He said that BCOM is a privately funded, public-private partnership with the Rice University Foundation as the majority owner. Finally, Mr. Hummer discussed the school's economic impact on the area, including its charitable giving of grants and scholarships, low-cost tuition and residencies.

In response to questioning, Mr. Hummer discussed BCOM's program to offer open enrollment for the college entrance examination and Medical College Admission Test preparation courses; professional opportunities for osteopathic practitioners; and the differences between osteopathic and allopathic medical training.

In response to a question, Justin McHorse, assistant vice president of multicultural

inclusion and director of communications, BCOM, explained that the small pool of Native Americans applying for medical school spurs competition among institutions. He discussed methods of engaging with tribal communities through youth empowerment programs, a medical explorer program and a Native American-focused medical explorer program.

The committee discussed a recurring legislative request to grant prescription authority to chiropractors. Mr. Hummer said that BCOM could establish a school to ensure that chiropractors are properly educated on this issue.

### **The Bridge of Southern New Mexico**

Tracey Bryan, president and chief executive officer (CEO), The Bridge of Southern New Mexico, discussed her organization's efforts to increase high school graduation and secondary education completion rates while building a diverse and highly skilled workforce to meet needs and fuel economic development. She discussed the early college high school model and best practices to help students make educated career decisions.

Regarding workforce development, Ms. Bryan discussed top industry growth sectors and the Workforce Talent Collaborative, and she explained key connections between education, talent, economic development and job growth. Ms. Bryan explained her organization's comprehensive approach to workforce talent development relating to health care, aerospace, space and defense sectors.

Ms. Bryan discussed academic studies on lifetime incomes and job openings by education level and lifetime earnings by career. She explained that the methodology for the studies is based on work by the Georgetown University Center on Education and the Workforce and discussed the Workforce Talent Collaborative's definition of a good job in New Mexico.

She briefly described [www.NewMexicoTrueTalent.org](http://www.NewMexicoTrueTalent.org) and its career exploration tools.

In response to a question, Ms. Bryan explained that each early college high school operates uniquely, but all studies result in associate degrees, and that the business community provides internship opportunities for students.

Committee members discussed statewide transit needs and work-based learning opportunities.

### **Spaceport America Update**

Jason Lazich, director of infrastructure and ground services, Virgin Galactic, the Virgin Group, Ltd. (VG), and Dan Hicks, CEO, Spaceport America (SA), introduced themselves. Mr. Hicks discussed the renewed national focus on space exploration, the National Space Council and the commercial space market, and he reported on the current status of United States spaceports.

Mr. Hicks stated that the commercial space market is booming, with \$339 billion invested in 2016, \$383.5 billion invested so far in 2018 and predicted annual investment at \$2.7 trillion by 2045. Despite growing competition in the industry, SA has a strategic advantage with its 6,000 square miles of restricted airspace in collaboration with the U.S. Army's White Sands Missile Range and its constant, uninterrupted launch capabilities. Additionally, the location of the facility provides an annual average of 340 days of clear skies, low population density, minimal salt corrosion damage and constant security and privacy.

Current projects are focused on suborbital research, astronaut experience and university outreach and competitions. Mr. Hicks stated that SA's ultimate goal is to grow into a full-service space transportation hub. Mr. Hicks also listed some of the federal, state and local partners and regulatory agencies that affect SA. Capital projects for fiscal years 2020 through 2024 are expected to total \$75 million and will include: vertical launch area improvements; construction of a spaceway taxiway; expansion of the welcome center; building additional ground support hangars; and additional infrastructure to enable rocket motor manufacturing.

Mr. Lazich updated the committee on VG's space portfolio and partnership with SA. VG is the anchor tenant at the spaceport and has signed a 20-year contract with the state for a terminal and hangar facility. VG now has 45 employees based in Las Cruces, more than one-half of whom are from New Mexico. VG plans to relocate an additional 85 employees from its California site and to make further local hires. Since 2013, VG has paid New Mexico more than \$11 million in rent and associated fees. Total in-state spending by the company totals over \$22.5 million.

VG's current focus includes both suborbital spaceflight for scientific research and personal spaceflight. More than 600 individuals from all over the world have already reserved seats.

Mr. Lazich briefly discussed the first annual Las Cruces Space Festival, which VG hosted earlier this year in partnership with SA, the National Aeronautics and Space Administration, known as NASA, NMSU, the Las Cruces Public School District and many others. The event drew almost 3,000 attendees. Mr. Lazich concluded with a brief overview of upcoming projects for 2019.

Responding to questions from committee members, Mr. Hicks outlined the capital outlay requests for SA by year, as well as plans to bring more developers to SA through public, private and federal partnerships. Mr. Hicks said that both Virginia and Florida are attempting similar activity at their spaceports and are receiving substantial legislative funding, which could give them a competitive advantage over SA in the future. Regarding private investment at the site, VG has invested over \$1 million in infrastructure.

### **Tourism Department Update**

Rebecca Latham, secretary, Tourism Department, said that New Mexico tourism is strong and that yearly visitation has increased by 27.3% since 2010. She discussed increases in visitor

spending, tourism-related job growth, the New Mexico True campaign and the high percentage of Tourism Department funds used on advertising and promotion. Secretary Latham told the committee that the New Mexico True campaign yielded a seven-to-one return on investment.

Secretary Latham also discussed the Tourism Department's strategic plan and marketing plans for in-state, drive, fly and niche markets. She described public relations efforts, including media missions, press trips and trade shows, as well as grant funding campaigns such as cooperative advertising programs, Keep New Mexico True and the New Mexico Clean and Beautiful campaign.

In response to questioning, Secretary Latham explained the process to obtain New Mexico True certification and noted that it has been given to over 200 products and businesses. She discussed the methods used to determine advertising approaches in different geographical locations and outdoor and eco-tourism. She expressed her belief that an independent outdoor recreation department is not needed in New Mexico.

### **Attracting Retirees to Move to New Mexico**

John Garcia, executive vice president, Home Builders Association of Central New Mexico, introduced himself and Jay M. Lillywhite, Ph.D., interim associate dean/director for academic programs, and department head and professor, Agricultural Economics and Agricultural Business, NMSU.

Mr. Garcia discussed areas of advantage and strength for New Mexico that appeal to retirees. He also discussed the background of, and research performed by, Retire New Mexico.

Dr. Lillywhite said that the research has resulted in reports on economic and fiscal impact and best practices and, based upon the research, the group has developed a marketing plan. The research indicates that, to recover a \$1 million investment in marketing, 14 retirees would need to move to New Mexico for a period of 10 years. The research also indicates that these results are attainable.

Mr. Garcia said that the next steps for Retire New Mexico include deployment of a full-scale marketing campaign and a \$1 million funding request.

Committee members discussed income tax exemptions for active military, veterans and other specific groups. They also discussed changes in demands and variables regarding infrastructure, health care, crime and voting patterns as they relate to an older population.

### **Minutes Approval**

On a motion made by Representative Sweetser and seconded by Representative Garcia, the committee approved the minutes from the July meeting of the ERD.

On a motion made by Representative Little and seconded by Representative Sweetser, the committee approved the minutes from the August meeting of the ERD.

On a motion made by Representative Little and seconded by Representative Sweetser, the committee approved the minutes from the September meeting of the ERD.

#### **Update — International Business Accelerator**

Russell Wyrick, state director, New Mexico Small Business Development Center Network, introduced Jerry Pacheco, executive director, International Business Accelerator (IBA), and other members of the IBA staff.

Mr. Pacheco discussed the origin, mission, metrics and activities occurring at the IBA; changes in the worldwide manufacturing economy; and methods and strategies to expand New Mexico's export economy. He said that New Mexico has a geographic advantage with its proximity to Chihuahua, Mexico, and Mexican maquiladoras. Computer and electronic products are the highest earning category of products exported from New Mexico to Mexico. He also discussed the United States-Mexico-Canada trade agreement.

Members of the committee and Mr. Pacheco discussed ways to expand New Mexico's role in supplying products to manufacturers.

#### **Consolidated Interim Storage Facility**

John Heaton, board chair, Eddy-Lea Energy Alliance, LLC, introduced himself and Gerges Scott, senior public relations consultant, Holtec International, Inc.

Mr. Scott discussed Holtec International, Inc., including the company's manufacturing and storing capabilities. He reported that there is a significant demand in the United States to safely store used nuclear fuel, and he described methods to store those fuels. He discussed Holtec International's proposal for a nuclear fuel storage facility in New Mexico, including a site layout and time line. He said that the first shipment is expected to arrive in 2023.

Mr. Heaton discussed the Eddy-Lea Energy Alliance, LLC and local support for Holtec International's project; shipping and storage methods for used nuclear fuels; the Holtec 190 transportation cask; and the proposed rail-based fuel transportation system. Mr. Heaton reported on safety statistics on used fuel transportation and the progress of construction on the HI-STORE consolidated interim storage facility.

In response to a question, Mr. Heaton explained differences in shipping methods of used nuclear fuels and the waste stored at the Waste Isolation Pilot Plant facility.

Committee members discussed safety aspects concerning land and property surrounding the HI-STORE facility, licensing periods and the potential length of time that waste could be stored in the temporary storage facility.

#### **Recess**

The committee recessed at 5:20 p.m.

## **Friday, October 12 — NMSU, Fulton Athletics Center, Las Cruces**

### **Reconvene**

Representative Rodella reconvened the meeting as a subcommittee at 9:12 a.m.

### **Welcome**

Dan E. Arvizu, Ph.D., chancellor, NMSU, greeted the committee and discussed economic development, student success, education-to-employability, NMSU online and extension services, branch campuses and the Sunspot observatory.

### **Technology Transfer, Innovation and Entrepreneurship at New Mexico Universities**

Beto Pallares, Ph.D., M.B.A., Bill and Sharon Sheriff endowed chair in entrepreneurship, College of Business, and Arrowhead investor-in-residence, NMSU, discussed technology transfer, entrepreneurship and innovation at NMSU. Dr. Pallares described the Bill and Sharon Sheriff endowed chair in entrepreneurship position and necessary elements for a successful business. He provided a brief description of the Arrowhead Center, including its mission, services, programs and offerings and its statewide reach.

Peter C. Anselmo, Ph.D., executive director, Office of Innovation Commercialization (OIC), New Mexico Institute of Mining and Technology (NMT), discussed OIC projects, including inventor involvement, network-based commercialization and results. The OIC has recruited top law firms as partners and corporations for joint development and monetization efforts, and it has negotiated several license deals for innovations in drug discovery. He described the NMT development process as organic with a strong network of partners locally, in New York and in the San Francisco Bay area. The approach strives to maximize value and assists in early marketing of initial prototypes.

Lisa Kuuttilla, CEO and chief economic development officer, STC.UNM, University of New Mexico (UNM), discussed STC.UNM's history, structure, metrics and commercialization activities. Commercialization activities include invention disclosures, intellectual property protection, marketing and events. Ms. Kuuttilla discussed programs that support UNM start-ups like the Cecchi VentureLab, Lobo Rainforest and the STC.UNM Foundation Co-Investment Fund.

Ms. Kuuttilla also discussed economic development efforts at UNM, including the Lobo Rainforest, Innovation Academy and InnovateABQ.

### **Accelerating New Mexico's Economy by Boosting Local Economic Development**

Grant Taylor, economic policy director, New Mexico First, introduced himself, Davin Lopez, president and CEO, Mesilla Valley Economic Development Alliance, and Richard Anklam, president and executive director, New Mexico Tax Research Institute.

Mr. Taylor discussed town halls conducted by New Mexico First that produced

recommendations and strategies to advance economic security and vitality in New Mexico. The suggested strategies included support for local economic development organizations and increased and stabilized funding for economic development to allow New Mexico to become more competitive with other states. He told the committee about successful incentives offered by Texas and its municipalities. He said that the Texas tax structure supports municipal and statewide economic development and contrasted Texas law to New Mexico's Local Economic Development Act (LEDA). He suggested amending the LEDA to allow communities to raise their one-eighth of one cent LEDA economic development tax to match Texas's one-half of one cent rate, as well as removing existing funding restrictions for economic development professional services contracts.

Mr. Anklam noted that the New Mexico gross receipts tax (GRT) rate is more burdensome for businesses than the Texas GRT rate. He discussed potential changes to the Job Training Incentive Program (JTIP) and LEDA, suggested removing existing regulations and noted the need to provide move-in-ready facilities to attract companies and to provide companies with a larger talented workforce.

Members of the committee discussed economic development in small communities, quality-of-life in relation to taxes and municipal-approved taxes and referendum-approved taxes. Mr. Taylor and Mr. Anklam discussed past attempts to attract companies to the state, successes in the tourism industry and the general lack of success in economic development in New Mexico.

### **Pecan and Hemp Regulatory Update**

Brad E. Lewis, director, Division of Agricultural and Environmental Sciences, New Mexico Department of Agriculture (NMDA), discussed efforts to eradicate the pecan weevil; the status of proposed regulations for pecan transport and sale; and increased pesticide spraying against pests. Representative Gomez expressed support for the NMDA's work on pecan regulations and said the industry also supports the department.

Representative Gomez discussed industrial hemp bills that became law following the New Mexico Supreme Court decision nullifying Governor Martinez's attempted veto of the bills. He noted that, as a result of that ruling, the NMDA will conduct the first public hearing regarding proposed rules on hemp production on October 12, 2018 in Las Cruces. He noted that New Mexico is the thirty-third state to legalize industrial hemp production.

Mr. Lewis discussed the proposed hemp rules, noting that the rules were developed by a committee of individuals experienced in hemp and medical cannabis production. The NMDA was cognizant of university policy, state and federal laws, as well as proposed laws, while drafting the proposed regulations. He said that, under current federal law, it is likely that hemp cannot be transported through federal properties such as United States Border Patrol checkpoints and noted that hemp growers may be required to pay a licensing fee of up to \$900.

Mr. Lewis explained that the maximum level of tetrahydrocannabinol (THC) allowed in



hemp plants is set at 3%. In response to questioning, Mr. Lewis explained that under the proposed rules, elevated THC levels could result in confiscation and disposal of a crop. He said that the department is still considering regulations to address pesticide use on hemp plants and hemp product marketing.

In response to questioning, Mr. Lewis said that the department is actively attempting to eradicate a piñon-based pest, but he noted that drought is a large contributing factor to recent infestations.

Committee members discussed the risks of growing a crop that may have to be destroyed; the United States' position as the top hemp importer in the world; and a cannabidiol medicine recently rescheduled by the federal Drug Enforcement Agency for medicinal use.

### **Hemp and Cannabis Industry Outlook**

Leonard Salgado, board member, New Mexico Hemp Association, described the association's activities, including its collaboration with medical cannabis specialists, patients and industry members. He explained the different types of cannabis plants; active chemical compounds in hemp and cannabis; different effects of strain variants; and the need for public education on hemp and cannabis. Mr. Salgado discussed Colorado's hemp production and sales statistics, and he noted that 76% of Colorado hemp farmers cultivate a field of one acre or less.

Mr. Salgado anticipates that more than 150 applicants will apply to grow hemp in the first year of registration and discussed the additional jobs that will be added to local economies. He discussed different markets for hemp products; the proposed 2018 United States Farm Bill and other legislation related to rescheduling hemp and cannabis; and the projected hemp industry outlook.

Mr. Salgado discussed the New Mexico medical cannabis industry, noting that: the medical cannabis program now serves more than 58,000 patients; the fastest growing county for medical cannabis licenses in the past year was Grant County, increasing by 97.8%; and the program is expected to serve more than 65,000 patients by the end of 2018.

In response to questioning, Mr. Salgado said that Colorado has produced \$1.5 billion in sales since legalization of cannabis for recreational use.

Members of the committee discussed community and administrative costs regarding recreational cannabis use and fraudulent practices by medical professionals in issuing licenses authorizing medical cannabis use.

### **Emerging Agricultural Technologies**

Maeve Garigan, founder and CEO, Reap, LLC, was unable to attend the meeting.

**Public Comment**

Dale Gannaway, New Mexico Junior College, expressed appreciation and support for economic development efforts involving technology transfer.

David Valdez, NM Brief Relief, discussed his business's efforts to assist individuals in acquiring medical cannabis licenses and expressed support for the medical cannabis program.

**Adjournment**

There being no further business before the committee, the fifth meeting of the ERD for the 2018 interim adjourned at 1:30 p.m.

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