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FISCAL IMPACT REPORT

Montoya, RE/
 Castellano/Sweetser/ **ORIGINAL DATE** 02/06/21
SPONSOR Lujan **LAST UPDATED** 03/02/21 **HB** 16/aHLLC/aHSEIC/ec
SHORT TITLE Rural Opportunities Interim Committee **SB** _____
ANALYST Gaussoin

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Relates to numerous bills. See “Conflict, Duplication, Companionship, Relationship” below.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workforce Solutions Department (WSD)
 Tourism Department (NMTD)
 Aging and Long-Term Services Committee (ALTSD)
 Economic Development Department (EDD)
 Environment Department (NMED)

No Response Received

Department of Health (DOH)
 Human Services Department (HSD)
 Public Education Department (PED)
 Higher Education Department (HED)
 Department of Cultural Affairs (DCA)
 State Investment Council (SIC)

SUMMARY

Synopsis of HSEIC Committee

The House State Government, Elections and Indian Affairs Committee amendment to House Bill 16 adds a condition to the composition of the Rural Opportunity Committee that requires membership provide equal representation from rural areas in each quadrant of the state.

Synopsis of HLLC Amendment

The House Local Government, Land Grants and Cultural Affairs Committee amendment to House Bill 16 fixes a minor grammatical error to clarify some members of the Rural Opportunity Committee will be from certain existing legislative committees, not to.

Synopsis of Original Bill

House Bill 6 creates the interim Rural Opportunity Committee to identify barriers to economic and educational opportunities in rural New Mexico; develop a long-term plan to address rural needs; identify funding, tax policy, private investment, and other resources to address those needs; and, with the executive, propose legislation incorporating their findings, including a proposal to ensure every New Mexico has access to running water, wastewater treatment services, electricity, and broadband Internet.

The 14-member committee would include eight members appointed by the Speak of the House and six appointed by the Senate Committee’s Committee or the Senate president pro tem. Members should reflect the political party membership breakdown of the Legislature and include representation from the interim Legislative Finance, Education Study, Health and Human Services, Revenue Stabilization and Tax Policy, and New Mexico Finance Authority Oversight committees, along with interim committees or subcommittees that deal with water and natural resources, rural and economic development, Indian affairs, land grants, transportation infrastructure, and science, technology and communications.

The committee would be required to report its findings and recommendations by December 15 for the next two years for consideration by the Legislature and would cease operation on December 1, 2022.

This bill contains an emergency clause and would become effective immediately upon signature by the governor.

FISCAL IMPLICATIONS

HB16 has no appropriation, although members would be reimbursed for time and travel as allowed. Agency staff are also likely to be asked to testify. These costs are likely to be absorbed within existing budgets.

SIGNIFICANT ISSUES

Committee Creation. HB16 proposes new law to create a legislative committee. While this is not unknown – the Legislative Finance Committee, Legislative Council Legislative, and another half dozen committees exist in statute – temporary committees are generally created through joint memorials with directions to the Legislative Council, authorized to establish additional committees. Council Service reports statute is generally reserved for permanent committees, while temporary interim committees are generally created through memorials.

Philosophically, creating a committee through a bill, which could not be enacted without the governor’s signature, might be allowing the executive to insert itself inappropriately into an internal legislative process that should be reserved for the Legislature.

Duplication. Issues concerning rural areas of New Mexico are already within the purview of a number of interim legislative committees, including the Water and Natural Resources Committee, Rural and Economic Development Committee, Indian Affairs Committee, Science Technology and Telecommunications Committee, and Transportation Infrastructure Committee.

Rural Needs. About a third of New Mexico's population of 2.1 million people live in rural areas where access to basic services is inconsistent. The University of New Mexico reports New Mexico has a nursing shortage but only outside of rural areas. Other shortages in healthcare providers follow similar patterns. In 2011, a study commissioned by the State Engineer found 14 percent of New Mexicans get their water from small community water systems that struggle with providing safe, reliable drinking water. Pandemic-related issues with remote school were complicated by a lack of access to the Internet for rural students. Employment growth and its related economic development is focused on urban areas.

While rural issues have a high profile – most agencies have programs focused on program needs and at least a dozen bills introduced this legislative session alone address rural access issues, most of these efforts are siloed; no single entity exists that looks at rural issues as a whole.

Most agencies did not respond to a request for analysis. Among those that did, most cited longstanding issues with economic development and delivering services to rural areas and noted an interim committee could be important to finding solutions.

The Workforce Solutions Department notes:

The bill holds potential for addressing disparities between rural and urban communities in New Mexico. Rural-focused conversations among law makers could lead to a significant impact on the quality of life for rural New Mexicans which face unique challenges.

The Tourism Department pointed out that tourism is a strong candidate for economic development in rural areas:

Tourism provides a key contribution to economic development of rural areas and has many advantages over other industries in building economic sustainability. Tourism can bring year-round visitor spending to struggling communities, and places less of a cost-burden on rural areas than other industries (e.g., manufacturing). Additionally, visitor spending benefits tourism-related businesses, as well as businesses not traditionally considered tourism related, like grocery stores, retailers, and gas stations. Tourism development also allows for rural communities to share, preserve, and celebrate their heritage and culture.

The Aging and Long-Term Services Department described the many issues it faces with delivery of services to rural areas:

ATLSD and the Aging Network have long struggled with the best ways to effectively reach and serve senior citizens in rural areas of the state. More than 1 in 5 older Americans live in rural areas. A new report, *The Older Population in Rural America:*

2012-2016¹, shows that 17.5 percent of the rural population was 65 years and older compared to 13.8 percent in urban areas. Additionally, the older populations living in rural areas see more adverse outcomes. “They’re more likely to suffer from more chronic conditions, and the chronic conditions are going to get worse at a faster rate than people in urban areas,” says Leah Goeres, a former post-doctoral fellow at Oregon State University who led the research. The reasons rural residents often have more health issues than their urban counterparts aren’t clear. But experts suggest a number of factors may play a role: lagging access to care; education differences; less awareness about prevention and treatment options; and income differences – poverty is frequently a concern in rural areas.²

ADMINISTRATIVE IMPLICATIONS

HB16 would create administrative responsibilities for Council Service and some agencies.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB16 relates to numerous bills intended to improve services and resources for rural New Mexico, including

- SB273, which would redefine the definition of a rural library;
- SB215, which would increase Aging Network provider reimbursement rates, prioritizing rural providers;
- SB193, which would create a “rural equity ombudsman” in the Local Government Division (the Environment Department lists this bill as a conflict);
- HB45 and HB104, conflicting bills that would both expand the rural healthcare tax credit;
- HB67, which would create a council on primary care access;
- HB77, which funds a groundwater study in mostly rural northeastern New Mexico;
- HB257, which would fund school bus route improvements; and
- HB150, which would create a tuition-for-service scholarship for medical providers who agree to work in underserved areas; and

HB16 also relates to the many bills aimed at expanding broadband access to rural areas, including House Bills 10, 85, 86 and 141 and Senate Bills 93 and 144.

OTHER SUBSTANTIVE ISSUES

From ALTSD:

Although a representative from the interim Indian Affairs Committee is included in this committee, ALTSD’s Office of Indian and Elder Affairs recommends including additional tribal language to help ensure the needs of tribal elders are taken into account in all work of the interim committee.

¹ <https://www.census.gov/library/publications/2019/acs/acs-41.html>

² <https://health.usnews.com/wellness/aging-well/articles/2016-12-08/safely-aging-in-place-in-rural-america>

Socioeconomic Barriers: According to the Research Report from AARP Public Policy Institute, published November 2015, “Lifelong Disparities among Older American Indians and Alaska Natives,” researchers have found that, “American Indians who identify as AI/AN alone and who live on or near reservations have been found to experience the greatest socioeconomic disparities within the AI/AN population.” And the “Numbers of AI/ANs ages 65 and over will triple, and the oldest cohort (ages 85 and over) is projected to increase more than sevenfold by 2050. The socioeconomic and health coverage disparities that have historically characterized their lives remain, to a large extent, unresolved.”

The NM Economic Development Department website reports, “Tribal Profiles/Native American Population, ‘New Mexico has 219,237 Indian citizens, which make up nearly 10.5 percent of the state’s entire population (2015 population estimates). There are 23 Indian tribes in New Mexico – 19 Pueblos, 3 Apache tribes and the Navajo Nation – each with its own government, lifeways, traditions, and culture.’

Inclusive of New Mexico’s Tribal Communities: Anecdotal evidence implies that the socioeconomic barriers affecting tribal communities in New Mexico are similar to, and/or more complex, to rural areas. Legislative initiatives, such as this one, should be fully inclusive of tribal communities in New Mexico, and should facilitate and enable tribal opportunity equal to that of other rural or urban areas of the State of New Mexico.