

**MINUTES  
of the  
FIRST MEETING  
of the  
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**August 3, 2020  
House Chambers and Video Conference Meeting  
Santa Fe**

The first meeting of the Economic and Rural Development Committee was called to order by Representative Antonio Maestas, chair, on August 3, 2020 at 9:06 a.m. in the House Chambers and by video and audio conference via an online platform.

**Present**

Rep. Antonio Maestas, Chair (In-Person)  
Sen. Benny Shendo, Jr., Vice Chair (In-Person)  
Rep. Abbas Akhil (In-Person)  
Rep. Alonzo Baldonado (In-Person)  
Sen. Craig W. Brandt (In-Person)  
Sen. Jacob R. Candelaria (Online)  
Rep. Kelly K. Fajardo (In-Person)  
Sen. Ron Griggs (In-Person)  
Rep. Georgene Louis (Online)  
Rep. Willie D. Madrid (Online)  
Sen. Richard C. Martinez (In-Person)  
Sen. Michael Padilla (Online)  
Rep. Patricia Roybal Caballero (Online)

**Absent**

Sen. Pat Woods

**Advisory Members**

Rep. Eliseo Lee Alcon (In-Person)  
Rep. Gail Armstrong (Online)  
Sen. William F. Burt (Online)  
Rep. Micaela Lara Cadena (Online)  
Rep. Rebecca Dow (In-Person)  
Rep. David M. Gallegos (In-Person)  
Rep. Susan K. Herrera (Online)  
Rep. Patricia A. Lundstrom (Online)  
Rep. Matthew McQueen (Online)  
Rep. Rod Montoya (In-Person)  
Sen. Mark Moores (Online)  
Sen. Mary Kay Papen (Online)  
Rep. William "Bill" R. Rehm (Online)  
Rep. Patricio Ruiloba (In-Person)

Rep. Doreen Y. Gallegos  
Rep. D. Wonda Johnson  
Rep. Tim D. Lewis  
Rep. Jane E. Powdrell-Culbert  
Rep. Andrea Romero  
Rep. Angelica Rubio  
Sen. William E. Sharer  
Rep. Martin R. Zamora

Rep. Tomás E. Salazar (Online)  
Rep. Nathan P. Small (Online)  
Rep. Melanie A. Stansbury (Online)  
Sen. Elizabeth "Liz" Stefanics (Online)  
Sen. Bill Tallman (In-Person)

### **Staff**

Peter Kovnat, Bill Drafter, Legislative Council Service (LCS)  
Mark Edwards, Bill Drafter, LCS  
Tom Kricka, Staff Attorney, LCS  
Nancy Martinez, Research Assistant, LCS  
Madelyn Lucas, Intern, 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.

### **Monday, August 3**

#### **Call to Order and Introductions (9:06 a.m.)**

Representative Maestas introduced the plan for the 2020 interim and the speakers for this meeting.

A short break was taken between 9:10 a.m. and 9:30 a.m. to address technical difficulties related to the sound of the video conference in the House Chambers. Committee members participating in-person in the House Chambers moved to their respective offices to participate by video conference.

#### **Update on and Legislative Priorities of the State and Economic Development Department (EDD) (9:30 a.m.)**

Alicia J. Keyes, secretary, EDD, and Jon Clark, deputy secretary, EDD, provided the committee with a presentation on legislative priorities and the state of the EDD during the economic slowdown caused by the COVID-19 pandemic. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20080320%20Item%201%20Recovery%20and%20Reopening%20of%20New%20Mexico%E2%80%99s%20Economy.pdf>.

Comments from committee members included the following:

- businesses located in rural areas that are close to urban areas may not be eligible for Local Economic Development Act (LEDA) funding; currently, funds from the LEDA are not available when a new business would be in competition with existing businesses; to expand LEDA funding to those businesses, additional funding would be required;
- people in rural areas need better access to local products in their grocery stores; the EDD may be able to assist in this effort through the LEDA;
- the EDD should target companies that have pledged to operate entirely on renewable energy since New Mexico has capacity to provide businesses with access to energy from renewable sources;
- efforts should be made to "onshore" or "reshore" companies in New Mexico;
- few small companies in New Mexico have applied for federal Paycheck Protection Program loans, and the EDD noticed that marketing has not seemed to increase participation;
- the EDD has a program that would use broadband from the stratosphere to provide internet access to rural areas in the state;
- economic indexes (real gross domestic product, consumer spending, real disposable consumer income, business investments, etc.) are provided by federal agencies as trailing indexes, so these will not be available until the next calendar year; the EDD uses economic forecasting from the Bureau of Business and Economic Research at the University of New Mexico to make forecasts, but this information is proprietary and cannot be released to the public by the EDD;
- the EDD is working on a few projects regarding facilitating meat inspections and has interest from some private investors;
- there are incentives for filmmakers to employ New Mexicans and use services in the state; the EDD is trying to facilitate filming in rural areas of the state;
- legislators can help the recovery of the economy in New Mexico by working with the congressional delegation on broadband and supporting the EDD, the LEDA and the Job Training Incentive Program; and
- the EDD took the biggest hit to funding of state agencies and will need monetary support.

### **New Mexico's Economy: Current Situation and Outlook for the Future (10:55 a.m.)**

Christopher A. Erickson, Ph.D., professor and interim department head and Garrey E. and Katherine T. Carruthers endowed chair in economic development, Economics, Applied Statistics and International Business Department, New Mexico State University, and Janie Chermak, graduate director and professor, Department of Economics, University of New Mexico, made a presentation to the committee on the current situation and future outlook of New Mexico's economy. The presentations can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=ERDT&Date=8/3/2020&ItemNumber=2>.

Comments from committee members included the following:

- there are many jurisdictional issues and complications in providing broadband in rural areas of New Mexico; there are many different providers, and it is not always clear who is responsible for its management;
- school districts in different areas of the state may be paying vastly different rates for broadband service; microgrids and smart meters could help alleviate or even solve this issue;
- policy initiatives for the upcoming legislative session could focus not only on immediate problems, but also on pathways to help rural communities deal with the COVID-19 pandemic and create new businesses; there could be initiatives for action on a regional level and across the New Mexico border with surrounding communities; and
- tax increases tend to have less of a multiplying effect on the economy than government spending cuts.

Sound difficulties in the House Chambers were resolved, and committee members resumed with the in-person meeting in the House Chambers as well as video conferencing.

#### **The Hospitality Industry: Current Reality (1:03 p.m.)**

Kathy Komoll, chief executive officer, New Mexico Hospitality Association, and Jason R. Weaks, The Weaks Law Firm, made a presentation to the committee on how the hospitality industry is dealing with the COVID-19 pandemic and the economic slowdown. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20080320%20Item%203%20New%20Mexico%20Hospitality%20Association.pdf>.

Comments from committee members included the following:

- tourists visiting New Mexico pay gross receipts taxes and a lodgers' tax; at least 50% of lodgers' tax receipts must be spent on destination and marketing; the rest can be spent on tourism-related activities and infrastructure;
- there is an opportunity for New Mexico to promote the state as being safe for businesses and tourists during the COVID-19 pandemic; there are two websites that relate to this: <https://nmsafecertified.org/> and <https://nmsafepromise.org/>;
- the New Mexico Hospitality Association is working with small businesses to develop best practices for opening during the COVID-19 pandemic;
- task forces within the hospitality industry are working toward retaining workers and maintaining the safety of workers and the public;

- the New Mexico Hospitality Association seeks to represent the entire hospitality industry, but there are other similar organizations at the local level, such as the Greater Albuquerque Hotel and Lodging Association;
- New Mexico State University offers a bachelor of science degree in hotel, restaurant and tourism management, and Central New Mexico Community College and Eastern New Mexico University offer some courses in hospitality; and
- recent data showed that about 10% of positive COVID-19 cases are out-of-state individuals, but this percentage does not distinguish between tourists and state residents who work outside of New Mexico.

### **Restaurants in the Time of COVID-19 (2:25 p.m.)**

Andrew Vallejos, director, Alcoholic Beverage Control Division, Regulation and Licensing Department, and Carri Phillis, owner, The Salt Yard, made a presentation to the committee on how restaurants are dealing with the COVID-19 pandemic and the economic slowdown. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20080320%20Item%204%20Surviving%20the%20New%20Normal.pdf>

Comments from committee members included the following:

- the legislature may be able to offer direct financial stimulus to small businesses in the state by amending the provision regarding direct donation in the Constitution of New Mexico because of the ongoing emergency of the COVID-19 pandemic;
- there is a "common good" exception to the Anti-Donation Clause of the Constitution of New Mexico;
- the restaurant industry is particularly vulnerable to an economic slowdown because restaurants usually have a 3% to 5% profit margin and fixed costs;
- outdoor dining in Albuquerque could grow, but the heat, monsoon season and cost of constructing outdoor seating areas are obstacles;
- New Mexico does not issue new liquor licenses; to obtain a liquor license, a business must purchase an existing license; liquor licenses that are transferred may not retain the "package" element, and a business that purchases a liquor license may not be able to sell alcohol for a customer to take off-site;
- the state should not institute the same type of licensing system for cannabis as for liquor; and
- there have been some conversations with the Governor's Office about possibly changing the hours of operation for bars.

**Public Comment (3:52 p.m.)**

Comments from the public included the following:

- the National Association of State Energy Officials releases information about the performance of the energy sector in each state, which will be good information about how the energy sector is responding to the COVID-19 pandemic;
- New Mexico should consider revising its liquor license laws to help the hospitality industry recover;
- New Mexico has low-cost renewable energy and could become a leader in this sector; and
- there should be a reform of laws regarding delivery of alcohol and access to broadband in the state.

**Adjournment**

There being no further business before the committee, the meeting adjourned at 4:06 p.m.