

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

**August 31, 2020
House Chambers and Video Conference Meeting
Santa Fe**

The second meeting of the Economic and Rural Development Committee was called to order by Representative Antonio Maestas, chair, on August 31, 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 (Online)
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 (Online)
Rep. Georgene Louis (Online)
Rep. Tara L. Lujan (In-Person)
Rep. Willie D. Madrid (Online)
Sen. Richard C. Martinez (Online)
Sen. Michael Padilla (Online)
Rep. Patricia Roybal Caballero (Online)
Sen. Pat Woods (Online)

Absent

Advisory Members

Rep. Eliseo Lee Alcon (In-Person)
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 (Online)
Sen. Mary Kay Papen (Online)
Rep. Jane E. Powdrell-Culbert (In-Person)
Rep. William "Bill" R. Rehm (Online)
Rep. Angelica Rubio (Online)
Rep. Tomás E. Salazar (Online)
Rep. Nathan P. Small (Online)
Sen. Elizabeth "Liz" Stefanics (Online)
Sen. Bill Tallman (Online)

Rep. Gail Armstrong
Sen. William F. Burt
Rep. Doreen Y. Gallegos
Rep. D. Wonda Johnson
Rep. Tim D. Lewis
Sen. Mark Moores
Rep. Andrea Romero
Sen. William E. Sharer
Rep. Melanie A. Stansbury
Rep. Martin R. Zamora

Guest Legislators

Sen. Shannon D. Pinto

Sen. Clemente "Memé" Sanchez

Staff

Peter Kovnat, Bill Drafter, Legislative Council Service (LCS)

Mark Edwards, Bill Drafter, LCS

Tom Kricka, Staff Attorney, LCS

Madelyn Lucas, Intern, LCS

Handouts

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

Monday, August 31

Welcome and Introductions (9:06 a.m.)

Representative Maestas welcomed committee members and asked them to introduce themselves.

Economic Outlook for Southeastern New Mexico (9:13 a.m.)

Sam Cobb, mayor, City of Hobbs; Missi Currier, president and chief executive officer, Economic Development Corporation of Lea County; and Ryan Flynn, executive director, New Mexico Oil and Gas Association, presented on the oil and gas industry and other economic activity in southeastern New Mexico. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=ERDT&Date=8/31/2020&ItemNumber=1>.

Comments from committee members included the following:

- Holtec International is responsible for all licensing for the site that would be used to store nuclear waste;
- once the facility is licensed and operational, Holtec will pay annual royalty payments based on a percentage of profits to the state and a consortium composed of the City of Hobbs, the City of Carlsbad, Lea County and Eddy County;
- if an opportunity arises to recycle nuclear fuel rods, that opportunity would be pursued as an economic development opportunity;
- in addition to royalty payments, the Holtec project is expected to create 300 construction jobs and fewer than 100 permanent jobs;
- a concern was voiced about the effects of oil and gas development in the Permian Basin on ground water resources;
- the volume of produced water has reached a point that allows the industry to recycle the produced water for industry use and possible use outside of the oil and gas industry sector;

- a focus on workforce training needs to be part of the economic plan for the region as the energy sector faces a changing market;
- the United States needs to emulate France and create a federal nuclear policy to establish consistency in that industry sector;
- to improve the competitiveness of New Mexico's towns on the Texas border, the legislature could look at amending the Local Economic Development Act to allow local gross receipts taxes to be used to recruit medical services, changing the state's tort laws to harmonize with those of Texas and expanding the use of natural gas; and
- the state should look at investing in an oil rig through a public-private partnership.

Broadband as an Economic Development Tool (10:57 a.m.)

Heather Morton, program principal, Fiscal Affairs, National Conference of State Legislatures, presented to the committee on the growth of broadband internet services in the country, funding the federal government has made available to assist the expansion of broadband availability and how some states have approached coordinating their state's efforts to expand broadband services. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20083120%20Item%202%20NCSL%20Broadband%20State%20Actions%20Aug%202020.pdf>.

John Badal, chief executive officer, Sacred Wind Communications, spoke to the committee about the need for broadband infrastructure as a foundational element for economic development in New Mexico. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20083120%20Item%202%20Broadband%20Development%20Interim%20Economic%20Development%20Comm%20Aug%2031%202020.pdf>.

Comments from committee members included the following:

- a committee member is working with others on a bill to create an office of broadband access;
- the three most important elements needed to speed up the development of broadband services throughout the state are a uniform set of requirements for broadband services to gain right-of-way access across jurisdictions; ease of broadband services to use existing telephone and electric utility poles, which is much less expensive than digging trenches for fiber-optic cable; and establishment of a state "broadband czar", either within the Governor's Office or as a part of the secretary of information technology's responsibilities, to monitor and encourage the development of broadband services;
- the state should look at investing directly in companies that are developing new technologies for broadband delivery;
- the Economic Development Department announced at a previous meeting of the New Mexico Finance Authority Oversight Committee a partnership agreement between Spaceport America and HapMobile to establish the development of high-altitude broadcasting for broadband;

- the lack of broadband connectivity is currently a problem for some urban areas as well as rural communities; and
- a number of tribes in New Mexico have applied for the federal distribution of rights to the 2.5 gigahertz spectrum; they have two years to demonstrate to the Federal Communications Commission that the tribes have the capacity to put that spectrum to use.

New Mexico's Tourism Economy and Recovery (1:22 p.m.)

Jen Paul Schroer, secretary, Tourism Department, and Antoinette Vigil, deputy secretary, Tourism Department, reviewed the state's tourism economy. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20083120%20Item%203%20Tourism.pdf>

Questions and comments from committee members included the following:

- a major obstacle to the tourism industry's recovery is the requirement for out-of-state travelers to self-quarantine for 14 days;
- the state is at risk of losing air service routes if it can not reopen its tourism industry to create customer demand; this is particularly worrisome for smaller communities as, once lost, air service is not likely return in the future;
- can the scope of the New Mexico True campaign be expanded to tout the assets of New Mexico in addition to tourism attractions;
- the marketing budgets for tourism in neighboring states are much larger than New Mexico's tourism marketing budget; much of the difference can be attributed to the tourism expenditures of major cities within the neighboring states;
- is there a "magic number" regarding COVID-19 data that will permit lifting the self-quarantine requirements;
- are there state programs to help businesses that are closing due to the current COVID-19 restrictions;
- a request was made that the secretary of health and the secretary of human services be invited to a committee meeting to explain the criteria for opening up various economic activities;
- what is being done for artists who depend on tourism traffic at the Rio Grande Gorge Bridge in Taos;
- what is the plan to maintain and upgrade state park facilities given that the facilities depend on visitor fees;
- what is the plan to rehabilitate rest areas along New Mexico highways, which are in very bad shape compared to neighboring states;
- the public health restrictions on overnight camping do not make sense; and
- tourism recovers when a state or locality demonstrates that the incidence of COVID-19 cases is going down and that the state is responding appropriately to COVID-19.

Economic Opportunities along the Rio Grande in New Mexico

Robert Dauffenbach, Ph.D., senior associate dean for economic development and impact, director, Center for Economic and Management Research, and professor of management information systems, Michael F. Price College of Business, University of Oklahoma, was unable

to attend to give his presentation. An analysis Dr. Dauffenbach conducted for the city of Tulsa, Oklahoma, of economic development based on riverfront development of the Arkansas River can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20083120%20Item%204%20Economics%20of%20Place%20and%20Potential%20Impacts%20of%20Arkansas%20River%20Development%20Project.pdf>.

Outdoor Recreation and Business Opportunities (2:42 p.m.)

Axie Navas, director, New Mexico Outdoor Recreation Division (ORD), Economic Development Department, gave a presentation on the first year of the ORD's existence. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20083120%20Item%205%20ORD%20Legislative%20Presentation%202020.pdf>.

Questions and comments from committee members included the following:

- the enterprise aspects of state parks should not be ignored;
- outdoor recreation used to be an area of specialization taught at the University of New Mexico in the 1970s; the university should look at putting that back in its curriculum;
- due to its unique statutory structure, the Department of Game and Fish is not well integrated into the state's tourism and economic development efforts, and the department needs to become a full partner in planning those efforts;
- there should be a good inventory of outdoor recreation assets and associated staff;
- is the ski industry developing a plan for the upcoming ski season;
- are there entities that are similar to the outdoor recreation trade alliance;
- the State Land Office is looking for opportunities to leverage outdoor recreation benefits on state lands;
- the ORD has developed good working relationships with federal land management agencies; and
- plans for outdoor recreation need to take into account potential overuse of the land.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:47 p.m.