

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

**October 19, 2020**  
**State Capitol, House Chambers**  
**and Video Conference**  
**Santa Fe**

The third meeting of the Economic and Rural Development Committee was called to order by Representative Antonio Maestas, chair, on October 19, 2020 at 9:04 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 (Online)  
Rep. Alonzo Baldonado (In-Person)  
Sen. Craig W. Brandt (In-Person)  
Sen. Jacob R. Candelaria (Online)  
Rep. Art De La Cruz (Online)  
Rep. Kelly K. Fajardo (In-Person)  
Sen. Ron Griggs (Online)  
Rep. Georgene Louis (Online)  
Rep. Tara L. Lujan (Online)  
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. Gail Armstrong (Online)  
Rep. Micaela Lara Cadena (Online)  
Rep. Rebecca Dow (Online)  
Rep. David M. Gallegos (In-Person)  
Rep. Susan K. Herrera (Online)  
Rep. Tim D. Lewis (In-Person)  
Rep. Patricia A. Lundstrom (Online)  
Rep. Matthew McQueen (Online)  
Rep. Rod Montoya (In-Person)  
Sen. Mary Kay Papen (Online)

Sen. William F. Burt  
Rep. Doreen Y. Gallegos  
Rep. D. Wonda Johnson  
Sen. Mark Moores  
Rep. Jane E. Powdrell-Culbert  
Rep. William "Bill" R. Rehm  
Rep. Andrea Romero  
Rep. Angelica Rubio  
Rep. Nathan P. Small  
Sen. Bill Tallman

Rep. Tomás E. Salazar (Online)  
Sen. William E. Sharer (Online)  
Rep. Melanie A. Stansbury (Online)  
Sen. Elizabeth "Liz" Stefanics (Online)  
Rep. Martin R. Zamora (Online)

### **Guest Legislator**

Rep. Joseph L. Sanchez (In-Person)

### **Staff**

Mark Edwards, Bill Drafter, Legislative Council Service (LCS)  
Tom Kricka, Staff Attorney, LCS  
Peter Kovnat, Bill Drafter, LCS  
Ariel MacMillan-Sanchez, Bill Drafter, LCS  
Madelyn Lucas, Intern, LCS

### **Handouts**

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

## **Monday, October 19**

### **Welcome and Introductions (9:04 a.m.)**

Representative Maestas welcomed committee members and introduced the presentations of the day.

### **Expansion of Gaming at Horse Racetrack Casinos (9:15 a.m.)**

Scott Scanland, lobbyist, New Mexico Government Affairs; Rick Baugh, general manager, Sunland Park Racetrack and Casino; Ethan Linder, marketing director, Sunland Park Racetrack and Casino; Stuart Paisano, governor, Pueblo of Sandia; and J. Michael Chavarria, governor, Pueblo of Santa Clara, provided a presentation on the possible expansion of Las Vegas-style gaming at New Mexico's horse racetrack casinos to help with post-COVID-19 pandemic economic recovery and stimulate tourism. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=ERDT&Date=10/19/2020&ItemNumber=1>.

Questions and comments from committee members addressed the following topics:

- whether New Mexico's non-tribal gaming policy should change based on the United States Supreme Court's *Murphy v. National Collegiate Athletic Association* decision to permit states to allow sports betting and the effects of the COVID-19 pandemic;

- a request for clear data on in-state versus tourist visitors at each tribal and non-tribal Class III gaming facility;
- a request for the source of Sunland Park Casino's 85% out-of-state visitors statement;
- whether the study model provided by Sunland Park is strong and accurate regarding revenue projections, what the important assumptions of the model are and how the model has been tested;
- how the proposed expansion of non-tribal Class III gaming would affect the 2015 Indian Gaming Compacts;
- whether Native American gaming tribes have data reporting requirements on how gaming revenue funds are used for the public good;
- concerns regarding the impact to the compacts, uncertain revenue projections from an industry-based report, impacts to the General Fund, impacts to the state budget and impacts to gaming tribes;
- whether legislators can change the gaming compacts not currently under the Compact Negotiation Act;
- consequences to the gaming compacts of expanding non-tribal Class III gaming; gaming tribes would no longer be required to provide revenue sharing to the state;
- the tribes' major concerns regarding the current proposal;
- whether this proposal has come forth solely because of the COVID-19 pandemic;
- the non-tribal gaming industry's desire to keep the discussion going and make the proposal work for the non-tribal and tribal gaming industry;
- a request for projections on gaming revenue and costs if gaming stays the way it is today as opposed to the implementation of an expansion of non-tribal Class III gaming;
- acknowledgment of the potential opportunities for gaming and tourism increases in New Mexico and the desire to see the non-tribal and tribal gaming industry work together;
- whether, after the United States Supreme Court's *Murphy v. National Collegiate Athletic Association* decision to permit sovereigns to allow sports betting, any gaming Indian nations, tribes or pueblos implemented sports wagering or internet gaming and whether that would violate the compacts;
- an explanation that a Supreme Court case made sports wagering legal and that sports wagering is a type of Class III gaming. Any expansion of non-tribal Class III gaming or limitation on tribal Class II gaming removes tribal obligations to revenue share with the state;
- an interest in knowing if local communities would support a plan to expand non-tribal gaming or to keep it as is;
- whether horsemen and horse breeders have been involved in this proposal and whether the proposal would help the horse industry; and
- acknowledgment that this is a proposal worth discussing; tourism may boom after the COVID-19 pandemic abates, and there is enough time to gather data and work on the proposal.

## **Hemp Production and Value-Added Products (10:54 a.m.)**

Jeff M. Witte, secretary, New Mexico Department of Agriculture (NMDA); Brad Lewis, director, Agricultural and Environmental Services Division, NMDA; Jason New, director, Marketing and Development Division, NMDA; and Jeff Apodaca, vice chair, Santa Fe Farms, provided a presentation on the New Mexico hemp industry and hemp value-added products. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=ERDT&Date=10/19/2020&ItemNumber=2>.

Questions and comments from committee members addressed the following topics:

- whether protections are available to producers for potential loss of crops;
- whether viruses, such as beet curly top, are a threat to hemp crops;
- a request for a fact sheet on crop virus issues for the committee;
- the success rate of hemp in New Mexico;
- how to ensure that small local farmers do not get taken advantage of or swallowed up by larger national producers;
- whether hemp farmers will abandon the hemp industry and move to growing cannabis if it is legalized for recreational use in the state;
- whether hemp and cannabis can grow in same field;
- how to address the fact that many New Mexicans are excited about hemp production opportunities and the promise these opportunities hold to allow farmers to continue a legacy of heritage farming on their land, but only big businesses can sustain these crops because of the high costs;
- whether hemp industry players have been part of local chambers of commerce throughout the state;
- an observation that "marijuana" is a culturally charged word and a request that the scientific term "cannabis" should be used instead;
- whether the regulatory environment is in place for the success of the hemp industry;
- whether the number of hemp plants allowed to be grown is regulated in the rules promulgated by the NMDA;
- whether the rules currently promulgated by the NMDA address the issue of cannabis being produced in the same field or by the same farmer that produces hemp;
- an observation that the Department of Health disallows the production of hemp if a farmer is producing medical cannabis;
- an observation that the bounds set by the legislature for regulators to set rules for the industry need to be made very clear to the extent allowed by law so that the industry does not fail;
- projected water use if this type of legislation passes;
- whether the seed cost is expensive and regulated;
- how many hemp processing plants are in New Mexico and how hemp is processed;

- an observation that there is a lot of protein in hemp and that Santa Fe Farmers are prepared for a conversation on hemp value-added cattle feed when the federal Food and Drug Administration rules change; and
- an observation that there is tremendous opportunity for New Mexicans in the hemp industry.

#### **Update on Community Solar (12:06 p.m.)**

Representative Roybal Caballero; Senator Stefanics; Paul Biderman, Facilitator, Senate Memorial 63 (2020) Working Group; Beth Beloff, executive director, Coalition of Sustainable Communities New Mexico; Mayane Barudin, interior west manager and tribal liaison, Vote Solar; and Pilar Thomas, partner, Quarles & Brady LLP, presented a panel discussion on 2020 Senate Memorial 63, the community solar working group and why community solar is important to New Mexico. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20101920%20Item%203%20community%20solar.pdf>.

Questions and comments from committee members addressed the following topics:

- whether there have been changes to this year's proposal;
- a request for data on overall benefits versus costs so that there is a more clear understanding;
- concern about the effect on ratepayers because solar can cost three times as much;
- a request for a list of all participants and contacts involved with the working group;
- concern about low and moderate income (LMI) communities' capacity to participate in the program;
- what the Anza Electric Cooperative is doing in California; and
- an observation of willingness to create consideration of outside funding that leverages the LMI communities to more fairly participate.

#### **San Juan Generating Station Carbon Capture Update (1:32 p.m.)**

Cindy Crane, chief executive officer, Enchant Energy; Peter Mandelstam, chief operating officer, Enchant Energy; Hank Adair, director, Farmington Electric Utility System; and Dr. Robert Balch, director, Petroleum Recovery Research Center, New Mexico Institute of Mining and Technology, presented an update on the potential for carbon capture at the San Juan Generating Station. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20101920%20Item%204%20EnchantSJGS%20Carbon%20Capture%20Update%20Economic%20&%20Rural%20Dev....pdf>.

Questions and comments from committee members addressed the following topics:

- concern about the likelihood of success in retrofitting the coal plant for carbon capture, as presented in the brief by Karl Cates;
- an observation that this technology is going to happen, and the real issue is that if it is going to happen in New Mexico, how New Mexico can become the national leader in carbon capture;
- whether the federal carbon capture programs are being taken advantage of; and
- how many jobs federal credit programs have generated.

**Approval of Minutes (2:30 p.m.)**

Upon a motion made and seconded, and with no objections, the minutes of the August 31, 2020 meeting were approved.

**Motion to Send a Letter on Behalf of the Committee (2:31 p.m.)**

Upon a motion by Senator Padilla, seconded and with no objections, the committee moved to send a letter to the Economic Development Department, the Tourism Department, the Gaming Control Board and the Legislative Finance Committee requesting data on the questions posed by members during the "Expansion of Gaming at Horse Racetrack Casinos" presentation.

**Update on Virgin Galactic (2:34 p.m.)**

Mike Moses, president, Virgin Galactic, presented an update on Virgin Galactic's progress toward commercial operations and requested an extension on the Spaceflight Informed Consent Act, which is repealed effective July 1, 2021. The presentation can be found here:

<https://www.nmlegis.gov/handouts/ERDT%20101920%20Item%205%20Moses.pdf>

Questions and comments from committee members addressed the following topics:

- which states have sent humans to space;
- how many companies are hoping to launch from Spaceport America; and
- an observation that Virgin Galactic moved its headquarters to New Mexico.

**Approval of Committee Work Plan (2:36 p.m.)**

Upon a motion made and seconded, and with no objections, the 2020 interim Economic and Rural Development Committee Work Plan was approved.

**Renewable Energy Development in Rural New Mexico and Transmission (2:55 p.m.)**

John Ryan, executive director, SunZia, and Jeremy Turner, director, New Mexico Project Development, Pattern Energy Group LP, presented on renewable energy development. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=ERDT&Date=10/19/2020&ItemNumber=6>.

Questions and comments from committee members addressed the following topics:

- whether wind turbine manufacturing can be persuaded to locate in New Mexico;
- how the wind farm project will directly benefit New Mexico in the energy market;
- when New Mexicans will be able to use the utility;
- the biggest concerns to environmental groups;
- whether there is planning with environmental groups regarding the transmission lines that will have to cross waterways;
- an observation that in Norway, painting one turbine blade black reduced the number of bird strikes by 70%;
- an inquiry regarding which company installed the transmission line on the west side of Albuquerque;
- whether Santolina's multi-billion-dollar solar project will require the installation of additional transmission lines;
- an observation of the needs to be as efficient as possible with transmission lines to avoid clutter and to ensure the cleanup of old lines;
- the percentage of renewable energy that will be used by New Mexicans;
- whether renewable energy could potentially fund early childhood education;
- whether the portion of the line near White Sands Missile Range will be buried;
- an observation that these groups are working with the Bosque del Apache National Wildlife Refuge on the issues it has and that ranchers and environmentalists are on the same side of the issues;
- whether property taxes are generated from transmission lines;
- how much communities will actually benefit from the transmission lines; and
- whether the transmission lines could be buried below the Rio Grande.

### **Clean Energy Economy Roadmap (3:54 p.m.)**

Fred Mondragon, economic development director, North American Intelligent Manufacturing Initiative (NAIMI); Patricia A. Sullivan, Ph.D., director of strategic initiatives and associate dean, College of Engineering, New Mexico State University; and Tom Bowles, fellow, Los Alamos National Laboratory, and executive director, NAIMI, presented on the progress of the roadmap to a clean energy economy. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=ERDT&Date=10/19/2020&ItemNumber=7>.

Questions and comments from committee members addressed the following topics:

- where the NAIMI is headquartered;
- what the legislature can do to improve transportation infrastructure and create an industrial transload facility in New Mexico;

- how New Mexico State University fits into the economic roadmap;
- how solar and wind energy potential is calculated; and
- an observation that it is time to understand our comparative advantages and take advantage of them.

**Public Comment (4:34 p.m.)**

There were no public comments.

**Adjournment**

There being no further business before the committee, the meeting adjourned at 4:38 p.m.