Key Hearing Issues

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

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Coordinating Investments in Rural Economic Development and Quality of Life

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- Rural communities face unique economic development challenges, including workforce shortages, limited housing availability, infrastructure deficits, reduced access to healthcare, and population decline. As shown, while New Mexico's urban counties have gained population since 2020, rural counties have experienced an overall decline.

New Mexico County Population Estimates

Area	2020 Population	2025 Population	Change	Percent Change
Urban counties	1,276,008	1,295,177	19,169	1.50%
Rural counties	841,484	830,321	-11,163	-1.33%
State Total	2,117,492	2,125,498	8,006	0.38%

Note: Urban counties include Bernalillo, Doña Ana, Sandoval, Santa Fe, and Valencia.

Source: US Census Bureau

- Research suggests regional diversity should be a key consideration in economic development policy for two reasons. First, investment in distressed labor markets promotes equity because those communities are more likely to experience lower socioeconomic outcomes. Second, evidence indicates that a job created in one of New Mexico's most economically stressed labor markets can generate up to 80 percent greater long-term employment benefits than a job created in the state's strongest labor markets.
- Given these challenges and opportunities, the state and Legislature can support economic growth in rural communities by investing in quality-of-life improvements and initiatives that strengthen local economies.

Multiple Funding Streams

- To support local economic growth, the Legislature has invested in programs focused on quality of life, tourism, outdoor recreation, and community infrastructure. Key initiatives are administered by the Economic Development Department, Tourism Department, State Parks, and Department of Finance and Administration to strengthen local economies and community assets.
- The programs outlined below represent only a portion of the resources available to rural communities and local governments. Because rural development requires investments across multiple sectors, funding is often administered through different agencies and programs, creating challenges for communities seeking to navigate opportunities, coordinate projects, and align investments to support long-term growth.
- As a result, the effectiveness of these investments depends not only on the availability of funding but also on the degree to which programs are coordinated across agencies and aligned with local priorities. A more integrated approach can help ensure that strategies complement one another and maximize economic benefits.

Parks and Outdoor Recreation

- **State Parks.** Over the past five years, State Parks funding increased from $28.7 million to $48.6 million, a 69.5 percent increase. The program also updated park fees for the first time in more than 20 years, generating additional revenue for operations, maintenance, and improvements. State Parks reported approximately 4.2 million visitors in FY26, generating an average of $1.69 in self-generated revenue per visitor. Based on these numbers, State Parks generated roughly $7 million in revenue, a solid return. However, the low visitation numbers, created by a fluctuating economy and severely depleted lakes and rivers, is a worrying trend. Over the past five years, State Parks has also received approximately $22 million in nonrecurring and capital outlay funding to support critical infrastructure maintenance, repairs, and improvements statewide.
- **Quality of Life Grants.** Since 2021, the Legislature has appropriated $135 million to DFA for projects that enhance quality of life through new or expanded regional recreational facilities. Eligible uses include planning and design, recreational equipment purchases, and construction of facilities such as community centers, skateparks, splash pads, rodeo grounds, outdoor theaters, picnic shelters, and similar public recreation amenities.
- **Trails+ Grant Program.** Administered by EDD, the Trails+ program supports outdoor recreation infrastructure through funding for planning, design, engineering, construction, and maintenance. Eligible projects include trails, trailheads, signage, river access, outdoor classrooms, picnic shelters, and wildlife viewing areas. Since FY22, the Legislature has appropriated $37.5 million in nonrecurring funding to the program, which has also received about $5 million from the Land of Enchantment Legacy Fund.

Tourism and Advertising

- **Advertising.** NMTD administers statewide tourism marketing efforts and supports local advertising through the Cooperative Marketing and Advertising grant program. Over the past three years, the Legislature has appropriated $49 million in one-time funding for marketing and advertising. The cooperative program provides matching grants and technical assistance to local governments, tribes, and tourism organizations, leveraging state and local resources to promote destinations, attractions, and events.
- **Tourism Infrastructure**. NMTD's Destination Forward Grant Program supports tourism-related infrastructure projects, including visitor centers, signage, fairgrounds, convention facilities, and attraction improvements. Since 2024, the Legislature has appropriated $5.7 million in one-time funding to support these projects.

Local Infrastructure

- **MainStreet.** New Mexico Mainstreet, housed at EDD, assists local communities on revitalizing their downtown commercial corridors to create viable business environments while preserving cultural and historic resources. Since 2021, the Legislature has appropriated $32.5 million in one-time capital outlay funding to EDD for Mainstreet.

Recommended Questions for LFC Members

- Are state investments aligned around a common rural development strategy?
- How are agencies coordinating investments in the same communities?
- Where are opportunities to enhance partnerships, communication, and resource alignment between agencies?
- How can tourism, recreation, and economic development funding be better aligned?
- What barriers prevent rural communities from accessing available funding?
- What are examples of rural communities successfully leveraging multiple state funding sources?