

# **NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

## **2017 Interim Summary**

The New Mexico Finance Authority (NMFA) Oversight Committee met six times in locations throughout the state to carry out its statutory duties and to monitor the activities and programs of the NMFA, the Border Authority, the Spaceport Authority and the funding and program projects of the Water Project Fund, Tribal Infrastructure Project Fund and Colonias Infrastructure Project Fund.

The first meeting of the NMFA Oversight Committee on June 23, 2017 was to review the accomplishments of the 2017 legislative session, establish goals and priorities for the interim and hear a report from the Office of the State Auditor on fund accounting for the NMFA project funds and other state funds.

At the meeting on July 17-18, 2017, the committee heard an update on the state bond rating and local project financing impacts. The committee heard testimony from industry banking executives on community banking partnerships and how small business development centers and business incubators can address small businesses' access to credit issues.

The committee heard an update from the NMFA about the Economic Development Revolving Fund and new market tax credit projects at the meeting on August 11, 2017 in Gallup. The committee heard an update on tribal infrastructure projects and some issues with timely expenditure of funds related to intergovernmental coordination between the state and tribal entities. The committee heard testimony from NMFA financial staff on the details of the Public Project Revolving Fund funding source (governmental gross receipts tax) and the recent sweeps of flow-through funds that assisted the state with fiscal solvency.

On September 19-20, 2017, the committee met in Santa Teresa and Las Cruces. The committee heard the Colonias Infrastructure Board update and an update of the Border Authority and border development initiatives that are diversifying New Mexico's economy. New Mexico exports have increased over 350% in recent years, far outpacing other states. Job creation in the Santa Teresa area has steadily increased from 480 jobs in 1985 to more than 4,200 in 2016.

Economic development was a theme of several meetings, seeking answers to "how the state can do better" in stimulating economic development. Staff from the Economic Development Department presented a Catalyst Fund update with the fund manager, Sun Mountain Capital. Venture capital experts from New Mexico State University, New Mexico Institute of Mining and Technology and the private sector testified regarding encouraging developments at business incubators and accelerators at higher education institutions and statewide. The presenters collectively described encouraging partnerships with private investors/partners and stressed that the job creation and economic returns for venture capital, business incubators and business accelerators have a longer-term return on investment horizon than more traditional investments in capital markets and real estate.

At its meeting in Portales and Clovis on November 1-2, 2017, the committee heard testimony from the New Mexico Renewable Energy Transmission Authority (RETA). It was reported that New Mexico has some of the most valuable wind and solar resources in the United States but has no transmission lines to utilize them. The RETA has several projects in development, including Western Spirit Clean Line, a 140-mile transmission line project; SunZia, a 515-mile transmission line in New Mexico and Arizona; and High Lonesome Mesa, a transmission line project for a 100-megawatt wind farm in Torrance County. Since 2016, the RETA's budget has been exclusively funded from private sources.

Water projects and their importance to communities were again topics during the interim, and the committee heard testimony from both the Office of the State Engineer and the Department of Environment (NMED).

The state engineer, Tom Blaine, presented the 2017 Water Trust Board report. Mr. Blaine described policies aimed at more timely expenditure of funds and project transparency. Since 2006, the Water Trust Fund has allocated over \$364 million to 350 projects statewide. In fiscal year (FY) 2017, revenue for water projects was used for state budget solvency. The NMED presentation focused on providing clean, potable drinking water to communities, and the presenter described encouraging progress in establishing processes and frameworks for communities to seek and find different sources of funding for their community water infrastructure needs.

On November 2, Spaceport America reported that it is optimistic about becoming fully operational but continues to struggle as the anchor tenant has yet to launch manned suborbital flights. In FY 2017, Spaceport America hosted the inaugural Spaceport America Cup, a national collegiate competition, and will host the competition again in FY 2018. The agency will request restoration of funding back to the FY 2012 level of \$1 million.

The Department of Information Technology presented on the status of broadband in the state. The department reported that internet access costs have been falling rapidly and that nearly two-thirds of school districts are paying less for internet in FY 2017 than they were in FY 2016. New Mexico is still behind other states in getting broadband to all rural areas, but several state initiatives are under way, including Connect America, Frontier Communications and collaboration between the University of New Mexico and select tribes and pueblos.

#### Endorsements

The committee at its final meeting endorsed the following bills for introduction in the 2018 legislative session:

TBD