

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

**August 2-3, 2011**  
**Cibola County Convention Center**  
**515 West High Street, Grants**

The third meeting of the Economic and Rural Development Committee (ERDC) was called to order as a subcommittee by Senator Bernadette M. Sanchez, chair, at 9:20 a.m. on Tuesday, August 2, 2011, at the Cibola County Convention Center in Grants.

**Present**

Sen. Bernadette M. Sanchez, Chair  
Rep. Debbie A. Rodella, Vice Chair  
Sen. Mark Boitano  
Rep. Ernest H. Chavez  
Sen. Mary Jane M. Garcia (8/2)  
Rep. Yvette Herrell  
Rep. Patricia A. Lundstrom  
Sen. Richard C. Martinez  
Sen. David Ulibarri

**Absent**

Sen. Kent L. Cravens  
Rep. Mary Helen Garcia  
Rep. Nate Gentry  
Rep. Dianne Miller Hamilton  
Sen. Clinton D. Harden, Jr.  
Sen. Howie C. Morales

**Advisory Members**

Sen. Rod Adair (8/3)  
Rep. George Dodge, Jr.  
Sen. John Pinto  
Rep. William "Bill" R. Rehm  
Rep. Nick L. Salazar  
Rep. Richard D. Vigil (8/2)

Sen. Sue Wilson Beffort  
Sen. William F. Burt  
Rep. Zachary J. Cook  
Rep. Sandra D. Jeff  
Sen. Timothy M. Keller  
Sen. Carroll H. Leavell  
Rep. James Roger Madalena  
Sen. George K. Munoz  
Rep. Andy Nuñez  
Sen. John M. Sapien  
Rep. Thomas C. Taylor

(Attendance dates are noted for members not present for the entire meeting.)

**Staff**

Pam Stokes, Legislative Council Service (LCS)  
Andrew Pierce, LCS  
Carmella Casados, LCS

## **Guests**

The guest list is in the meeting file.

## **Handouts**

Handouts and other written testimony are in the meeting file.

## **Tuesday, August 2**

### **Welcoming Remarks**

Joe Murrietta, mayor, City of Grants, welcomed the committee and introduced Felicia Casados, president, New Mexico State University (NMSU)-Grants and chair, Cibola Communities Economic Development Foundation, who provided testimony concerning NMSU's involvement in economic and work force development. An emphasis on education will facilitate the development of a competent work force and economic growth. Enrollment in the Grants branch of NMSU has been increasing due to dual enrollment programs for high school students, support from Cibola General Hospital and Silver Linings for the Bachelor of Science in Nursing Program, and an emphasis on employment skills in continuing education. The Grants campus of NMSU has been able to offer upper-level classes in some disciplines in order to transfer students to a main campus to be able to finish their degrees. These programs will help rural communities create a well-trained and sufficient labor force and help to sustain economic development and growth in rural communities.

Funding for the district is very limited, however. Capital outlay funds have gone toward energy-efficient building renovations for the Grants campus. There are many deferred infrastructure improvements that are being addressed as capital becomes available. However, the money collected from mill levies is barely enough to cover bond debt.

An important aspect of these higher education programs is access. The need to have satellite campuses is crucial to rural areas. Bond money is imperative to these programs, and without that source of funding, the programs would cease to function.

Funds for developmental coursework will be eliminated from the higher education budget. Remedial classes are a primary focus of community colleges, and the consequences of cutting funding for these types of courses should be considered, as the value of remediation and developmental classes is vital to the future of New Mexico students.

Ms. Casados was asked if the college is working in conjunction with correctional facilities in the area to coordinate efforts regarding prisoner education. Prisoner education was undertaken to incorporate a diploma program in these facilities. However, the correctional facilities have had to cut expenses, and, unfortunately, education programs are some of the first programs to be cut.

The committee asked Ms. Casados how long the economic development board has been without a director and what effects that has had on the board's efficiency. The delay in hiring a

new director has mainly been due to hesitation from the administration and from the need to develop a mission statement with specific goals for the board. The economic development board wants to ensure that the new director will be able to fulfill the mission of the board once that person is hired. There is a need for a director, as everyone on the board has had to take on extra responsibility to make up for the vacancy of that position. The addition of a new director is necessary to allow other members to focus on their specialties.

### **New Mexico Space Trail**

Cathy Harper, marketing/public relations director, Museum of Space History, Cultural Affairs Department (CAD), provided testimony on House Memorial 41 (HM 41), which tasked the CAD to continue research into the development of the New Mexico Space Trail. Since the passing of HM 41, 55 sites have been identified as having some link to the history and research behind space exploration. These archaeo-astronomical and modern sites relate to New Mexico's heritage and contribution in the field of space exploration. This undertaking has allowed for the creation of a mapping system that allows interested people to find and visit these historic landmarks throughout the state.

In order to attract interest in the Space Trail, a marketing campaign has been implemented using radio, newspapers and other print media. It is the goal of the CAD to have these sites recognized as historic state landmarks and to fulfill the calling of HM 41.

Senator Sanchez requested that the staff look into the procedural means of having a landmark registered as a state historic site and requested that Ms. Harper be present at the committee's November meeting to discuss this matter further.

Senator Sanchez made a motion to approve the minutes from the previous ERDC meeting. Representative Rodella seconded the motion, which passed.

### **University of New Mexico School of Architecture and Planning Community Outreach Program, Design and Planning Assistance Center and the Grants MainStreet Project**

Geraldine Forbes Isais, dean, School of Architecture and Planning, University of New Mexico (UNM), and Rich Williams, director, New Mexico MainStreet Program, testified as to the status and progress of the Grants MainStreet project and about rural infrastructure and community planning efforts in communities of fewer than 5,000 people. After a two-year assessment, the future emphasis around this program needs to be shifted to streamline the implementation of the projects and assist rural communities to coordinate with the UNM planning program to move projects forward.

The Grants MainStreet project, started in 2005, has allowed the UNM Design and Planning Assistance Center to work in conjunction with the community in order to develop the downtown area of Grants. Students get to work with community leaders to bring about development and sustainability in rural communities by creating infrastructure and business development.

Planning for an individual community such as Grants includes taking into account the

placement and outlay of all new development. This process takes into account the necessity for communal spaces in order to accommodate local festivals and events. The goal of the program is to foster a working relationship with the local communities, to get students focused on working with clients and the communities and to provide services to develop rural communities.

Ms. Isais was asked how rural towns can contact the MainStreet Program to start projects in those communities. There are two different processes by which a community can contact the MainStreet Program to start a project. First, the MainStreet Program might contact a rural community in order to start the program in that community. Second, a community may contact the program directly to speak with project coordinators to begin the process. Lately, no new communities have been added to the project roster; however, the application process will be opening again soon, and the program will be looking to help new communities.

Ms. Isais was asked how communities are selected for inclusion in the program. It is currently a very competitive process as multiple communities are vying for few available spots. Once a community begins the application process, local community leaders will work with many different agencies (e.g., planning, design, landscape, etc.) in order to develop an application plan to submit to the program for approval or rejection.

### **Local Economic Development Act**

Barbra Brazil, deputy secretary, Economic Development Department (EDD), Antoinette Vigil, regional representative, Region Four, EDD, and Patrick Vanderpool, executive director, Greater Tucumcari Economic Development Corporation, provided testimony concerning the Local Economic Development Act (LEDA). The purpose of the LEDA is to assist communities in developing base economic jobs. The focus on base economic jobs restricts what type of entities can qualify for LEDA support. However, recent amendments have made this program much more inclusive of other areas of economic development. For these reasons, economic areas such as retail have been excluded from the program, as retail may result in an overburdening of the system and retail is outside of the definition of base economic jobs.

LEDA capital outlay fund proceeds may be used for direct or indirect assistance in the building of infrastructure. The support for building infrastructure ensures that New Mexico will benefit from the use of the funds even if the business ends up closing down or moving. For this same reason, the funds cannot be used to purchase equipment.

Typically, there is only one source of funding for LEDA projects. However, communities can tap extra resources when undertaking a LEDA project. The main source of funding comes directly from capital outlay funds, but the communities are able to commit local government tax revenues as well as 10 percent of their general fund money.

Currently, 19 projects are in the proposal stage and have yet to be approved. Project application is done in conjunction with the local community and with entities that undertake the planning of development. Unfortunately, the level of sophistication surrounding the use of the LEDA might be too high for local communities, and those communities might need outside

assistance or even legal help in accessing this program. Overall, the LEDA is a great economic tool, but communities must have the appropriate projects in order to access this program, and then those communities must go through an arduous application process. These factors may be diverting projects away from LEDA funding and into private funding. It is a goal of the EDD to implement a marketing and advertising campaign to educate the public about these available resources.

The committee requested that the EDD prepare and provide a list of all projects, either underway or in the application process, and the location of those projects.

Representative Lundstrom made a motion to request the EDD to create a list of possible funding sources for LEDA projects. Representative Rodella seconded the motion, and it passed.

It was also requested that all the regional representatives be aware of all the funding options available to communities so that the representatives pass on the information to interested communities.

A legislator asked if any analysis is done on what, if any, percentage of LEDA funding goes toward job creation rather than job retention. An economic analysis report is run for every project application. In order to be approved, these reports must state how many new jobs will be created from the project in a five-year period. This projection includes the jobs created from the initial construction as well as permanent jobs created.

Mr. Shri Prakasia and Ms. Tejaswiwi Madabhushi requested that they be allowed to film the meeting and were granted permission by Senator Sanchez.

### **Economic Development Prospects of Uranium in New Mexico**

John H. Bemis, secretary-designate, Energy, Minerals and Natural Resources Department, and Ms. Brazil explained current and future uranium mining projects in the state. New Mexico is an energy producer and exporter, which accounts for nearly 15 percent of the gross domestic product of the state. Uranium reserves in New Mexico are estimated to be about 341 million pounds. Currently, there is a worldwide demand for uranium as nuclear power is vital to emerging countries, but the current supply levels cannot meet demand. The price per pound of uranium is over \$50.00, and if prices continue to climb to over \$100 per pound, potential profits for the state could be approximately \$31 billion.

Several companies are proposing a revival of mining operations in the state and looking to undertake new exploration and mining projects. If these mining and milling operations are implemented, there is the potential for 13,000 initial jobs and a potential for 9,000 sustainable jobs. However, even with the current permit applications that are pending, mining operations in New Mexico will not begin to produce until the year 2015 if those permits are approved in 2012.

The five biggest problems associated with nuclear energy (fueled by uranium) are capital

costs, operational risks, proliferation of nuclear weapons, waste disposal and public fear. However, there are some public misperceptions surrounding some of these problems. Waste from nuclear power is relatively less than other types of energy, although nuclear waste has a much longer half-life than other types of waste.

A legislator asked what the cost difference is between open pit mining and traditional tunnel and shaft mining and whether or not milling would be done outside of the state. The uranium mines in New Mexico will be traditional shaft and tunnel mines, as there are no open pit mines proposed. Milling will have to be done outside of New Mexico because there is no infrastructure in place to support milling operations. A mill might be built here once uranium mining gets underway, as shipping costs will drastically be reduced if the mill is closer to the mine. The need for a well-trained work force will lead to the implementation of training and development of a local work force.

A legislator asked about the status of permitting for mining operations. Currently, five exploration permits for uranium have been processed. This marks a large increase in permitting activity, which is evidence of the heightened interest in New Mexico uranium.

Secretary-Designate Bemis was asked how the uranium mine clean-up efforts under the uranium legacy program are proceeding. While funding for this program is proceeding on many fronts, there is not a lot of money available; however, the program is trying to get a few sites cleaned up. Currently, the federal Environmental Protection Agency and the federal Bureau of Land Management are starting reclamation projects with the goal of finishing up these jobs. In-situ mining provides the cleanest possible method of uranium mining and is being proposed for many upcoming mining operations. This process would help to ensure ground water protection plans being implemented to protect the surrounding aquifers.

A legislator requested that the committee be provided with an economic analysis on the possible mining of uranium deposits that contains information on how much uranium is actually accessible for mining.

### **Report on New Mexico Energy Strategy: Uranium, Fossil Fuels and Alternative Energy**

Dr. Jim Peach, regents professor, Economics and International Business Department, NMSU, provided testimony regarding the inclusion of energy in the economic development of the state. New Mexico has abundant natural resources, which are part of a high-wage mining industry. There are currently a lot of energy employment needs in the state with no labor force to fill those needs. However, volatility in the markets creates uncertainty around mining operations and the actual need for labor.

Reserve estimates are a moving target. New Mexico is rich with natural gas, oil, uranium and renewable sources of energy, which makes New Mexico an idea energy/resource producer. Current energy models for countries are settling on a one-third model, meaning the energy production will be broken down into one-third fossil fuels, one-third nuclear and one-third renewable sources.

Representative Rodella made a motion to send a letter to the EDD to request that the director be present at all future meetings of the ERDC and that an energy strategy be included in the report to be submitted to the committee in November. Representative Lundstrom seconded the motion, and it passed with the adjustment that it does not have to be the director but any representative from the EDD present at ERDC meetings.

Dr. Peach was asked if he agreed personally with the one-third model for energy production and what other possible models for sustainability he would recommend. The shift from fossil fuels to nuclear seems to be necessary, as nuclear is the only source of energy that can meet current demands. However, putting a nuclear reactor online is very cumbersome, and it may be more beneficial to focus on smaller mid-sized reactors. Currently, the state has a renewable portfolio standard, which is great for energy production. However, a pushback may be inevitable due to the higher costs involved with renewable sources. The cost of wind and solar power would not make those sources of energy competitive right now. Although fossil fuels, natural gas and nuclear provide the cheapest possible energy, New Mexico has a 20 percent renewable standard by 2020 that must be reached. Where New Mexico really has an opportunity to save on the cost of energy is in conservation efforts.

### **Economic Development in Cebolleta Based on Uranium**

Sarah Maestas, heir, Cebolleta Land Grant, and William Hocker, trustee, Cebolleta Land Grant, said the land grant is struggling to provide jobs and develop economic infrastructure. The lack of jobs and revenue have forced the land grant to look for other ways to increase both revenue and economic development. There happens to be a large uranium deposit on the land grant that could provide many economic benefits for the land grant.

Revenue is coming in through a mining lease agreement, which has been significant to the local communities. The land grant has lost more than 165,000 acres over time by having to sell the land to pay for costs. The lease has provided the land grant with scholarships and educational opportunities. The lease will also create a number of jobs for the land grant community. With the capital it has received, the land grant has been able to undertake other economic development initiatives, but it is still hampered by a lack of infrastructure, including antiquated telecommunications systems.

The committee requested that a tour be given of the mining operations site at the next Land Grant Committee meeting.

A legislator said that a letter could be sent to Qwest/Century Link to facilitate telecommunication infrastructure in the Cebolleta Land Grant community. Representative Rodella stated that plans were provided to the Science, Technology and Telecommunications Committee to get additional service for rural communities. It was requested that staff request a status report from that committee.

### **Wednesday, August 3**

## **Update on the Effectiveness of Individual Development Accounts to Promote Economic and Rural Development in New Mexico**

Ona Porter, president and chief executive officer, Prosperity Works, Marvin Ginn, executive director, Native Community Finance, and Sharon Henderson, vice president, Prosperity Works, provided testimony concerning the status and success of individual development accounts (IDAs) in low-income populations. The testimony also covered predatory tax preparation on lower-income individuals.

Eligible recipients of IDAs earn under 200 percent of the federal poverty guidelines. It is the belief of the Workforce Solutions Department that IDAs will build a more stable work force and provide additional employment opportunities. Key elements of IDAs include financial management education, credit repair and life skills coaching.

Prosperity Works, through IDAs, helps create incentive-based savings account products. This allows Prosperity Works to educate lower-income individuals about the necessities of saving and provide them with the proper education and incentives to save. The incentives include a matching funds agreement, up to a certain amount, to encourage saving. These programs start with teaching school-age children the benefits of saving at early ages. The program has shown that putting an emphasis on saving for college at a young age directly correlates with those students going on to pursue higher education after high school.

The impact of IDAs in New Mexico has been significant. To date, IDAs have directly led to over \$5.7 million in deposits being held in the state and over \$2.7 million infused into local communities. These programs have also led to increased homeownership, earning power and business activity. In the history of IDAs, more than 850 accounts have been opened and completed.

Predatory tax preparation has been affecting lower-income families and individuals in New Mexico. There has been an increase in poor quality tax preparation and abuses of refund anticipation checks. Rechecks of some tax returns have found glaring inaccuracies in the returns and that they are being performed by people with no training or Internal Revenue Service tax preparer certifications. This phenomenon has affected the native communities very hard.

The committee asked staff to contact the Indian Affairs Committee in order to include Mr. Ginn on its next meeting's agenda to discuss the impacts of the predatory tax preparation practices.

A three-year grant has been received to support financial literacy courses and a Youth Savings Account Program. The courses are now being offered in five schools in the area, and a pilot Youth Savings Account Program will be launched at Gallup Central High School in August.

The committee was also provided with the Basic Economic Security Tables (BEST) for New Mexico in 2010. BEST is an index containing basic budget items and the minimum income

required by families to obtain these items. The budgets do not take into account any public assistance benefits.

### **Tax Increment Development Districts: Update on Progress and Accountability for Legislative Appropriations and Capital Outlay Funds**

Brent Dupes, chief financial officer, Mesa del Sol, provided testimony regarding the status and update surrounding the Mesa del Sol network of urban villages, housing, employment centers and open space. Currently, the Mesa del Sol innovation park is home to 11 different business operations ranging from Albuquerque Studios to the new regional facility for the federal Drug Enforcement Administration. Tax increment development district financing is a mechanism in which a governing body forms a district or series of districts to support economic development. This program includes a dedication of incremental gross receipts and property taxes to pay for public infrastructure. This financing is administered by a tax increment development district board, which is made up of public sector appointees. The districts are limited to 25 years of financing.

To date, the Mesa del Sol investments are as follows: \$257 million in buildings and infrastructure, \$28 million in public infrastructure only, \$3.6 million in reimbursements from the tax increment development district and \$80 million in equity and bank debt invested, excluding vertical construction.

Job creation linked to Mesa del Sol is estimated to be approximately 5,195 jobs, with another 3,120 jobs pending.

### **New Mexico Tourism Update: Tourism Initiatives, Proposed Legislation, Top Priorities and Potential for a Dedicated Stream of Funding to Promote the New Mexico Tourism Industry**

Monique Jacobson, secretary, Tourism Department, and Sharon Shultz, chief executive officer, Tourism Association of New Mexico, explained the current and future initiatives of the Tourism Department and the associated tourism industry. The Tourism Department plans to implement a tourism strategy that will maximize travel to the state, emphasizing the need to "first serve the traveler", and change New Mexico from a stop-over state, or one that travelers stop in briefly on their way to a travel destination in another state.

Plans include building the foundation of a strong brand, unifying and leading the tourism industry in the state, providing evidence of the impact of tourism policies and improving the tactical efforts to achieve short-term goals. The Tourism Department must change its approach to bring stability and growth to the industry. This means that the department will be undertaking efforts to maximize marketing effectiveness and to capitalize on important New Mexico events like the Albuquerque International Balloon Fiesta and the upcoming Centennial Launch.

Secretary Jacobson described the success of the "Catch the Kid" campaign and how it has positively affected the department's plans of maximizing travel to New Mexico.

The committee discussed the idea the governor had put forward regarding combining the Tourism Department with the CAD and requested a study of the feasibility of this idea at the next meeting.

Allison Smith provided the committee with a breakdown of other states' models for dedicated tourism funding and suggested that New Mexico might benefit economically from a dedicated source of Tourism Department funding.

The meeting adjourned at 10:50 a.m.