

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

**June 16, 2010
Room 322, State Capitol**

The first meeting of the Economic and Rural Development Committee (ERDC) was called to order as a subcommittee by Senator Bernadette M. Sanchez, vice chair, at 1:20 p.m. on Wednesday, June 16, 2010, in Room 322 of the State Capitol in Santa Fe.

Present

Rep. Mary Helen Garcia, Chair
Sen. Bernadette M. Sanchez, Vice Chair
Rep. Nora Espinoza
Sen. Mary Jane M. Garcia
Rep. William J. Gray
Sen. Clinton D. Harden, Jr.
Rep. Patricia A. Lundstrom
Rep. Debbie A. Rodella

Absent

Rep. Andrew J. Barreras
Sen. Mark Boitano
Rep. Ernest H. Chavez
Rep. Dianne Miller Hamilton
Sen. Timothy M. Keller
Sen. Howie C. Morales
Sen. George K. Munoz
Sen. William E. Sharer

Advisory Members

Rep. Zachary J. Cook
Rep. Nathan P. Cote
Rep. John A. Heaton
Sen. Carroll H. Leavell
Rep. James Roger Madalena
Sen. Richard C. Martinez
Rep. Andy Nuñez
Rep. Shirley A. Tyler
Sen. David Ulibarri
Rep. Richard D. Vigil

Sen. Rod Adair
Sen. Sue Wilson Beffort
Sen. Dianna J. Duran
Rep. Sandra D. Jeff
Rep. Antonio "Moe" Maestas
Rep. William "Bill" R. Rehm
Sen. John M. Sapien

Staff

Peter Kovnat
Sandy Mitchell

Guests

The guest list is in the meeting file.

Wednesday, June 16

Interim Committee Protocols — Agency Efficiency Assessment

Raúl E. Burciaga, director, Legislative Council Service, told the committee that he would

shorten his presentation because all of the members had already heard the full presentation at other interim committee meetings. He reminded the committee that the New Mexico Legislative Council had asked all committees to meet in Santa Fe and that they should provide justification for any requests to meet elsewhere. Representative Lundstrom requested that a member of the Government Restructuring Task Force report back to the committee. Mr. Burciaga was asked whether the Government Restructuring Task Force would be examining commissions and boards in addition to state agencies, and he affirmed that it would. Senator Sanchez requested a list of all the commissions and boards that have influence on economic development. Mr. Burciaga said he would provide a list. Senator Sanchez asked about the Regulatory Reform Subcommittee. Mr. Burciaga said it was re-created at the last New Mexico Legislative Council meeting and that Mr. Kovnat would work with Senator Sanchez to get the subcommittee set up. Senator Sanchez said she wants the subcommittee to meet in July so that it could report its findings to the ERDC. Mr. Burciaga was asked whether legislators would still be permitted to attend a number of committee meetings of which they are not a member. Mr. Burciaga said they would be allowed four additional meeting days, but that the legislators would still need to request approval to do so.

Summary of 2010 Legislation

Mr. Kovnat provided a summary of legislation from 2010 that related to economic development, including legislation endorsed by the ERDC. The committee endorsed 11 substantive measures, of which one was ultimately enacted. The committee-endorsed measure that passed was Senate Bill 9, which related to informed consent of space flight participants. ERDC-endorsed bills that did not pass included the following:

- House Bill 107 — telecommunication relocation costs to customers;
- Senate Bill 37 — Public Regulation Commission jurisdiction over certain telecommunications rates;
- Senate Bill 14 — in-state business procurement preference;
- Senate Bill 36 — triple bottom line accountability study;
- Senate Bill 131 — Water Quality Control Commission members;
- HJR 4 — nullification of executive rules; and
- SJM 30 — wind turbine regulation working group.

Several members stressed the importance of regulatory reform and of again endorsing HJR 4 and SB 131 from the 2010 legislative session. Senator Harden requested that agency secretaries appear before the committee to discuss regulatory reform. Senator Sanchez said that the secretaries will be appearing before the Regulatory Reform Subcommittee when it meets in July.

2010 Interim Work Plan and Meeting Schedule Development

Mr. Kovnat presented the following work plan items for the committee's consideration:

1. provide guidance and recommendations to the Government Restructuring Task Force by examining the programs and missions of the agencies overseen by the committee with an eye

toward making those agencies more efficient and cost-effective, including ranking programs in terms of criticality to the core functions of those agencies;

2. address the concern that the lack of a well-trained work force is often cited as one of the barriers to business recruitment. The committee plans to receive a status update on the successes and failures of 2009's Senate Bill 46 to develop high school pre-apprenticeship programs and examine additional statewide opportunities in vocational education and the needs of New Mexico's job market;

3. receive a report from the Economic Development Department (EDD) on existing tax increment development districts (TIDDs), the new TIDD in Las Cruces and potential future TIDDs;

4. receive a presentation from the EDD on its current initiatives;

5. oversee the efforts of the EDD to attract economic activity to New Mexico and assess the return on investment for tax credits encouraging economic development, including film, energy and the job-training incentive program; and receive reports from specific companies that received tax credits to assess what works and what does not work;

6. receive a report from the Tourism Department on the effects of the ailing economy on New Mexico tourism and study the potential for promoting "adventure/eco-travel";

7. examine the new model Administrative Procedures Act, assess its impact on business and develop an approach to improving regulatory processes;

8. evaluate emerging economic sectors in New Mexico, identify incentives to attract new business and investment and examine methods to cultivate opportunities for existing business;

9. explore the need for a Farmers' Protection Act and receive a report from the chile industry and alfalfa growers to determine whether fears of genetically modified seeds are well-founded;

10. explore the economic development impact of the transportation infrastructure and review the impact of the trucking tax on New Mexico;

11. explore the possibility of streamlining the Regulation and Licensing Department's process to grant business licenses in one stop;

12. receive a report on resource planning in New Mexico at the state, county and city levels;

13. explore the economic development impact of infrastructure for colonias and receive a status update;

14. explore the possibility of amending Article 42 of the New Mexico Insurance Code to conform to a current model law developed by the National Association of Insurance Commissioners. Senate Bill 75, introduced in the Forty-Ninth Legislature, First Session (2009), proposed to do so, and while it passed the senate, the bill died in the House Judiciary Committee;

15. study homeowners association regulations and laws and their effectiveness and study the statutory and regulatory powers of homeowners associations and, conversely, the rights of members;

16. consider the federal stimulus package and other publicly funded projects and the percentage of out-of-state contractors used on those projects;

17. examine the authority of the Construction Industries Division of the Regulation and Licensing Department to oversee local inspectors; and

18. explore the economic and rural development impact of small business development centers. How and where is the \$5 million appropriation being spent?

Committee Discussion on Proposed Work Plan

During committee discussion on Item (1), members discussed the meeting dates of the Government Restructuring Task Force and a suggestion was made that the task force provide an update to the committee in July.

A request was made to discuss tourism with Mexico when Item (6) is dealt with by the committee.

With regard to Item (9), committee members requested presentations from the New Mexico department of agriculture, New Mexico State University and small farmers when the topic is brought before the committee. The members agreed to expand the topic to cover other types of crops and all industries that are impacted.

In regard to Item (10), Representative Lundstrom requested an update on HM 9 concerning sustainable transportation.

The committee agreed to strike Item (11) from the work plan, as it would be better handled by the Regulatory Reform Subcommittee.

Committee discussion on Item (12) included a request that the New Mexico Association of Counties or the New Mexico Municipal League discuss using radio or more modern technology for providing notices and that the committee look at expanding the sunshine portal legislation to municipalities. Senator Sanchez advised the committee that it should disregard the language in Item (12) about receiving a report. Instead, the committee would be looking at a proposal of legislation.

With regard to Item (13), committee members stressed the importance of getting a report on where all the money is going. Several members indicated that there are reports available on how the money is being spent.

Senator Leavell explained the legislation cited in Item (14). He said that the language concerning the Insurance Guaranty Fund needs to be updated and the monetary amounts need to be increased. He said it would have no impact on the state budget.

With regard to Item (18), committee members stressed the importance of oversight and of looking at where the money is being spent. A point was also made that access to the small business development centers needs to be improved.

The committee discussed additions to the work plan. A request was made that the committee evaluate the business incentives that the state provides. A request was also made to examine job creation in the state. Representative Heaton said that he would like to see specific industries come before the committee to talk about expanding their industries and about how the legislature can help move them forward. He cited the nuclear industry as an example, as well as oil and gas, mining, agriculture, wind energy and health care. He said the committee needs to ask people who create jobs how to create them. Representative Lundstrom suggested that perhaps the gubernatorial candidates could come in to talk about their job creation ideas. There was some discussion as to whether it would be considered campaigning and, therefore, not permissible to have them appear before the committee. Representative Garcia said the committee would look into whether it would be permissible. Other committee members discussed industries they would like to appear before the committee concerning job creation. Additional requests were made to hear from the nuclear industry, including Urenco, which is located in New Mexico, and the mining industry. Representative Lundstrom requested that an update on federal regulations and coal mining cleanup be part of the nuclear industry presentation. Requests were also made to hear from the wine industry and microbreweries, the conservation and recycling business, and alternative energy.

A request was made by Representative Nuñez that the Regulatory Reform Subcommittee hold its meeting on July 28.

At 2:40 p.m., Senator Ulibarri was appointed by the president pro tempore as a voting member for the purposes of this meeting only.

The proposed work plan as amended was adopted by the committee without objection.

The committee adjourned at 2:45 p.m.