

**APPROVED MINUTES  
of the  
SECOND MEETING  
of the  
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**July 8, 2009  
Mimbres Valley Special Events Center  
2300 E. Pine St.  
Deming**

**July 9, 2009: 9:00 a.m. to 12:30 p.m.  
Mimbres Valley Special Events Center  
Deming**

**July 9: 5:00 p.m. to 7:30 p.m.  
Marina Del Sur  
Elephant Butte**

**July 10, 2009  
City Hall  
103 Water St.  
Elephant Butte**

The second meeting of the Economic and Rural Development (ERD) Committee was called to order by Senator Bernadette M. Sanchez, chair, at 10:05 a.m. on Wednesday, July 8, 2009, at the Mimbres Valley Special Events Center in Deming, New Mexico.

**Present**

Sen. Bernadette M. Sanchez, Chair  
Rep. Mary Helen Garcia, Vice Chair (7/8)  
Rep. Andrew J. Barreras  
Sen. Mark Boitano  
Rep. Ernest H. Chavez  
Rep. Nora Espinoza  
Sen. Mary Jane M. Garcia  
Rep. William J. Gray  
Rep. Diane Miller Hamilton  
Sen. Clinton D. Harden, Jr. (7/8-7/9)  
Sen. Timothy M. Keller  
Sen. Howie C. Morales (7/8-7/9)  
Sen. George K. Munoz (7/8)  
Rep. Debbie A. Rodella

**Absent**

Rep. Patricia A. Lundstrom

### **Advisory Members**

Sen. Rod Adair  
Rep. Nathan P. Cote (7/9)  
Sen. Dianna J. Duran  
Rep. John A. Heaton  
Rep. Sandra D. Jeff (7/8-7/9)  
Sen. Richard C. Martinez  
Rep. Rodolpho "Rudy" S. Martinez (7/8-7/9)  
Rep. Andy Nuñez  
Rep. Shirley A. Tyler  
Rep. Richard D. Vigil (7/9)

Sen. Sue Wilson Beffort  
Rep. Zachary J. Cook  
Sen. Carroll H. Leavell  
Rep. James Roger Madalena  
Rep. Antonio "Moe" Maestas  
Rep. William "Bill" R. Rehm  
Sen. John M. Sapien

### **Guest Legislators**

Rep. Dona G. Irwin (7/8-7/9)

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

### **Staff**

Kate Ferlic  
Sandy Mitchell  
Aldis Philipbar

### **Guests**

The guest list is in the original meeting file.

### **Wednesday, July 8**

Representative Irwin served as a guest chair.

### **Deming: Facing the Future**

Mayor Andres Z. Silva, City of Deming, began by stating that things are happening in Deming. He referred to some year-to-date figures, saying that the sales tax was at -4.5% and that unemployment for Luna County was at 17.7%. He said that 162 building permits had been issued, but that many people are not building new buildings, just remodeling them. He pointed out the new StarMax facility that includes theaters, an arcade, a bowling alley and miniature golf. He also discussed the Cedar Three Project, an extension of the Frontage Road. He said that a new Hampton Inn would be opening in September as well as a new McDonald's. He added that Wal-Mart is looking to invest \$1 million in its existing facility and that the new owner of the Deming Truck Terminal is looking at using it as an RV stop.

John Sutherland, Luna County manager, said that the assessment of community need is short term. He referred to a study conducted by the Bureau of Business and Economic Research that showed that the population increased by 30% in Luna County until tapering off in 2000.

Since 2000, growth has declined substantially. He noted that the population is 64% Hispanic, that the median age is slightly higher than the state median and that the county has a large retirement population and a large population under the age of 19. Mr. Sutherland said that the working population is smaller than that of the state and that opportunities to grow families are low. He also pointed out the low level of education in the area. Mr. Sutherland then discussed the county's plans for economic development. He said that the Hermanos Grade, an agriculture road, needs paving. It is taking a beating due to a step-up by the Border Patrol. He said that a truck bypass for Highway 11 is important to the future potential of Luna County, as well as the port of entry between the United States and Mexico. He said that the county will strengthen its commitment to post-secondary education and child care to allow parents to attend college. He said that the Regional Workforce Development Board has run out of funds, so it is losing programs from Western New Mexico University and Dona Ana Community College. Mr. Sutherland added that domestic violence is a big problem in the area, but that the sheriff has taken over the local shelter and has expanded services and is doing a great job. He stressed the importance of border security and said that the local authorities do not engage in federal enforcement but do work to protect local farmers. He said that the county will need the legislature's support in all these plans and that improving this area improves the whole state.

John Strand, governmental affairs, Sun Zia Southwest Transmission Project, said that the project will help the entire state. He said that the closing of several mines has had a huge impact on this area and those jobs need to be replaced. He explained that Sun Zia moves solar and wind power and that Luna and Hidalgo counties are rich in potential for solar power, but that it is very expensive to implement transmission lines. Mr. Strand said that three to four companies are looking into it. He said that Sun Zia plans to build two 500K-VAC lines that run through New Mexico to Arizona with dropoff points along the way. He called this a great opportunity for New Mexico. He noted that the company has five project participants and that this project would enable export of renewable generation resources from both states to western power markets. He said that this project encourages renewable energy investment in New Mexico and that the project is in phase one.

In response to questions from committee members, Mr. Strand said that the estimated cost of Sun Zia Southwest Transmission Project is \$1.2 billion and will be financed through the five partners. He said that they anticipate breaking ground in 2012 with completion by 2013. In addition, he noted the line will head toward the northeast area of the state, but not as far as Clayton due to costs. He added that another group from Denver is looking into investing in Clayton, so they may be able to benefit from that. Mr. Strand also said that Senator Tom Udall, Senator Jeff Bingaman and Representative Harry Teague are very aware of the project and are very supportive.

In response to a question from a committee member, Mr. Strand said that there are 300 to 350 border patrol agents and that many agents that work in Deming live in Las Cruces and many that work in Lordsburg live in Deming. He said that StarMax brings quality of life to Deming, so hopefully more agents will be living here.

### **Deming Mainstreet: A Success Story**

Tyler Vendrely, president, Deming Mainstreet program, said that 40% of adults in Deming do not have a high school diploma and that Deming plans to move forward with education. He said that the city is at a pivotal point in economic development and pointed out the Beaver Report conducted due to Deming's designation as a Mainstreet community. He said that the city must be innovative about how to draw businesses into the community and that it needs to provide tools for success to talented community members to build small businesses. He emphasized that all jobs need to be created and stay within the community. He added that creative community efforts to generate jobs work better than an industry that comes in and creates jobs.

Phillip Gallegos, director of community outreach, University of New Mexico (UNM) School of Architecture and Planning, said that UNM students had the pleasure of working with that Mainstreet program in Deming. He explained that a study was conducted by the UNM School of Architecture and Planning students. He said the study had a limited context and was tied specifically to a graduate school function with the intention of partnering with the community to look at a planned vision for economic growth. Mr. Gallegos noted that the purpose of the design and planning center is to assess ways in which ideas can be tested and to examine specific possibilities. He added that the Deming community is greatly committed to the Mainstreet program.

In response to a question from a committee member, Mr. Vendrely said that Deming has been part of Mainstreet officially since October 2007.

### **Overview of Economic Development Department Programs**

Secretary Fred Mondragon, Economic Development Department (EDD), said that the state unemployment rate is 6.5%, compared to 9.4% nationally, but that last year was the most successful year in job creation on record. He added that tourism dollars have not dropped off and that the northern part of state has the lowest unemployment rate (about 3%). He said that the state is working on bringing in new jobs while retaining businesses, but that the job training incentive programs (JTIP) took a hit this year. Secretary Mondragon pointed out that EDD has been able to stay within its budget, but it may be coming to the legislature for money for JTIP next year. He discussed the certified communities program in which the EDD works with communities to get them ready to recruit businesses. He noted that the film industry employs 9,000 people, that the business incubator program is very popular and a sixth incubator was recently certified. He discussed EDD priorities, including rural economic development, film and media expansion, technology-based economic development, international trade and foreign direct investment, community development and capacity building and sustainable economic development. Secretary Mondragon said that there are overseas companies that want to invest in renewable energy generators in the state. Additional priorities include developing public/private partnerships, Spaceport America, small business support programs and tribal economic development. The secretary then discussed recruiting strategies. He said that EDD regional representatives develop leads from communities and local economic development organizations, New Mexico partnership recruitment, the Office of Mexican Affairs and the Office of

International Trades. He said that the agency conducts active marketing in the state and industrial site selectors. He highlighted Schott Solar, which has 25% of its staff in New Mexico and is moving more here. He said that the EDD contracts with an outside company to determine the return on investment and that the EDD uses the Local Economic Development Act (LEDA) to ensure that companies take advantage of incentives and have clawbacks to protect taxpayer money. He added that each project must be funded through a community that has adopted a LEDA ordinance. Secretary Mondragon also discussed stimulus funds, saying that community representatives have worked with communities to identify projects and potential funding sources.

Andrew Moralez, executive director, New Mexico Border Authority, said that the purpose of the border authority mandate is to create infrastructure to support businesses and work with counterparts in Mexico to create new jobs. He said that the authority has been meeting with counterparts in Mexico to mirror plans in New Mexico to increase tourism between the two countries. He noted that the New Mexico Border Authority and the Office of Mexican Affairs have worked to expand the port-of-entry hours to assist commercial business. He also said that 400 kids cross the border to come to school in Deming every day and that the New Mexico Border Authority secured funding to provide canopies to help protect the children from the heat. He discussed some of the agency's projects, including the Santa Teresa rail relocation, Santa Teresa extension of hours, Columbus/Palomas port expansion and Antelope Wells/Berrendo Road construction.

Juan Massey, director, Office of Mexican Affairs, EDD, said that Mexico is the thirteenth-largest economy in the world and that his office's economic development plan is based on tapping into the Mexican economy. He discussed the maquiladora supplier program, which presents New Mexico as a convenient place for companies to locate to supply buyers around the world. Mr. Massey noted that any mom-and-pop shop can be a beneficiary of NAFTA and that the business accelerator program matches suppliers in New Mexico with buyers in Mexico.

In response to questions asked by committee members, Secretary Mondragon said that the biggest challenge with recruiting businesses into rural areas is the lack of a large work force. He said that Fortune 500 companies are looking at moving to New Mexico and hire hundreds of people, but these companies do not believe that an adequate work force exists in rural areas. He said that the EDD is getting more and more requests from small companies to move here, but the requirements are sometimes insurmountable (e.g., no freeway nearby). With regards to regulatory challenges, Secretary Mondragon said that the mandate to staff is to be user friendly. He said that the EDD tries not to be overregulated and intervenes when companies are having problems with other agencies. He also noted that finding employees is not as big of a problem now as it was several years ago when unemployment was lower; however, there is a problem with employees passing drug tests. He added that there has been some reversion due to the economic recession; companies that left for Asia are coming back to North America, specifically to the Mexico/U.S. border region. He said that JTIP funds are available to small companies. In response to another question, Secretary Mondragon said that the agency is having issues with three companies that were promised appropriations but did not receive any due to the current budget situation, but that the contract states that the governor will propose the appropriations;

however, it is subject to legislative approval.

### **Lunch**

Committee members attended lunch at the StarMax facility where they were led on a tour and given a brief presentation on the company's history by William Kellen, CEO, American Family Entertainment Centers.

### **Chile Industry**

Charlie Marquez, lobbyist, New Mexico Chile Association (NMCA), said that the industry is in decline. He said that foreign competition remains severe because foreign sellers can sell chile for cheaper than it is grown in New Mexico. He pointed out that many immigrants have gone into construction, making it difficult to maintain the labor force in the chile industry. Mr. Marquez said that state funds are directed to New Mexico State University (NMSU) and that goals are set by the NMCA based on industry needs. He also noted that proposals are submitted to and approved by the NMCA. Mr. Marquez discussed mechanical harvesting. He said that the Israeli Harvester has tested well and is now being purchased and used by red chile farmers. He noted that farmers are investing in mechanical harvesters and that most red chile and cayenne will be harvested mechanically this year. He also discussed chile de-stemming project development and genetic research for green chile. He said that NMSU is using the chile gene to produce chile that is resistant to disease. He added that the industry is sensitive to concerns about genetic research. Dino Cervantes, treasurer, NMCA, and a Dona Ana farmer, added that genetic research is not unique to the chile industry and that concerns are not unique, either. Dr. Stephanie Walker, extension vegetable specialist, NMSU, said that she is working on techniques to rapidly detect any pathogens to avoid recalls.

Mr. Cervantes said that over the past few years, production has cost more than value, but that is changing. Mr. Marquez explained that the turnaround in 2008 was due to tackling problems collaboratively. He said that farmers are getting involved on an individual basis, there have been food safety concerns with imported food and the weak dollar makes imports more expensive. He said that the proposed tax incentives that came before the legislature last session will encourage farmers to go back to producing green chile. The incentives would sunset after three years, and he said that the incentives are designed to get the industry back on its feet. Mr. Marquez said that the NMCA's 2010 legislative requests include \$100,000 to be used over two years for food safety.

Dr. Walker said that NMSU's chile breeding program is recognized worldwide. She said that New Mexico No. 9 was the first New Mexican pod type variety and was released by Fabian Garcia in 1922, which led to the inception of commercial chile production in New Mexico. She said that the chile industry in New Mexico is diverse and includes green New Mexican-type chile, red New Mexican-type chile, paprika, cayenne and jalapeños. She said that NMSU continues to develop and improve chile. Bhut Jolokia, the hottest chile in the world, was developed at NMSU and released in 2007. She also said that the NuMex Heritage Big Jim has a higher yield with a milder, more consistent heat compared to the standard Big Jim. She said that NuMex Heritage 6-4 is more flavorful and consistent, the NuMex Alicia paprika is highly

pigmented, and the NuMex Las Cruces cayenne matures early and is tolerant to the curly top virus. She added that NMSU is currently breeding green chile plants to be mechanically harvested.

In response to a questions from committee members, the panel said that the \$200 per acre tax incentive is intended to encourage farmers to grow green chile and that acreage would have to be certified by the United States Department of Agriculture (USDA). The panel said that red chile responds better to mechanical harvesting because it does not need to be de-stemmed to be processed and is usually ground into powder or flaked so it can sustain some damage to the fruit unlike green chile. Green chile has a small window of time for harvesting, and each plant matures at a different rate, whereas red chile matures all at once. The panel also said that the average hourly rate, for chile employees is around \$9.00, but that there is a huge disparity among jobs (e.g., sorters make minimum wage, drivers make \$15.00 to \$20.00 per hour).

### **The State of Dairy in New Mexico**

Sharon Lombardi, executive director, Dairy Producers of New Mexico (DPNM), said that dairy is the largest agricultural industry in the state and that the role of the DPNM is to market the product. She said that the average dairy is family-owned, requires a major capital investment, typically has 2,000 cows and produces 42 million pounds of milk per year. The average dairy also has a \$16.64 million total economic impact and generates 10 direct jobs and 92 total jobs. She said that overall, dairies generate a \$2.6 billion economic impact to New Mexico, account for 3.92% of the state's gross domestic product (GDP) and generate 17,250 jobs. Ms. Lombardi noted that New Mexico is the nation's eighth-largest milk producer and third in the nation in production per cow with over 23,000 pounds of milk per cow per year. However, she said, the past year has hit dairies hard. She explained that costs have increased to an all-time high while milk prices have dropped to record lows; the cost to produce 100 pounds of milk is \$16.00 to \$17.00, but it only sells for \$9.00 to \$10.00 per 100 pounds. She said that the price of milk is set by the federal government, not by a free market system. She added that the DPNM is working with the USDA to get product out to the women, infants and children (WIC) and school lunch programs, but the USDA seems more concerned with products from New Zealand and Australia than New Mexico. She also added that state government can help with costs.

T.J. Trujillo, counselor, DPNM, discussed the organization's objectives, which include educating policymakers on the significance of agriculture to the state and the impact of the dairy industry; sustaining and potentially growing the state's dairy industry; demonstrating stewardship over the environment and animals by using sound science in agricultural practices; and proactively introducing legislative and regulatory initiatives for the upcoming year.

In response to questions from committee members, Ms. Lombardi and Mr. Trujillo said that the drive behind SB 206 was the loss of dairies to Texas. They asked the committee to endorse a letter to the New Mexico Department of Environment secretary requesting that the timeline not be expedited so regulations can be developed to benefit the dairy industry. On a motion made by Senator Harden and seconded by Representative Espinoza, the committee

unanimously approved to send the letter.

On a motion made, seconded, and unanimously approved, the minutes of the ERD's June meeting committee were adopted.

### **Break**

The committee recessed for travel to the Luna Rossa Winery.

### **Wine Growing How-Tos in New Mexico**

The committee heard from presenters on growing wine in New Mexico and the economic impact of the wine industry. Dr. Bernd Maier, extension viticulturist, Extension Plant Science Department, NMSU, Dr. Jon Boren, associate dean and director for cooperative extension, NMSU, and Dr. Natalie Goldberg, department head, Extension Plant Sciences Department, NMSU, talked about the work of the extension service as it relates to the wine industry. Extension activities include site evaluation, new planting support, irrigation consulting, canopy management, crop protection and weather information. The extension service's research activities include climate projects, canopy management, nematode surveys, winter desiccation prevention, nutrient uptake and the NE 1020 Project (a multistate grape variety testing program). Educational activities include the Southwest Regional Vine and Wine Conference held in Albuquerque, the New Mexico State Fair Competition and various talks and workshops.

Dr. Maier provided the committee with New Mexico grape and wine industry statistics. The state has 100 growers, 112 different varieties of grapes, 1,200 vineyard acres and 35 wineries (not including tasting rooms). The economic impact of the wine industry in the state is \$32 million (approximately \$27,000 per acre). He discussed the different wine regions in the state and what makes them successful. He also provided information on New Mexico vineyard microclimate weather stations and showed pictures of the stations to the committee.

### **Economic Impact of the Wine Industry: Past, Present and Future**

Steve Jaszai, president, New Mexico Wine Growers Association (NMWGA), discussed how the goal of the association is to make New Mexico nationally recognized for its grapes and wines. He said New Mexico has a great wine heritage. Wine has existed in the state as far back as the 1500s. The association is focusing its efforts on marketing and advertising, research and development and legislative efforts to make it easier for small farms to compete in the marketplace and for the wine industry in New Mexico to grow.

Lori Paulson, St. Clair Winery, described the growth experienced at her company. She said that in 2001, St. Clair Winery had 20 acres planted. In 2009, that number rose to 180 acres. She said the winery sells bulk wine on the bulk wine market and distributes wine to surrounding states, bringing money into New Mexico. She said case production last year was 75,000 cases. This year, it may go as high as 100,000 cases. The winery employs 115 New Mexicans.

## **Statutory, Regulatory and Legal Issues**

Dan Weaks, lobbyist for the NMWGA, thanked the legislature for its support of the wine industry. He described how there are two or three tiers of wineries in the state. One of the tiers consists of a few large wineries. The other tiers are smaller wineries that depend on tasting rooms and high tourist traffic areas to sell their wine. He described how the tax rate on wine in New Mexico is the third highest in the nation. He also went into some detail on the difficulties of selling wine out of state. Committee members suggested that a discussion on that topic should be continued at another meeting. Members of the committee and staff were then offered a tour of the Luna Rossa Winery.

## **Thursday, July 9**

### **Farmers' Markets: Ways to Support New Mexico's Small Farmers**

Pam Roy, co-director, Farm to Table, discussed Senate Bill 190, which leverages resources for rural communities, increases access to healthy foods, provides fresh fruits and vegetables to rural and underserved communities and provides schools with local fresh fruits and vegetables. She said that her organization is requesting that the legislature restore SB 190 as recurring funding. She added that if 15% of New Mexico consumers bought their food directly from local farmers, farmers' income would increase to more than \$375 million. Denise Miller, director, New Mexico Farmers' Marketing Association (NMFMA), said that locally grown food bolsters the economy, fights obesity and diabetes, decreases health care costs and invigorates the community. Ms. Roy said that agriculture is the state's third-largest industry and that 97% of New Mexico's agriculture products leave the state. She also said that New Mexico has the second-highest level of food insecurity, that one in six children in the state experiences hunger on a regular basis and that New Mexico spends \$324 million on health care related to obesity and diabetes. Ms. Miller said that the solution to these problems is farmers' markets. She said that during the last five years, farmers' markets in New Mexico have increased by 43% and many communities are requesting farmers' markets. She said that markets are rural, urban and native and that sales at farmers' markets continue to grow. She said, farmers' markets are microbusiness incubators: small businesses with employees. She said that markets also generate growth by expanding into neighboring communities and bridging urban and rural communities. Ms. Roy added that they are hoping to have WIC enrollees purchase food at farmers' markets rather than at the grocery store. Ms. Miller said that many people benefit directly; for example, the NMFMA potentially delivers \$700,000 to farmers annually and serves 21,400 moms, kids and seniors and leverages \$600,000 in federal dollars annually in nutrition programs. She added that Farm to Table found grant funding to support "food stamp" usage at markets and that its mission is to promote, educate and advocate. She also pointed out that there is a twice monthly column on local food in the *Albuquerque Journal*. Ms. Roy said that SB 190 contains \$25,000 to educate public policymakers about food, nutrition, agriculture and open market opportunities for farmers and consumers. She also said that the healthy kids-healthy economy program provides healthy, affordable food access and distribution and that the goal is to leverage new dollars.

In response to questions from committee members, Ms. Roy and Ms. Miller said that there is no limit on the number of items a vendor can bring to the market, but some markets try

to keep only certain percentages of certain items (e.g., baked goods, fruits, etc.). They also said that the Poverty Reduction Task Force made community gardens a priority and that community gardens require a lot of time and infrastructure, but are a wonderful way to involve the community. Ms. Miller said that there is no gross receipts tax on fresh produce. Ms. Miller and Ms. Roy said that schools can give "geographic preference" to buying local and that they are working with local communities on stimulus funds for farmers. They also added that farmers' markets are encouraged to have less than 50% of non-food items and that some markets are strictly food items. Ms. Miller said that the NMFMA is not a regulatory agency.

### **Marketing and Sales in the Pecan Industry**

Brad Lewis, assistant division director of agriculture and environmental services, NMSU, said that in 45 years, pecan production has grown from several hundred commercial acres to approximately 40,000 acres. Pecans are ranked as the second-largest cash crop in the state and first in the nation in overall production value due to the high nut quality. He said that pecan production supports job growth and benefits a variety of industries. Mr. Lewis said that the key to maintaining and increasing the profitability of the industry is directly related to marketing, exclusion of the pecan weevil and management of existing pecan pests. He said that past legislative support has helped in marketing, preventing insect damage and maintaining the state's reputation for high quality and that the industry is concerned about the 2010 budget reduction that could be harmful to pecan production.

### **Medical Marijuana**

Secretary Alfredo Vigil, M.D., Department of Health (DOH), said that medical marijuana is a hot topic in California and that the state is having a serious discussion about potential revenue from medical and recreational use of marijuana. He said that New Mexico is the first state to develop a system for medical marijuana usage. He said that the state has the responsibility of developing a production plan. He noted that the situation is tricky because federal law prohibits medical marijuana and the department is trying to avoid confrontation between the state and the federal government. Secretary Vigil noted that some patients are frustrated that development has been slow, but the department is trying to develop something that will be sustainable. He said that 381 people in the state are benefiting from medical marijuana. He said that the department has two certificate programs: one to certify use and one to certify production (up to four plants). He also said that the department is beginning to certify nonprofits to produce and distribute medical marijuana, which is a first for the state and the nation. So far, one nonprofit has been licensed. He said that the DOH does not want any excess product lying around, so the DOH is trying to figure out how this is going to work.

In response to questions from committee members, Secretary Vigil said that legislation was passed to keep producers' names confidential in order to protect them from vandalism and theft, but the name of the licensed nonprofit distributor was released by the media. He said that the vast majority of users find medical marijuana helpful. He noted that other drugs can ease pain and nausea, but mind-altering effects of medical marijuana help people cope. He also said that people are more comfortable now that they no longer have to fear jail time. He explained that the controversy around Vicodin and acetaminophen is the toxicity and that medical

marijuana has only a mild effect on pain but works well with other pain relievers. Secretary Vigil said that there are very few negative/toxic effects and it has been studied for decades without a single cannabis-related death, unlike almost every other drug. He said that seized marijuana cannot be used because the purity is unknown and it is evidence in a crime. He noted that 68 patients have been certified to produce their own medical marijuana. In response to a question about the difference between marijuana and industrial hemp, Secretary Vigil said that the amount of active ingredient differentiates the two. He added that the federal government has strict standards to inhibit growth of hemp and it would take a legislative change at the federal level to make hemp growth practical. He said that the Obama administration has indicated that it will not prosecute medical marijuana users. He explained that no price has been set by the nonprofit distributor because nothing has been produced yet and that the nonprofit was formed by people who have used medical marijuana for relief or who have family members in need. He said that 14 to 15 states have medical marijuana statutes. He indicated that the attorney general's opinion says that federal law considers medical marijuana illegal and a request was made for information on how many states have adverse attorney general opinions. Secretary Vigil said that the original legislation included a process for adding conditions and uses. He also noted that patients can petition to have conditions added to medical marijuana uses, but that the department has not experienced a huge deluge of requests and even those requests that are not scientifically necessary have been from people who are suffering. He expressed that the biggest concern is preventing a secondary black market through regulations and said that the state will not be tolerant of any illegal actions detected during work with producers or distributors.

### **Enhancing the Economy Through Agro-Security**

Billy Dictson, director of biosecurity, College of Agriculture, NMSU, said that 1.3 million tourists and 38,000 imported animals enter the United States every day. He said that the United States has to worry about transportation of diseases because food comes from the lowest bidder. He emphasized that there are controls in place, but that the country relies largely on foreign governments for food safety. He noted that each day the average American eats food that originated in over 30 countries. He discussed some recent headlines related to food contamination, including E.coli in spinach and the peanut butter recall. He said that contaminated food results in loss of revenue for uncontaminated produce. He also said that New Mexico is ahead of many states in agro-security. Mr. Dictson discussed some initiatives. He said that in 2003, agriculture was identified as critical infrastructure, a state assessment was conducted and that 200 people were trained in ICS NIMS. He said that NMSU conducts numerous intensive training events for about 800 people per month. Other initiatives include tabletop exercise, livestock syndrome surveillance, numerous conferences and exercise programs, awareness training, Native American community involvement and establishment of regional avian influenza surveillance teams. He also said that first detectors-first responders are all trained in foreign animal disease detection. NMSU also conducts county emergency preparedness training and is involved in methamphetamine production and use prevention.

In response to questions from committee members, Mr. Dictson said that methamphetamine production and use in New Mexico is largely a rural problem. He said that producers go to areas of least resistance and as long as demand exists, there will not be a solution

to drug problems along the border. He said that there has been an increase in product coming from Mexico. Mr. Dictson added that meth awareness training has been conducted in the state for years, but each community does it differently. He proposed a comprehensive standardized training program and said that there is already a statewide delivery system.

The committee recessed for travel to Elephant Butte.

### **Economic Development in Elephant Butte**

Alan Brown, mayor pro-tem, City of Elephant Butte, welcomed the committee members to Marina Del Sur at Elephant Butte State Park and thanked them for coming. He then introduced the other speakers in attendance.

Alan Briley, city manager, City of Elephant Butte, described the economic scheme for the city, which centers on tourism and the demands of a growing community. Tourist attractions such as the Spaceport, the hot springs and Turtleback Mountain Resort will bring people to the area, but the city cannot have strong growth without a sewer system. He said it is the city's biggest challenge.

Vince Barrett, Sierra County Economic Development Organization (SCEDO), said the county is on the verge of significant economic development. He said that he expects a significant amount of growth, but the county is not quite there yet. Total real estate sales are down 30% from last year. He said the SCEDO can serve as a facilitator for growth by helping information to flow to various governmental entities.

Susan LaFont, president, Elephant Butte Chamber of Commerce, described how in Sierra County, there is a tourism advisory board that brings the county and communities together to market the area. She spoke about advertising efforts and how the chamber has been receiving a lot of calls from people interested in the new jobs coming to the area because of the Spaceport.

Jack Whitt, Turtleback Mountain Resort, described what economic development means to him. He described it as the productive use of capital to create jobs. His business has created 69 jobs in the City of Elephant Butte.

### **Friday, July 10**

Senator Sanchez called the meeting to order at 9:05 a.m. Senator Sanchez turned the meeting over to Representative Hamilton to act as chair.

### **Spaceport America Report**

Steven Landeene, executive director, New Mexico Spaceport Authority, provided an update on the Spaceport. The space industry has changed to where the private sector is becoming more involved, and the industry will now affect tourism and transportation, research

and development and government and the military. He provided the committee with a construction update and the funding status of the Spaceport. The Spaceport has a budget of \$198 million. Out of that amount, \$140 million comes from state appropriations; \$132.5 million has already been appropriated, with just \$7.5 million still remaining to be appropriated.

Mr. Landeene discussed the two pieces of legislation he supports for the 2010 legislative session. One is for a name change to "Spaceport America". He said the authority wants to establish a trademark and secure branding rights. The other legislation the authority wants is a bill similar to what Florida and Virginia have passed that supports informed consent for Spaceport participants. He said this legislation would help the Spaceport to remain competitive.

Mr. Landeene then described the first annual educational launch held on May 2, 2009 and the Spaceport America groundbreaking events held on June 18 and 19, 2009.

He explained how Spaceport America will be a catalyst for economic development, tourism and education, which are the three pillars that are driving their decision-making. He described how the 20-year lease with Virgin Galactic should generate \$250 million in user and lease fees if the company meets its business plan. He also described how construction of the Spaceport will generate hundreds of jobs. Local businesses and the tourism industry in the area will also benefit from the Spaceport. Some businesses have already seen positive results.

Committee members questioned Mr. Landeene on the legislation he is supporting and instructed staff to work with him to prepare the necessary bills for introduction during the next legislative session.

Mr. Landeene was asked when flights from the Spaceport will be available. He said if the company stays on schedule, it would probably be in early 2011. Virgin Galactic will not, however, commit to a timetable. Safety is the first priority. Until the flights are safe, passengers will not go on them.

In response to a question concerning Virgin Galactic's business plan, Mr. Landeene said the company is planning to start with one trip per week, then have one trip per day and then finally, within three to five years, progress to having two to three flights per day.

Mr. Landeene was also asked to comment about the effect of weather on space flights. He informed the committee that weather is a huge concern. New Mexico's weather, as well as its elevation, restricted air space and low population density, make it a good location for launches. He said this gives the state an advantage in attracting businesses.

Representative Hamilton turned the meeting back over to Senator Sanchez to act as chair.

### **Tourism as New Mexico's Economic Boon**

Gina L. Kelley, director of tourism, Sierra County Recreation and Tourism Advisory Board, presented a video on the local tourist attractions in the area, which include migratory

birds, chile, El Camino Real International Heritage Center, hot springs and Geronimo Springs Museum. She said the video shows that communities working together can put together professional tourism materials. She provided the committee with samples of advertising brochures.

Ms. Kelley thanked the legislature for supporting the Main street program. She said that downtown Truth or Consequences needs to be revitalized in order to benefit from the tourism that will come from the Spaceport.

Ms. Kelley was asked whether her board receives any support from the Tourism Department. She said yes, the board applies for grants from the department. She was also asked how the downturn in the economy has affected tourism in the area. She said her area has not been hurt because it is an affordable, easy-to-drive-to destination for people from Santa Fe, Albuquerque and Las Cruces. She said it is important to educate people in the state about all the vacation possibilities they have right here in New Mexico.

### **Regionalization Efforts for White Sands Missile Range**

Commissioner William Connor, New Mexico Military Base Planning Commission, and Greg DeVogel, director of plans and operations, White Sands Missile Range, provided the committee with an overview of the New Mexico Military Base Planning Commission and White Sands Missile Range. New Mexico's military installations include Cannon Air Force Base, Kirtland Air Force Base, Holloman Air Force Base, White Sands Missile Range and Fort Bliss. The primary purpose of the missile range is to test weapons for the Department of Defense. Every naval weapon is tested at White Sands. Foreign countries also test their weapons at White Sands.

Mr. DeVogel discussed the movement of troops into Fort Bliss. This influx will bring approximately 100,000 people to the El Paso region. A majority of the soldiers will stay at White Sands.

Mr. Connor and Mr. DeVogel discussed how New Mexico's military installations are in a state of transition. The economic impact of at least four of the five installations will increase. Relationships between the communities and their installations are important to ensure missions are supported and that the needs of the military members and their families are recognized and supported. Regionalization efforts will center on better coordination and processes. Each base remains its own base, but bases will coordinate with each other, sharing schedules and talking more.

Representative Heaton asked about the issue of encroachment. Mr. Connor and Mr. DeVogel responded that it is important that the bases have buffer zones, but each base has a different issue to deal with, such as noise, light or wind turbines. Representative Heaton suggested that the legislature should address the issue in order to protect the future of New Mexico's bases.

### **Expansion of the National Solar Observatory Project**

Dr. James Murphy, Ph.D., professor of astronomy, NMSU, described how the National Science Foundation's National Solar Observatory (NSO), headquartered in Sunspot, New Mexico, is the world's premier solar research organization with the mission of advancing knowledge of the sun. It maintains a staff of 90 people worldwide. The NSO plans to consolidate its scientific and engineering staff to a university campus. Dr. Murphy discussed NMSU's goal of competing for and retaining the NSO's consolidated headquarters. He described how this would benefit science and engineering programs across the state, attract and retain students desiring a career in science and engineering and provide internships, graduate assistantships, technical professional positions and international research opportunities for New Mexico.

Dr. Jim Peach, Ph.D., professor of economics and international business, NMSU, discussed the economic impact of the NSO proposal. He said there would be two types of impact: (1) the immediate impact of the construction of 26,000 square feet of leasable office, laboratory and classroom space; and (2) the ongoing impact of operations. He discussed the jobs and income that would be created, and he provided a chart showing the direct and indirect economic impact for the years 2012 and 2013.

Dr. Peach was asked whether the NSO is federally funded. He replied that yes, its budget comes from the federal government. He was also asked where the university would locate the 26,000 square feet of office space. He said it would be located in the southern part of the campus.

The committee adjourned at 12:00 noon.