

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

June 1, 2009
Room 322, State Capitol

The first meeting of the Economic and Rural Development (ERD) Committee was called to order by Senator Bernadette M. Sanchez, chair, at 10:15 a.m. on Monday, June 1, 2009, in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Bernadette M. Sanchez, Chair
Rep. Mary Helen Garcia, Vice Chair
Rep. Andrew J. Barreras
Rep. Ernest H. Chavez
Sen. Mary Jane M. Garcia
Rep. William J. Gray
Sen. Timothy M. Keller
Rep. Patricia A. Lundstrom
Sen. Howie C. Morales
Sen. George K. Munoz
Sen. William E. Sharer

Advisory

Sen. Rod Adair
Sen. Sue Wilson Beffort
Rep. Zachary J. Cook
Sen. Dianna J. Duran
Sen. Tim Eichenberg
Rep. Sandra D. Jeff
Rep. James Roger Madalena
Rep. Antonio "Moe" Maestas
Sen. Richard C. Martinez
Rep. Andy Nunez
Rep. Richard D. Vigil

Staff

Kate Ferlic
Sandy Mitchell
Aldis Philipbar

Absent

Sen. Mark Boitano
Rep. Nora Espinoza
Rep. Dianne Miller Hamilton
Sen. Clinton D. Harden, Jr.
Rep. Debbie A. Rodella

Rep. Nathan P. Cote
Rep. John A. Heaton
Sen. Carroll H. Leavell
Rep. Rodolpho "Rudy" S. Martinez
Rep. William "Bill" Rehm
Sen. John M. Sapien
Rep. Shirley A. Tyler

Guests

The guest list is in the original meeting file.

Monday, June 1

Economic Development in Santa Fe

David Coss, mayor, City of Santa Fe, presented the city's economic development and implementation strategies to the committee. Mayor Coss said that the objective of the development strategy in 2004 was to diversify the city's economy, reduce leakage and bolster innovation potential. In July 2008, the implementation strategy was adopted by the city council. According to Mayor Coss, the strategy focuses on five industry sectors, including "green jobs", media, technology, arts and culture and knowledge-based industries. He added that the strategy also focuses on business development, work force development and infrastructure. Mayor Coss reviewed a specific business development strategy called the Santa Fe "Buy Into It" campaign, which stresses the importance of shopping locally. He discussed the city's site and infrastructure projects like the American Airlines flights from Santa Fe to Dallas/Fort Worth beginning June 11, 2009, as well as a green-job work force training program that targets at-risk youth for apprenticeship programs called YouthWorks!. Mayor Coss also noted that Santa Fe's community assets (including the Railyard Park and Market Station, the farmers' market, the community convention center and the New Mexico History Museum) play a role in the community's stable economic base and make Santa Fe an international tourist destination.

Mayor Coss and Fabian Trujillo, City of Santa Fe, answered questions from the committee. Discussion centered around the struggles of attracting new companies without a trained work force. Committee members emphasized the need to perform a work force demographics study. In response, Mr. Trujillo said that the city had to put its current demographic project on hold. He said that the city had contracted with a demographer that uses a unique model called complex modeling. Mayor Coss noted that this type of modeling is very detailed and expensive. He said that the city is exploring the possibility of using multicounty demographic models, but that it is difficult to get support from local governments when revenues are dropping. He emphasized that the models are an important building block in economic development because it is difficult to recruit businesses when the city cannot promise a work force. It was suggested that Mayor Coss look into working with the Council of Governments and the University of New Mexico Center for Demographics on this issue. Mayor Coss also addressed questions about the Santa Fe Innovation Park, saying that it is an exciting, but unfunded, idea. He also addressed questions related to the Santa Fe Indian School. He said that the city has no authority over the property, but that it had been involved in preliminary discussions on the issue because the city would provide some basic infrastructure, including water and sewer. He said that the main impediment to development on the property is a lack of adequate funding.

Interim Committee Protocols

Paula Tackett, director, Legislative Council Service (LCS), addressed questions and concerns regarding interim committee protocols. She began with the issue of obtaining a quorum. She said that a quorum consists of half plus one of the voting members assigned to the committee. She said that the speaker of the house and the president pro tempore have the authority to appoint voting members to the committee. Once a quorum is established, it is presumed to exist. She also said that a committee can dissolve into a subcommittee to hear testimony as long as the number of advisory and voting members is equal to the number of members required for a quorum or the chair or vice chair is present along with one member from each house of each party (five total). She added that members may resign at any time and that only voting members are allowed to vote. She then discussed the blocking provision, which states that no action shall be taken if a majority of members from one house vote against the measure; however, she noted that this provision does not apply to every committee. Ms. Tackett addressed issues related to the sound systems in the committee rooms, saying that the sound systems adjust automatically and are easily disrupted by background noise. If a committee member is having trouble hearing, she suggested checking for excessive background noise (e.g., side conversations, paper rustling, typing, etc.). She also noted that laptop computer screens block the microphones and that the microphones should be turned off until a member is ready to speak to avoid feedback. Ms. Tackett discussed the interim committee calendar and said that meeting conflicts were avoided as best as possible during the calendar creation. She added that any changes to the calendar must be approved by the New Mexico Legislative Council. Finally, Ms. Tackett addressed issues with regards to chairing the committee, per diem and mileage forms and conference attendance.

2009 Legislation — Summary

Kate Ferlic, staff attorney, LCS, said that the majority of time and effort during the 2009 legislative session was directed toward the solvency package and fiscal year 2010 budget appropriations. She noted that even in the middle of this economic downturn, New Mexico has a number of industries that continue to support and sustain the state, primarily government, oil and gas and health care; however, new industries like renewable energy and film continue to catch the eyes of companies and investors. Ms. Ferlic said that only one committee-endorsed bill passed both houses and was signed into law. Senate Bill 46, sponsored by Senator Bernadette M. Sanchez, allows for school districts to provide for industry-taught or guided pre-apprenticeship programs for qualified high school students. Upon graduation, students are awarded a certificate that will count toward the completion of a registered apprenticeship. The rest of the committee bills failed, including:

- House Bill 502 — administration reorganization review (pocket veto);
- House Bill 571 — income tax credit for chile producers;
- House Bill 175 — prohibit selling of New Mexico higher education student lists to financial institutions;
- House Bill 570 — statutorily create the Economic and Rural Development joint interim committee;
- House Bill 574 — create the Administrative Procedures Task Force;
- House Bill 576 — amend the Administrative Procedures Act by providing agency licensing time frames;

- House Bill 45 — require the State Commission of Public Records to establish a filing system for regulatory impact statements and require all executive branch agencies, except for the Public Regulation Commission (PRC), to file a regulatory impact statement when a rule is filed with the State Records Center;
- House Bill 44 — create the Running Start for Careers Fund;
- House Bill 124 — services for homeless children (appropriation);
- Senate Bill 24 — arts services contracts (appropriation);
- Senate Bill 14 — business incubator program (appropriation);
- House Bill 569 — demographer models (appropriation);
- Senate Bill 110 — manufacturing extension services (appropriation);
- House Joint Memorial 17 — create a Financial Institutions Affairs Committee;
- Senate Joint Memorial 12 — study equity between telecommunications service providers; and
- Senate Joint Resolution 7 — constitutional amendment prohibiting any executive regulatory rule from taking effect until evaluated and approved by the appropriate committee.

Ms. Ferlic also noted that several bills were signed into law that were not endorsed by the committee but were still relevant to the ERD, including:

- Senate Bill 288 — enacts an awards procedure for public higher education institutions when programs for instruction and training related to alternative energy and energy efficiency are developed;
- Senate Bill 23 — appropriates \$2 million from the Public Project Revolving Fund to local governments for water/wastewater systems development, economic development, long-term water management and conservation strategies;
- Senate Bill 593 — establishes a program to pay medical school fees for eligible students who intend to practice primary care in rural areas; and
- Senate Bill 468 — directs the PRC to adopt rules regulating the propane industry to protect consumer rights.

Ms. Ferlic also pointed out that only one Tax Increment Development District (TIDD) passed. Senate Bill 467 allows for \$164 million in bonds to be secured by state gross receipts tax revenue and local gross receipts and property tax revenue for the Winrock/Quorum Town Center project in Albuquerque. She said that two other TIDD bills failed, one for the community development on the West Mesa of Albuquerque and another one for the Las Cruces Main Street development project, but the committee would visit those issues again during the 2009 interim per the New Mexico Legislative Council. Ms. Ferlic also pointed out that, despite the economic recession, Albuquerque ranked second in Kiplinger's 2009 Best Cities to Live and eleventh in Forbes' 2009 Best Places for Business and Careers.

Discussion regarding the importance of committee-endorsed legislation ensued, prompting Representative Lundstrom to move that the committee draft a letter to the New Mexico Legislative Council asking for clarification on the weight of committee-endorsed legislation. The letter would ask the council to clarify whether a bill, memorial or resolution

endorsed by one or more interim committees reflects significant legislative support for that proposal. The motion was seconded by Representative Mary Helen Garcia. The motion passed, with Senator Sharer and Representative Gray in opposition.

In relation to this issue, Senator Keller requested a five-year study from the LCS on the percent change between committee votes and floor votes.

2009 Interim Work Plan and Meeting Schedule Development

Ms. Ferlic reviewed the proposed work plan with the committee. Senator Bernadette M. Sanchez said that she had spoken with Ms. Tackett about forming a task force to study regulatory reform. A motion was made by Representative Mary Helen Garcia to form a six-member subcommittee on regulatory reform to give the issue adequate hearing time and focus. Representative Lundstrom seconded, and the motion passed unanimously. Volunteers for the subcommittee include Senators Beffort, Duran, B. Sanchez and Sharer and Representatives Barreras, M.H. Garcia, Gray, Jeff, Nunez and Vigil. The creation of the committee and meeting dates for the subcommittee will go to the council for approval.

Two other subcommittees were suggested, one regarding arts and culture and another related to the film industry, but no formal motions were made to establish these subcommittees.

Several other issues were raised in regards to committee work plan topics, including opportunities for economic development in tribal communities and job loss due to the tax on extractive industries. It was suggested that the Economic Development Department use the design multiplier model to study the latter issue. It was also noted that the Legislative Finance Committee would be looking into the tax.

On a motion made, seconded and unanimously approved, the committee work plan was adopted with changes.

There being no further business, the committee adjourned at 12:45 p.m.