

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

**June 3, 2016
Room 307, State Capitol
Santa Fe**

The first meeting of the Economic and Rural Development Committee was called to order by Representative Bob Wooley, acting chair, on June 3, 2016 at 10:25 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Rick Little, Chair
Sen. Jacob R. Candelaria
Rep. D. Wonda Johnson
Sen. Michael Padilla
Sen. John Pinto
Rep. Debbie A. Rodella
Rep. Bob Wooley
Rep. John L. Zimmerman

Absent

Sen. Benny Shendo, Jr., Vice Chair
Sen. Ron Griggs
Sen. Richard C. Martinez
Rep. Patricia Roybal Caballero
Sen. Pat Woods

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Craig W. Brandt
Sen. Lee S. Cotter
Rep. Nora Espinoza
Rep. Jimmie C. Hall
Rep. Patricia A. Lundstrom
Rep. Dennis J. Roch
Rep. Nick L. Salazar

Rep. George Dodge, Jr.
Rep. Bealquin Bill Gomez
Rep. Dianne Miller Hamilton
Sen. Carroll H. Leavell
Sen. Mark Moores
Sen. Mary Kay Papen
Sen. William E. Sharer

Staff

Shawna Casebier, Staff Attorney, Legislative Council Service (LCS)
Celia Ludi, Staff Attorney, LCS
Chris Pommier, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Friday, June 3

Call to Order — Introductions

Representative Wooley called the meeting to order and announced that the chair and several committee members had been delayed by traffic on I-25 between Albuquerque and Santa Fe. He welcomed members of the committee, staff and guests to the meeting. Committee members and staff introduced themselves.

Initiatives and Legislative Priorities of the Regulation and Licensing Department (RLD)

Robert (Mike) Unthank, superintendent, RLD, presented updates from the department to the committee. Referring to his handout at Item (1), Superintendent Unthank named the seven organizational divisions of the agency and emphasized the RLD's economic development initiatives designed to support the businesses it regulates and to provide the most easily accessible, up-to-date information to businesses and the public.

Working through his handout, Superintendent Unthank said that the RLD has been working with the secretary of state, the Taxation and Revenue Department and the Workforce Solutions Department to develop the Statewide Portal Project in accordance with Senate Bill (SB) 9 from the 2014 legislative session. SB 9, the One-Stop Business Portal Act, requires development of a website that is free, user-friendly, searchable and accessible to the public in order to conduct certain business transactions electronically. The site is required to provide a single point of entry that allows users to access taxation information; make taxation filings and payments; access workers' compensation information and make related payments; complete and submit applications for licenses, registrations and permits and other documents issued by state agencies that are required for transaction of business in New Mexico; communicate with customer service representatives during regular business hours; and access the New Mexico Sunshine Portal. The statewide portal must be in service by July 1, 2017. The RLD is also reviewing statutes, rules, policies and procedures to de-regulate where no health or safety issue is implicated.

Regarding the Boards and Commissions Division, Superintendent Unthank said that the RLD reverted money from several funds in the immediately preceding fiscal year, which has prompted a review of the various fees charged by the different boards and commissions. His view is that if money is reverted, it indicates that fees are set higher than they need to be to cover board or commission operations. Superintendent Unthank reiterated that the RLD's primary responsibility is to protect the health and safety of the public, not to protect particular industries or professions by restraining entry by setting high licensing fees and requiring unessential paperwork. He related that the RLD had identified an important company in Alamogordo called "PreCheck", which performs background checks for health care employers. All work is done by computer, but under previous regulations, the employees were required to be licensed private investigators. Private investigator licenses were \$200 per year, a substantial cost of doing business for the company, which was causing the company's owner to consider moving to Nevada. The licensing fee was reduced to \$50.00, and the company remains in New Mexico.

The RLD is also working with the federal Department of Veterans Affairs (VA) to allow the VA to access the state prescription drug registry so that VA health care providers can see when prescriptions for opioids are issued by private health care providers to reduce the incidence of multiple providers issuing prescriptions for the same condition; often in those instances, the recipient of the prescriptions illegally resells the drugs.

Regarding the Alcohol and Gaming Division (AGD), Superintendent Unthank remarked that the growth in the industry now comes primarily from the proliferation of brewpubs. He described a new staggered system for alcohol license renewals that the legislature passed in 2015. Formerly, all alcohol licenses of every type were renewed effective July 1; the 2015 statutory change sets three different renewal dates depending on the type of license. That change smooths out the renewal application processing workload and allows the RLD to timely accomplish all renewals without adding either staff or short-term contractors to process the renewal applications. Superintendent Unthank also informed the committee that RLD staff is working on clarifying the rules relating to the AGD to eliminate redundant or confusing language.

Superintendent Unthank commented that the RLD's Securities Division is expanding its social media presence to offer fraud education to people who have elderly parents who are vulnerable to scammers.

Superintendent Unthank related that the effort to revise rules to eliminate redundant or confusing language is a department-wide initiative that started in the Construction Industries Division (CID), where nine redundant licensing classifications have been eliminated. The RLD is also encouraging municipalities to amend their building codes to mirror the state's codes, but statutes only require municipalities to adopt the state codes as minimum requirements; some municipalities have adopted more stringent requirements than the state. The CID is getting ready to bring its proposed building code amendments to a public hearing as part of the rulemaking process. The CID is now working on cross-certifying (e.g., electrical and plumbing) 17 CID staff inspectors to reduce redundancies, industry wait times and travel expenses of the inspectors. For example, if a project is ready for both electrical and plumbing inspections at the same time, one cross-trained inspector can do both inspections in the same visit, instead of having one inspector for each type of inspection in separate visits, thus reducing the customer's wait time, shortening the turnaround time and reducing the department's staff and travel expenses. The cross-training program has additional unquantified savings to the state because the single largest customer of the CID's building inspection program is the public schools. The CID is planning to eventually qualify 23 cross-trained inspectors. The CID is also implementing new interactive permitting and inspection software that allows for electronic plan submission and review, thus streamlining and shortening the submission and review process. The RLD is actively encouraging local governments to provide their own building inspection programs to reduce the demands on the state's limited numbers of inspectors and provide faster service to customers. He noted that there has been some industry pushback on some of the CID's reforms, and he commented that the CID is not a construction protection entity, it is a building inspection program; issues like fraud and job abandonment are properly addressed in courts, not by the CID.

In response to a question by a member, Superintendent Unthank explained that the application of the "sunset rule" to the RLD means that each board or commission must justify its continuation. The RLD is exploring the possibility of merging the Board of Osteopathic Medical Examiners and the New Mexico Medical Board, since they have very similar responsibilities. Similarly, he proposes merging the Board of Landscape Architects and the Board of Examiners for Architects. He also does not see the need for the Interior Design Board, since it does not issue licenses. A member commented that a constituent had asked for help in requiring licenses to practice interior design, and the member asked what the responsibilities of the Interior Design Board are if not to issue licenses. Superintendent Unthank replied that he had asked the Interior Design Board the same question and would inform the member when he receives a response.

A member asked if the RLD is fully staffed. Superintendent Unthank replied that the RLD has 304 authorized positions, 252 of which are filled, for an 82% staffing rate. He added that turnover is highest in the CID, Manufactured Housing Division, Financial Institutions Division and Securities Division, primarily because the RLD cannot match the salaries paid by local governments and the private sector, noting that regional local governments include Phoenix, El Paso and Midland-Odessa.

A member asked whether the RLD's professional licenses allowed for reciprocity with certifications issued by other states. Superintendent Unthank responded that reciprocity is best in construction professions; New Mexico has total reciprocity with 11 other states for journeyman electricians and is working on reciprocity for plumbers and mechanics. Nursing is another area where reciprocity is good. He commented that, although he is generally a fan of reciprocity, he is concerned that traveling nurses may not have a commitment to the community, so the nursing workforce is unstable if it relies on traveling nurses, and he said that he is encouraging the state's schools to expand their nursing schools so there are more nurses with roots in their communities to address shortages.

A member expressed concern that liquor licenses in rural areas are being sold and transferred to urban areas because their rural owners cannot afford to turn down the high prices offered for them, leaving rural areas without liquor sales and affecting the economies of small communities. The member commented that the price of liquor licenses should be controlled by the state, not by private markets.

A member asked if a permit is required to build wind turbines in New Mexico and mentioned problems coordinating with the military and the Federal Aviation Administration. Superintendent Unthank informed the committee that it depends on whether the manufacturing and operation takes place on state or federal land and what state or federal agency has jurisdiction of that land; there is no centralized system. The CID in theory has the authority to require permits not only for construction, but also for operation of wind turbines if the location is not under the jurisdiction of the Public Regulation Commission. He said that the situation is similar to that of cell phone towers, and the RLD is working on coordinating with other agencies.

A member commented that the RLD is not a construction protection agency, but the construction trades are licensed to protect consumers. The state has no liability for costs incurred by consumers when work is slowed because licensed people are required to do it and inspectors are required and there are fees for inspections. The member summarized that if there is a problem, it is that the state has no liability; the member suggested random inspections instead of requiring inspections of every job.

A member raised the issue of licensure of real estate inspectors and suggested that the CID would be an appropriate agency to develop and oversee licenses. Superintendent Unthank responded that home "inspectors" are really an insurance program, not a code compliance program. He proposed that the home inspector convention came out of the real estate industry to buffer Realtors from being held liable for undisclosed problems such as leaky roofs.

Review of the Committee's 2015 Interim Work and 2016 Committee-Endorsed Legislation

Ms. Casebier provided the committee with the following high-level review of the committee's 2015 work, grouped under eight general categories, and the committee's 2016 endorsed legislation:

1. regulation, licensing and policy revisions:

- liquor control policy; and
- the New Mexico Broadband Task Force steering committee report;

2. taxes and financial incentives:

- proposed rural infrastructure tax credit and committee-endorsed House Bill (HB) 108;
- Los Alamos National Laboratory's and Sandia National Laboratories' Laboratory Partnership with Small Business Tax Credit Act; and
- United States Department of Agriculture Rural Development infrastructure financing programs;

3. business development resources and state-supported strategies:

- outreach and program development of the New Mexico Small Business Development Center;
- the Greater Gallup Economic Development Corporation updates;
- comprehensive economic development strategy for northwest New Mexico and the web portal designed for the New Mexico Association of Regional Councils to assist local governments with navigating state and federal funding opportunities; and
- presentation by business accelerator program Creative Startups;

4. infrastructure, utilities and basic needs in New Mexico communities:

- presentation by Public Service Company of New Mexico regarding utility infrastructure to meet New Mexico's future needs;
- programs to promote consumption of fresh and local fruits and vegetables: the New Mexico Department of Agriculture's "Double Up Food Bucks" and local fresh fruits and vegetables in the Albuquerque Public School District;
- the Four County Groundwater Initiative; and
- the Southwest New Mexico Council of Governments and the New Mexico Energy and Green Jobs Task Force;

5. workforce training, education and research:

- industrial hemp for research and development purposes and committee-endorsed HB 148;
- AerSale, an international after-market aircraft, engine, parts and service company in Roswell and Rio Rancho;
- programs at New Mexico State University to attain economic development through business incubation, workforce training, research institution collaboration and investment in technology intellectual property; and
- the University of New Mexico Center for High Technology Materials development of business and educational applications from optics and photonics research;

6. reports from executive agencies and political subdivisions:

- updates from the Tourism Department; New Mexico True campaign and tourism in Indian country; HB 15 appropriating funds to the Scenic Byways program;
- proposed legislation from the superintendent of insurance (SB 108) to create uniformity in provisions that govern licensing, supervision and enforcement;
- update from the Workforce Solutions Department on unemployment insurance;
- updates from the Economic Development Department regarding the Job Training Incentive Program and the Local Economic Development Act; updates on economic impacts of the film industry; discussion of New Mexico MainStreet and New Mexico Arts and Cultural District programs;
- updates from the Workers' Compensation Administration; and
- updates from the Cultural Affairs Department on the economic impact of creative economies;

7. additional topics relating to rural and economic development in the state:

- proposal from the Carlsbad Nuclear Task Force to develop an interim storage facility; and

- updates on the planning and intended outcomes of the Gallup Energy Logistics Park and Navajo Inland Port; and

8. previously proposed legislation that did not pass:

- SB 601 (2015) relating to revisions to the Oil Conservation Commission rules;
- amendments to the State Rules Act;
- SB 69 (2015) regarding in-state business purchasing preferences; and
- HB 261 (2015) amending the angel investment tax credit.

The committee additionally endorsed for the 2016 legislative session HB 150, which would have made an appropriation for boll weevil and pink bollworm monitoring, and HB 149, which intended to include compensation to landowners for the financial damages caused by big game from the Big Game Depredation Damage Fund. Neither bill made it out of house committees.

Discussion of the Work Plan and Meeting Schedule

The committee discussed the proposed interim meeting schedule. Representative Rodella moved, and Representative Wooley seconded, that the New Mexico Legislative Council be requested to authorize one additional meeting day on July 12 or 14, depending on which date has fewer conflicts for the most members; the motion passed unanimously.

The committee discussed meeting sites for the interim and agreed as follows:

- the July meeting will be in Grants;
- the August meeting will be a joint meeting with the Land Grant Committee in Las Vegas and Anton Chico;
- the September meeting will be in Roswell; and
- the October meeting will be in Las Cruces, contingent upon New Mexico Legislative Council approval.

The committee discussed the proposed work plan and the addition of the following topics:

- the Site Selectors Guild's criteria for corporation site selection;
- reevaluation of committee-endorsed legislation that did not pass in 2016;
- the Jobs Council's job-creation plan;
- public-private partnerships and the promotion of private investment in the state;
- the minimum wage;
- an update from the Public School Capital Outlay Oversight Task Force on broadband infrastructure in rural schools;
- workers' compensation;

- energy resources in general; the status of the oil and gas industry; and renewable energy;
- industrial hemp;
- lower Rio Grande water users, particularly in the Elephant Butte Irrigation District;
- liquor licenses; and
- the economic impact of the opioid epidemic.

Representative Rodella moved, and Senator Candelaria seconded, that the committee adopt the work plan and meeting locations as discussed; the motion passed.

Adjournment

There being no further business before the committee, the first meeting of the Economic and Rural Development Committee for the 2016 interim adjourned at 12:30 p.m.