

**Agenda for Economic Development, Education, Public Safety
Greater Albuquerque Chamber of Commerce
53rd Legislature, First Session**

Preface

There's No Money

As the 53rd Legislature convenes, recurring state general fund revenues for FY18 are estimated to be more than \$300M or about 6% less than in FY 17, despite extraordinary measures taken in both the regular and special sessions of 2016. Simply put, the state's economy is overly dependent on federal spending and oil and gas production. Oil and gas production alone accounts for around 20% of general fund revenues and contributes substantially to the state's permanent funds.

Usually a legislative session begins with talk about how to spend "new money," i.e. available revenue in excess of the cost of ongoing programs. This year, the talk starts with "negative new money," i.e. there isn't any. For some, the dialogue then turns to "revenue enhancements," i.e. tax increases.

Efficiency and Effectiveness are the Watchwords

The Chamber believes tax increases should be considered only if and when all other options have been completely exhausted. In the short term, we believe there are many steps that can and should be taken first, starting with a strategic restructuring of state agencies in order to ensure that inefficiency is eliminated and effectiveness is rewarded. We advocate a surgical approach that ensures adequate funding is available to educate our children, provide for public safety and support economic development. Expenditures that don't align with these priorities should be the first to be reduced or eliminated.

Grow the Economy

In the long term, the cure to the state's budget ills is growing a much more diverse private sector by continued investment in the strategies that have shown success in attracting and expanding businesses. The Governor and Legislature must come together to implement a keen strategic focus that demands both efficiency and effectiveness in government programs and steady stewardship of initiatives that result in increased productivity and prosperity.

Don't Eat the Seed Corn

For centuries, wise farmers have always warned against eating the seed corn no matter how desperate times become. Seed corn, of course, is the future, the seed that will produce the next crop. So it should be with effective economic development programs like the Jobs Training Incentive Program (JTIP) and the Local economic Development Act (LEDA). These programs must be adequately funded, if we are to attract and retain business and build a brighter employment future. Likewise, we should not raid the state's permanent funds, taking away resources from future generations of New Mexicans.

All Tax Expenditures Aren't Equal

Similarly, we should not abandon certain so-called "tax expenditures" (deductions, exemptions and credits) that, in fact, are placing New Mexico in a strong competitive position for new jobs versus neighboring states. This includes efforts to reduce pyramiding of gross receipts taxes, encourage investments in new start-up companies and create new jobs in the high-tech sector. The 2013 corporate income tax rate reduction and the enactment of a single sales factor apportionment for manufacturers must be retained as well.

Strategic Approach – Surgical Precision

There is no doubt the state is sailing through very troubled waters. Navigating safely until the energy industry rebounds and increased economic activity can blossom will require abandoning politics as usual. Partisan divides can result in gridlock, the worst possible outcome for the state. We support forward thinking compromises that will keep the state on a path of fostering economic diversity and employment growth. It requires a consensus on a clear strategy and precise implementation of a strategy that embraces prioritizing the effective and eliminating the inefficient. In the following pages, we lay out a specific agenda aimed at crafting policies that will result in sound fiscal policy and support economic growth our state needs.

THE STATE BUDGET – CLOSING THE FY17 PROJECTED DEFICIT AND PASSING A BALANCED BUDGET FOR FY18

Based on the Consensus Revenue Estimating Group’s December 2016 revenue projection, total revenues in FY17 are estimated at \$5.807B. Current total appropriations for FY17 are \$6.026B. As a result, a projected deficit of \$219.4M exists in the current fiscal year and needs to be addressed this session. If no action is taken and revenues materialize as forecast, reserves would be depleted by the end of this fiscal year to -1.1% or -\$69M.

The New Mexico Consensus Revenue and Estimating Group consists of professional economists at the Taxation and Revenue Department (TRD), the Department of Finance and Administration (DFA), the Department of Transportation (DOT), and the Legislative Finance Committee (LFC). They work together to produce the consensus revenue estimate. The majority of general fund revenue comes from general sales or the gross receipts tax at 34 percent, while the second largest revenue source is from personal and corporate income taxes at 24 percent, followed by energy-related revenues at 20 percent. Passing a “solvency” bill early in the session is among the pressing issues for the Legislature and the Governor.

In addition, revenues for FY18 are projected to total \$5.9B, meaning that the Legislature must also address projected shortfalls for next fiscal year in comparison to current budgeted spending levels.

While it appears that oil prices have bottomed out and are on the rebound, prices are still far below their peak. Current prices hover around \$50 per barrel – in 2011, the price was over \$100. This has been the steepest price crash in the state’s history. This reduction in price, coupled with falling production, has reduced the value of oil extracted from \$10.7B to \$5.2B in one and a half years. This results not only in lower oil and gas tax revenues but also a ripple effect, which lowers personal and corporate income taxes as well as gross receipts taxes. Over 11,000 jobs have been lost in the energy sector and most of these were high-wage jobs. It appears that some recovery is taking place but it is uncertain how long this will take and to what extent the recovery will restore the significant losses to state revenue.

The Executive and Legislature are proposing somewhat different plans to tackle our state’s budget challenges.

All the easy solutions have long since been found and implemented. There are now difficult decisions to be made and there are significant philosophical differences on how best to resolve this fiscal dilemma. Any early indicator on how quickly or slowly compromise and consensus might be reached will be found in the “solvency” bill. It is a precursor to the larger budget battle for FY 18.

The Executive intends to sweep a significant amount of unused money throughout state government, adopt targeted tax reform measures, streamline state-funded health care coverage to reduce duplicative costs, reorganize and combine several agencies of state government, require state employees to contribute a small percentage more to their

pensions, make additional base budget cuts in certain agencies and adopt several other government spending reforms. According to the Executive, these changes would bring reserve levels to over 4% of recurring appropriations by the end of FY17 and to nearly 5% in FY18. The Executive’s budget proposal does not increase taxes.

In lean times, cuts need to be made, just as any business would have to do facing similar circumstances. Given the uncertainty regarding future revenues, both the current and next fiscal year must contain prudent reserves – 5% is the bare minimum. The Executive budget also contains additional money to pay increasing Medicaid costs as the federal share continues to decline and usage continues to increase (some estimates suggest the cost increase to the state could be as much as \$80M). Moreover, the Executive budget maintains funding for economic development programs such as JTIP and LEDA and does not reduce “below the line,” targeted education initiatives aimed at, for example, reading improvement.

The LFC intends to balance FY17 with approximately \$250M in non-recurring sweeps, which is short of the money needed to balance the budget and leave 4% in reserves. This includes cuts of \$22M in “Below the Line” funding and a \$17M cut in LEDA. For FY18, LFC created a “TBD” amount of \$123M, which will either come from cuts or tax increases to balance the FY18 budget. No Medicaid funding increase is included unless a tax on health care services is enacted.

The LFC budget increases funding to public education through the school funding formula. Medicaid funding is reduced but a special appropriation is made if a tax on the health services sector is passed by the Legislature and signed by the Governor (or additional cuts would have to be made). No increased retirement contribution by state employees is called for and cuts are proposed to JTIP and LEDA.

Support

- **Use the December 2016 revenue forecast as a guide for budgeting decisions. Next forecast due early February 2017.**

The Consensus Revenue Estimating Group will probably meet again in February to update their projection. Given the volatility of oil and gas tax receipts, the consensus revenue projection may very well change, resulting in a coinciding change in legislative funding levels during the budgeting process and ensuing negotiations.

- **Collaboratively address the FY17 deficit as early in the legislative session as possible, in order to maximize the amount of time for savings to materialize in the current fiscal year**

There are nearly six months remaining in the current fiscal year and a certain deficit is on the horizon. Therefore, it behooves all parties to quickly enact a solvency bill that will enhance the opportunity to erase the deficit and end the year with around a 4% reserve (a bare minimum).

- **Aim for reserve levels of roughly 5%, which is less than the ideal figure of 10%, but more realistic given our current revenue climate**

In past years, the state was able to sustain a 10% reserve, which is considered a prudent amount, especially since revenues from oil and gas production are so volatile. This should still be the long-term goal of the state. However, given the current situation, it would be unrealistic to think that could be achieved in the coming fiscal year. But, as oil and gas revenues pick up, we should then restore the 10% reserve margin.

- **The Administration and Legislature working together to identify ways to improve efficiencies in the court system and to fund the critical needs of the Judiciary**

It is important to the business community that civil cases can be adjudicated in a timely manner. Currently, sometimes there are lengthy delays because resources are lacking to empanel juries or employees are furloughed. Undoubtedly, there is room for improving the efficiency of the court system, as there is also likely a need for some additional funding. The Chamber would like to see a practical solution emerge from this session.

- **Preserve student-centered education reform initiatives, key public safety and child welfare programs and critical economic development incentives that are necessary to grow and diversify the state's private sector**

The best way to generate more state revenue is create more jobs. The keys to growing a diversified economy are economic development programs, education and public safety. LEDA and JTIP has proven to be difference makers when it comes to closing deals that will attract employers to locate or expand in our state. We must continue to improve our education system so that high school graduates are job or college ready. Below the line initiatives are helping to provide the resources necessary to boost student performance and need to be retained. Finally, a reputation as a crime-ridden state is poor for attracting and growing business. We need to ensure that adequate funding is available for our Public Safety and Corrections departments.

- **Provide no targeted or across-the-board compensation increases for state employees**

New Mexico has yet to regain pre-recession employment levels since 2005. This has created a weak labor market that is characterized by stagnant wage and salary growth. According to the LFC's economic forecast, average weekly earnings in September 2016 were down to \$690 (1.5% decrease) from \$700 a year ago. Many private sector workers are not getting wage increases and, in many cases, have taken cuts. Asking state workers to hold the line on their wages is not asking for a huge sacrifice in these difficult financial times, especially since they also have substantial benefits in addition to wages.

- **Close the FY17 projected deficit and adjust spending levels appropriately for FY18 by adopting a number of approaches, including sweeping unused funds throughout government, enacting tax reform measures, closing tax loopholes that do not inhibit the state's economic competitiveness, adopting significant spending reforms, reforming the pension contribution structure for state employees, reducing spending in government agencies and reorganizing government to be less costly and more efficient**

Just as with any family or business, when take home pay drops, some things have to be cut – it's no different for government. The Chamber believes a lot can be done to improve efficiency without reducing effectiveness. Reclaiming funds that were appropriated but not used is also a legitimate strategy, including excess cash reserve balances in many school districts. There are some tax expenditures that, no doubt, have outlived their usefulness and could be repealed. However, this needs to be done with surgical precision as what are "loopholes" or "expenditures" to some are to others investments in attracting and retaining business and growing jobs. Investments that are proving effective in building our economy must be retained. Government agencies should be the first to feel the cuts, not New Mexico families and businesses through tax increases. Every feasible option must be utilized before tax increases are put on the table.

Oppose

- **Use of the Permanent Fund for purposes not intended**

The permanent funds need to be kept permanent. In these fiscally trouble times, there will be a great temptation to rob the state's permanent funds because a constitutional amendment to do so can be placed before the people by a majority vote of each house. The Governor plays no role in this process. The permanent funds are not a "rainy day fund"; they are permanent endowments set up by our state's founders to ensure a reliable source of ongoing revenue, principally for public and higher education. Our state's founders established these funds to ensure that our children now and in the future have access to quality instruction. If the rate at which the fund is distributed is increased above the current level (5%), over time, the fund will be depleted, stealing resources from future generations. This will be a classic case of eating our seed corn and a case of poor stewardship.

- **Reinstatement of the Gross Receipts Tax on food sales**

In 2004, the Legislature repealed the gross receipts tax (GRT) on most food items purchased by consumers for home consumption. Since this repeal would have caused a loss of revenue to local governments, the Legislature at the time enacted a "hold harmless" provision that essentially reimbursed them for the loss. Re-imposing the GRT on food sales by any other name is a tax increase.

NOTE: The Chamber will entertain discussion regarding tax increases after all other options have been exhausted, including identifying greater efficiency in government, right-sizing government and closing tax loopholes.

BETTER GOVERNMENT

Support

- **Capital Outlay Reform legislation driven by the Legislature and the Governor, which is transparent, objective and primarily focuses on large-scale infrastructure projects. This session provides a unique opportunity to reform New Mexico's Capital Outlay Program, especially because there is limited money (\$60M) available for new capital projects.**

The Chamber has pushed for capital outlay reform for many years. Rather than focus on major projects that would benefit the state as a whole and improve the state's economic development opportunities, too much of capital outlay now goes to small projects located in each legislator's district. While this is understandable given that legislators are representing their constituents and capital outlay is especially important in rural districts, the current process fails to recognize that a "high tide lifts all boats." We strongly support efforts by the Governor and the Legislature to work together to identify the larger capital outlay needs of the state and to enact legislation that would reform the current capital outlay process to the benefit of New Mexico and its citizens, while preserving some funding for meritorious projects in rural districts.

- **Archive legislative webcasts for floor sessions and all committees**

Currently, legislative sessions are webcast but they are not archived. Many citizens cannot watch the proceedings in real time and would like the opportunity to watch them later. Archiving is also good for keeping the record straight on who said what and what procedures were in play. This is all part of making our government more accessible, accountable and open.

- **Ethics legislation to create an independent State Ethics Commission to oversee the conduct of state officers and employees in the Executive and Legislative branches of government, government contractors and lobbyists**

Such a commission would be an independent state agency that could initiate or receive complaints and investigate any complaints alleging violations of laws regulating ethics by state officials, lobbyists, state

employees, state contractors or those seeking state contracts. The commission would likely have subpoena power and the power to issue advisory opinions. Given that there have been serious ethics violations, it's important to create a watchdog that can help restore faith in New Mexico's government. A reputation for a government that adheres to strong ethical standards is important to business when deciding to locate or expand their operations.

STATE ADMINISTRATION REORGANIZATION

Support

- **Transferring the Motor Vehicle Department (MVD) from the Taxation and Revenue Department to the Department of Transportation**

This move would combine transportation related services into one department and recognizes that the principal purpose of the MVD is to serve consumers (not collect revenue) and to provide input into transportation services planning.

- **Combining the Tax and Revenue Department and the Department of Financial Administration**

Increasing the span of control not only reduces overhead costs by reducing the number of management and support positions (thereby increasing efficiency) but also effectiveness can be increased by eliminating barriers that might otherwise exist among agencies or divisions providing interrelated services. We support this reorganization as one way to stretch the state's resources in a time of fiscal constraint.

- **Combining the Department of Public Safety, the Department of Homeland Security and Emergency Management**

Similar logic applies to this item. In this case, all three departments are in the business of protecting the public and logically fit together into one department.

NEW MEXICO PUBLIC EDUCATION

Support

- **Improve third grade reading proficiency beginning in kindergarten to avoid the current situation of having 7,000 third grade students in New Mexico's school districts who cannot read at all, but were still passed on to the fourth grade for the 2016-2017 school year**

Reading proficiency is the foundation of learning. If children cannot read, they cannot learn. If they cannot learn, they will often drop out and certainly will not be prepared for higher-level educational opportunities and high-wage jobs. As the statement above indicates, as of May 2016, the end of the last school year, 7,000 third graders were sent on rather than being retained to attain reading proficiency. As a recently released Public Education Department study shows, only a tiny percentage of parents are even being informed that their children are not reading proficiently despite the fact that state law requires a letter be sent. Compliance with state law by schools must be enforced. Funding needs to continue for those below the line reading intervention programs that are proving successful in tackling the reading problem. And, as a last resort, if children must be retained in a grade level to achieve proficiency, then schools should be given the authority to do so.

- **Expansion of Anti-Truancy Programs by establishing intervention and suspension of driver's license or permit for habitually truant high school students**

Clearly, a student cannot learn if the student isn't in school. Truancy is a significant problem in New Mexico and is a major contributor to students dropping out of high school. Dropping out of high school virtually assures a life of poverty. A new approach is needed that requires intervention in habitual truancy cases, requires students to be accountable for their attendance and, for the worst cases, allows for suspension of drivers licenses or permits as an inducement to attend school.

- **Adjunct Teacher Licensure, which allows for content experts to teach in NM public schools on a part-time basis**

New Mexico is rich in talented and educated people working at our national labs and throughout the business community who possess solid content knowledge and expertise in numerous fields. Many of these individuals would be willing to share their knowledge with children. We support legislation that will allow and facilitate bringing these experts into classrooms. Often, school districts lack teachers with specific content knowledge and these experts could be tapped to fill those gaps after equipping them with basic instructional techniques and evaluating them to ensure that they possess the requisite knowledge. Many students would be motivated to learn more when they can see how the knowledge they are acquiring is put to use on a daily basis in scientific research or business applications.

- **Legislative intervention to address APS's perennial low graduation rates, the 77% of students who are not reading at proficient levels and the district's "D" grade for the second consecutive year**

How to cure APS' ills is not clear at this point. What is clear is that the district is not achieving the results it should and the state must intervene to turn around this dismal situation. We will participate in discussions aimed at this topic and help to fashion workable solutions. Forty five percent of the general fund goes to public education.

- **Empower charter schools by extending terms for successful schools, enrolling students without restrictions and expanding access to public funding. Close poor performing charter schools.**

The Chamber encourages the Legislature to identify and expand effective school choice options for families. Access to high performing charter schools should be a priority. Parents and children are consumers of education services and the more choice they have, the more likely it is that the quality and type of education most desired will be obtained. However, when charter schools don't measure up to expected standards, they should be closed if attempts to improve performance are unsuccessful. We believe all schools must be accountable to the students and parents they serve.

- **Improve how charter schools are authorized and managed**

The popularity of charter schools continues to grow and it is time to look at how schools are authorized and governed to ensure that unnecessary obstacles to authorizing new schools are removed and to ensure that governance and monitoring structures result in producing the intended results and that there is strong financial accountability.

- **Administration recommendation for "Below the Line" funding of \$100M, which represents less than 1% of PED's budget and funds such critical programs as New Mexico Leads to Read (reading coaches, interventionists, parent training, teacher supports), Early Childhood Programs (K-3 Plus, Pre-K), New Mexico Graduates Now, AP programs, STEM initiatives and other intervention programs**

Reform initiatives adopted over the last several years have taken root and are moving education in the right direction, though much more can and should be done to ensure that our children are career and/or college ready by the time they graduate high school. We continue to support initiatives aimed at ensuring children can read by the third grade, keeping students in school and rewarding and retaining excellent teachers. Efforts to roll back these and similar reform initiatives are unwise and will be opposed by the Chamber. If children cannot read by the third grade, they will not learn in subsequent years and they will be doomed in terms of advanced education and higher paying jobs. A qualified workforce is key to economic development in the state.

- **Background checks for all school employees**

The Chamber supports legislation that would require all current and future public school employees, charter school employees and regional education cooperative employees and anyone who is unsupervised around children at school to satisfactorily pass fingerprint-based background checks. We also support expanding existing reporting requirements to require all employees to report any known felony conviction or misdemeanor conviction involving moral turpitude of a licensed employee that results in any action against that employee. Under current law, there are some loopholes whereby some school employees did not have to pass fingerprint background checks.

Oppose

- **Moratorium on charter schools**

Charter schools have been effective in providing a quality education for many students. Efforts should be directed at providing support for additional charter schools rather than in trying to prevent more from being opened.

- **Cuts in “Below the Line” funding**

As referenced earlier, the below the line programs total less than 1% of the PED’s budget. These programs are blazing the trail to greater effectiveness in dealing with reading proficiency, recognizing and rewarding excellent teachers, providing teachers classroom resources and in supporting several early childhood programs. This funding is the crucible for innovation and leadership in our education system. Moreover, since the funds are separated from the overall funding formula, there is specific and measureable accountability. The Chamber supports the PED’s budget request and this request shouldn’t be reduced.

HIGHER EDUCATION

Support

- **Codifying in law, the articulation of credits among all institutions of higher education in New Mexico**

The articulation of credits, i.e. transferring class credits from one institution of higher education to another, has been a long-standing and contentious issue. The department has worked through this issue with all stakeholders and has workable policies. We support the effort to embody these policies in law so that students will be ensured that their course work will be recognized no matter where they may transfer and they will receive full credit for the work they’ve completed.

ECONOMIC DEVELOPMENT

Support

- **Right-to-Work**

The Chamber has been a proponent of Right-To-Work legislation for many years and continues to support this legislation because we believe it is a bedrock principle that people should not have to pay dues or fees to any organization that they don't want to as a condition of getting or holding a job. Moreover, New Mexico's failure to have Right-To-Work laws in place makes it more difficult to compete with our neighboring states in attracting new businesses to the state and in retaining or expanding existing businesses already located here. The Bureau of Economic Analysis found that states that protected their workers with this law showed a 43% gain in total employment from 1990 to 2011. States without a Right-To-Work law only grew employment by an average of 19%. The facts simply do not support arguments in opposition to Right to Work.

- **LEDA funding maintained at \$50M from capital outlay funds**

As noted earlier, LEDA is the state's closing fund and it is critical that the funding be maintained at a constant and predictable level in order to continue to market New Mexico as a good place to locate or expand a business.

- **JTIP funding at \$2M in the base and \$10M in an additional appropriation**

Along with LEDA, this is a flagship economic development program, recognized as one of the best in the nation. The Job Training Incentive Program (JTIP) works both to help New Mexico businesses expand and to assist businesses locating in the state. JTIP is in high demand and must be maintained at current funding levels in order to keep New Mexico in the forefront of states that welcome business. Both JTIP and LEDA result in expanded economic activity, which, in turn, increases revenues to both state and local governments. These are investments in growth and economic diversity that need to be supported even in tough fiscal times.

Over the past four years, the number of New Mexico workers trained via JTIP has steadily increased from 884 (2013); 1,355 (2014); 1,894 (2015) and 2,238 (2016). In FY16, JTIP obligated \$13.48M and in FY 17, to date, 37 companies have been assisted and the program has obligated \$5.97M more. JTIP has had to borrow against future year appropriations for the last two years and again this year, even earlier in the year than the last two years. As of December 31, only \$270,000 remained unobligated.

- **Enterprise Zone Tax Abatement Districts**

The Chamber supports legislation to create Enterprise Zone Tax Abatement Districts, similar to those in our surrounding states in an effort to further stimulate the economy. Creation of these zones is designed to encourage the private sector to spend money and create jobs without cost to the public sector.

- **Requiring home inspectors to be licensed**

Many states require the licensure of home inspectors and the Chamber supports doing so in New Mexico. The consequences of a home inspection are important and can often lead to costly repair or replacement. Both buyers and sellers need the assurance that the work of home inspectors is up to standard and that they can rely on the results of a home inspection.

- **"Employer Responsibility" legislation for worker's compensation**

Legislation is needed to correct a court decision that prohibits discontinuance of disability benefits even if an employee is terminated for cause or misconduct subsequent to a workplace injury. The New Mexico Supreme Court said, "While we recognize that [an] injured employee could intentionally violate company policy in order to get fired and yet be entitled to full [temporary total disability] benefits, we are

bound to construe Section 52-1-25.1(B) in favor of providing compensation to an injured worker absent clear statutory language to the contrary. It is not our place to insert language into the WCA (Worker's Compensation Act) that does not exist. That task falls to the Legislature alone (emphasis added).”

- **P3 legislation**

Public-Private Partnerships (P3) will allow New Mexico communities to build and maintain the infrastructure necessary to save jobs and grow opportunities. Infrastructure provides the foundation for economic development, public health, and public safety. Combining the expertise and resources from both the public and private sectors creates jobs and improves the quality of life. P3 tools are even more important in the face of New Mexico's budget crisis. These tools are successfully used across the country at the state, local and federal levels. A clear and objective P3 framework in statute would provide the guidelines to ensure that P3 approaches are only used when appropriate and that P3 tools are effectively implemented. Such guidelines would allow state and local governments to enter into long-term agreements with private sector partners to facilitate public projects such as schools, hospitals, recreational facilities, parking lots, roads, habitat restoration, dams, water treatment facilities, pipelines, transmission lines, recycling facilities, etc.

- **Uniform Employment Act**

Allowing local communities to pass laws and ordinances governing wages, benefits and hours of work has resulted in a thicket of patchwork quilt regulations burdening businesses that operate in multiple locations in the state. We support legislation that would prohibit local government entities from adopting such ordinances, which impose mandates on businesses that are often unworkable or too costly. This has the effect of discouraging businesses from locating or expanding in communities with such ordinances or, in some cases, forcing them to relocate to other communities. Wages and benefits should be subject to state, not local jurisdiction in order to produce uniformity throughout New Mexico.

- **Private Solar Consumer Protection legislation**

Purchase and installation of privately owned energy generation systems, such as solar systems, installed in residences and business are increasingly popular. However, the sale, financing and/or leasing of such systems lacks adequate consumer protection similar to that required in the purchase of other major assets. The Chamber supports legislation that will ensure potential buyers of such systems are adequately informed of the “all-in” costs, any potential savings on utility bills, tax rebates or incentives available, tax consequences (if any), warranty transferability, potential lien encumbrances and that all information be documented from reliable sources and presented in writing. When purchasing these kinds of systems, consumers are making a major investment and deserve to have full disclosure before making a long-term financial commitment.

- **CPA Firm Mobility legislation**

Under current law, a CPA firm coming into New Mexico must register and pay a fee. Also, New Mexico firms going to another state to perform services must pay a fee and register. Legislation is needed to allow the New Mexico Public Accountancy Board to regulate out of state CPA firms that do business in New Mexico. They will be required to follow the same standards as New Mexico CPA firms and will be subject to the same rules and regulations.

- **Universal Service Funding Accountability for broadband networks**

This Legislation would allow CenturyLink to participate in the fund enabling them to install broadband in their areas of service. Current law prohibits them from doing so and allows it for wireless companies only.

- **Telecommunications Modernization legislation**

The telecommunications industry has changed dramatically since the New Mexico Telecommunications Act was passed in 1985, including widespread competition and new technologies such as cellular phones and broadband networks. The Chamber supports legislation that will modernize our regulatory system, encourage more investment in these new technologies and provide the same regulation for all incumbent telecommunications companies allowing everyone to compete under the same set of rules. The PRC would continue to regulate traditional landline telephone service, including approval of rate increases.

- **Amending LEDA to allow broadband infrastructure development eligibility for funding**

In this age of rapid information exchange, adequate and reliable broadband networks are essential to conducting commerce and to the attraction and retention of business and jobs. The Chamber supports legislation that would allow the construction of broadband networks to qualify for LEDA funding and to be considered as an “economic development project.”

Oppose

Minimum Wage

- **Inclusion of minimum wage rates in the state of New Mexico Constitution**

Because there is a disagreement between the Legislature and the Governor concerning increasing the minimum wage, some advocate a constitutional amendment since no action is required by the Governor to place amendments before the voters. The Constitution should not be abused by this kind of maneuvering. The Constitution sets out broad principle and authorities and is not a place to enact specific legislation. The Chamber will oppose any such proposed amendment.

- **Mandatory automatic increases to the minimum wage rate**

The Chamber opposes automatic increases because the escalating wage rates may well become untenable in changing economic times. For example, with the collapse of oil and gas prices, wages statewide have been depressed, even reduced. In face of this kind of situation, it would make no sense to automatically increase the minimum wage as this could only result in layoffs or companies going out of business.

- **Minimum wage legislation that is not coordinated with the passage of the Uniform Employment Act**

The Chamber would be willing to consider an increase in the statewide minimum wage provided it did not make our companies uncompetitive and that the increased is tied to the passage of legislation that makes wage, benefit and hours of work subject only to state regulation (see above).

- **State-run mandatory retirement plan for private employers who do not offer a company retirement plan**

Imposing a mandatory retirement plan on principally small businesses, the backbone of the state’s economy, would be disastrous as businesses in New Mexico are still struggling to recover from the great recession hangover. Employers and employees are already paying substantial amounts for social security, Medicare and other benefit programs. The Chamber is strongly opposed to adding an additional cost burden and believes that wage and benefit programs are best left for negotiation between employers and employees.

- **Delay of Corporate Income Tax reduction**

Recently enacted corporate income tax rate reductions have resulted in New Mexico becoming competitive with surrounding states. As a result, these reduced rates have attracted the attention of

companies looking to locate or re-locate facilities. This is an important tool in the economic development toolbox and should go forward as planned.

- **Defective Construction Project: Exception to 10-year Limit to Recover Damages**

Under current law, there is a 10-year limitation on actions to recover damages for any injury to property or for injury to a person from a physical improvement to real property. Legislation is being proposed to provide an exception to the 10-year limit if the builder knew or should have known there was a problem. This is a complicated issue with the potential affect of burdening all the businesses involved in the building community and, therefore, requires considerable discussion.

MARIJUANA LEGISLATION

Support

- **Decriminalization for first time possession of one ounce or less of marijuana**

Decriminalization does not mean legalization. The Chamber can see the logic in not wanting to blot the record of a young person for a first time conviction for possession of a small amount of marijuana. A criminal record could haunt a student trying to gain admission to a college or get a job. The amount should be small enough to indicate that the person is a casual user, not a dealer. At some point, repeat offenses should be treated as a serious matter.

Oppose

- **The Chamber opposes the legalization of marijuana based on the lack of available data from states that have voted to legalize it. New Mexico should not be an early adopter of legalization of marijuana until more data is available on workforce development issues, child welfare and public health. We will revisit this position on a periodic basis as data becomes available from the early adopter states.**

Legalization of recreational marijuana has only recently occurred in several states and there is much to be learned from their experiences. In total, 8 states have voted to legalize, 4 of those just at the November 2016 election.

There are many open questions about how marijuana use will affect job performance, worksite safety, federal enforcement prohibiting marijuana use and drug testing protocols. The affects on children, if use increases significantly, are of concern. Also, a keen regulatory structure must be developed and implemented. Whether legalization will exacerbate driving under the influence also requires solid data-driven analysis. These and many more questions can be answered by waiting to see how other states cope with these issues. Once marijuana is legalized, there is no turning back and it behooves the state to get it right from the start if legalization is to occur. The Chamber urges a thoughtful and deliberate approach. Now is not the time to act.

TOURISM

Support

- **Closing the loophole which would eliminate the lodger's tax exemption on rental properties such as AIRBNB**

This loophole creates an unfair and unnecessary competitive advantage for exempt rental properties as compared to established lodging facilities. There's no valid policy reason why all lodging facilities

shouldn't pay the same tax. The Chamber supports elimination of this loophole.

HEALTHCARE

Support

- **Full funding of the Medicaid program to include the Administration's recommendation of a \$26M increase. Other funding should be considered contingent on revenue availability.**

As mentioned earlier, the share of Medicaid costs paid by the federal government is being ratcheted downward and the expansion of Medicaid has resulted in more participants using the system. The state's costs are likely to increase in the next fiscal year and additional funding is required.

PUBLIC AND CHILD SAFETY

Support

- **Return to work for police officers**

The Chamber supports Mayor Richard Berry of Albuquerque and a collation of mayors from throughout New Mexico in their efforts to seek passage of "return-to-work" legislation for retired officers to address current and upcoming shortfalls in the number of officers on the police force. Recent reductions in the force of some 20% and the potential loss of significantly more officers have left all of us concerned. The legislation to allow retired officers to work without giving up their pensions is needed to help keep police forces at full compliment. Reasonable limits on the number of officers who can participate and placing a phased-in sunset can be included in any legislation. In Albuquerque, experienced officers are needed to carrying out police reforms required under a settlement agreement with the U. S. Department of Justice. The New Mexico Municipal League has expressed full support for the proposed return-to-work legislation noting that smaller cities are facing similar challenges.

- **Increased penalties for repeat DWI offenders**

While some progress has been made in reducing the incidence of drunken driving, there are still far too many innocent people injured or killed by the reckless actions of drunk drivers. Legislation is strongly needed to increase penalties for repeat DWI offenders. New Mexico's DWI penalties are woefully weak compared to other states and this deficiency not only contributes to the high incidence of drunken driving but it also gives the state a real reputational black eye. Legislators must take a bold step forward and act now to ensure the safety of their constituents. We must especially increase penalties for repeat offenders and link convictions for DWI with commission of other crimes when sentences are determined.

- **Expansion of DWI laws to include "drugged driving", i.e. driving under the influence of marijuana, amphetamines, cocaine, heroin and methamphetamine or their metabolites above specified blood levels**

Establishing statutory limits for certain controlled substances or metabolites in the blood would reduce the uncertainty inherent in the "impaired to the slightest degree" standard (currently in the law) and allow for much more efficient processing of DWI cases, where those limits are found in a driver's blood. This legislation would provide a clear standard for at least nine of the most common drugs that would be a per se violations of the DWI statute, similar to the per se alcohol limits of .08, and .04 for commercial motor vehicles. Having a clear standard should reduce the need for expert testimony and argument that is frequently required to interpret the relationship between the drugs found in a person's blood and their behavior that a law enforcement officer believed made them incapable of safely driving a motor vehicle.

- **Expansion of “3 strikes” law**

Given the high number of violent crime in New Mexico, in many cases committed by previously convicted felons, the Chamber believes it is imperative that we expand sentencing for those individuals who have committed a third violent felony by requiring mandatory life imprisonment. We would support legislation that would expand the definition of violent felony to include offenses not previously included in the definition such as, for example, manslaughter, aggravated assault with intent to commit a violent felony, a second or third degree shooting at a dwelling or occupied building, a second or third degree shooting at or from a motor vehicle, first degree abuse of a child and kidnapping, among others.

- **Curfew ordinances by local government**

The Chamber believes that local communities can best determine for themselves whether or not to enact a curfew ordinance, therefore, we support legislation that allows the governing body of a county or municipality to adopt a curfew ordinance to regulate the actions of children between midnight and 5:00 a.m. as well as during daytime hours on school days. Exemptions should exclude travel to and from work, attendance at school or religious functions and emancipated minors. Local ordinances would provide procedural requirements for a law enforcement officer or other employee to contact a child’s parent, custodian or guardian and to deliver the child to the residence of their parent, custodian or guardian or request that individual to pick up the child unless doing so would result in harm to the child. If efforts to contact the parent, custodian or guardian within a reasonable time frame were unsuccessful, law enforcement would be required to follow procedures for protective custody of the child.

- **Increased penalties for crimes against CYFD workers**

CYFD workers are valued public service employees who must be protected from assault or battery while on duty. These individuals are doing a huge service to our communities, often at great risk to their own personal safety. They are protecting our children and we have an obligation to ensure that their safety is not compromised. The Chamber, therefore, supports legislation that makes it a crime to assault or batter a CYFD public service worker, including felony penalties. Additionally, a person who assists or is assisted by one or more other persons in the commission of battery against an on duty CYFD public service worker should also be guilty of a felony.

- **Increased penalties for intentional child abuse resulting in death**

Under current law, killing a child under the age of 12 results in a life sentence but not for killing a child between 12 and 18 years old. The Chamber supports legislation that will impose a life sentence for killing a child under the age of 18. Similar legislation last year passed the House but died in the Senate.

- **Giving juries the option to impose the death penalty for people who murder Corrections Officers, Police Officers and Children**

In New Mexico, we have, unfortunately, witnessed some of the most horrendous murders of public safety officers anywhere in the country. As a society, we must emphatically state this is unacceptable and will meet with the harshest sentence possible, not as a matter of retribution, but as a matter of building the most protection we can for our police and corrections officers. Similarly, the murder of a child is an intolerable act. Therefore, the Chamber supports giving juries the option of punishing such crimes with the death penalty.

- **Changing copper theft from a misdemeanor to a felony**

Theft of copper from utilities and railroads is an increasing problem that is not only costly but also, more importantly, endangers the lives and safety of the public. When services are interrupted, railroad signals and switches don’t function. Traffic lights are interrupted and those reliant on breathing or other medical

equipment lose service. Misdemeanor penalties are not a sufficient deterrent and, therefore, the Chamber supports legislation making theft of copper wire and related utility or railroad equipment a felony.

TAX POLICY

Support

- **Fundamental changes in the tax code that make the state a better place to start and grow a business and, which is a simpler and more streamlined tax code that is easier for all New Mexicans to understand and use**

The New Mexico tax code, especially the Gross Receipts Tax (GRT), has become a pretzel palace of loopholes and deductions that has so narrowed the base that it has disproportionate and unintended effects. Moreover, pyramiding of the GRT penalizes people and businesses that do business in New Mexico rather than purchasing out of state. The Chamber is open to revising the tax code provided that the goal is equity of the system and not to increase tax revenues.

- **Closing the loophole which would then subject remote sales to Gross Receipts Tax**

Online retailers enjoy a competitive advantage over New Mexico “brick and mortar” stores because online sales are not subject to the GRT. A Supreme Court decision precludes requiring online retailers to collect the GRT but they can be encouraged to do, as other states have done. This will not only help bring additional revenue to the state coffers but it will also equalize the competitive playing field for New Mexico businesses.

- **Film industry tax credits**

This tax credit has proven to be a wise investment as it has attracted millions of dollars in investment and expenditures and contributed new jobs to our economy. As tax policy is reviewed, this is one investment that should be maintained, as we must compete against other states and countries that offer incentives to the film industry.

CONSTITUTIONAL AMENDMENTS

Oppose

- **Additional distributions from Permanent Funds for education**

The Chamber is opposed to increasing the distribution rate from the state’s permanent funds above 5%. There will be a great temptation to rob the state’s permanent funds because a constitutional amendment to do so can be placed before the people by a majority vote of each house. The Governor plays no role in this process. The permanent funds are not a “rainy day fund”; they are permanent endowments set up by our state’s founders to ensure a reliable source of revenue, principally for public and higher education. If the rate at which the fund is distributed is increased above the current level, over time, the fund will be depleted, according to many experts who manage large endowment funds. This will be a classic case of eating the seed corn to the detriment of future generations. The Chamber is opposed to this and similar measures.

- **Reestablishing the State Board of Education**

This is a “back to the future” move that is sure to produce only one outcome – a failed education system. Governor Bill Richardson championed reforming the governance structure of public education to the current system where a Secretary of Education is accountable directly to the Governor and, thereby, to the public. An elected board of education becomes a faceless bureaucracy invisible to the public and

accountable only to the professional education community. This didn't work in the past and it won't work now. The Chamber opposes this regression of education policy.

- **Permanent Funds distribution increased for early childhood services**

As described above, the Chamber is opposed to raiding the permanent funds, as it will undermine the fiscal integrity of the funds over time. This particular proposal not only suffers from that problem but it also is in violation of the federal statute that established the permanent funds, which declares that only specific "beneficiaries" can receive payouts from the permanent funds. Early childhood education is not a designated beneficiary and, therefore, even if this constitutional amendment were to pass, only an act of Congress could make it effective. Moreover, it is a bad idea to create yet another beneficiary when we're struggling to fund public and higher education now. Early childhood education should continue to be funded from the general fund, as is currently the case.

Questions? Call:

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