

Relieve, Recover, and Rebuild: Policymaking in the Midst of a Pandemic

Context and Introduction

The Greater Albuquerque Chamber of Commerce works with government, business, and community partners to promote and develop a welcoming business environment and thriving, diverse economy in New Mexico. Our goal is to make our city and state a great place to start and grow a business and a safe, exciting place to work and raise a family. Prior to each legislative session, the Chamber’s Board of Directors approves a policy agenda – presented herein – that is consistent with our organization’s mission and work. During each session, our team of lobbyists and policy experts works on behalf of the business community to advocate for this agenda, and the Chamber produces a nightly newsletter – the “Legislative Roundup” – to keep our investors and partners up to speed on the latest activity in the Roundhouse.

The 2021 legislative session will commence under unprecedented circumstances, in the midst of the COVID-19 pandemic, with dozens of New Mexicans dying each week. Strict public health restrictions remain in place that have curtailed economic activity and shuttered many businesses. Schools remain closed, offering mostly virtual instruction that, though well-intentioned, is incapable of keeping kids on track academically. The legislative session itself is also expected to be conducted in a mostly virtual format, with limited public involvement and far less interaction among lawmakers – and between lawmakers, agencies, and staff – than is customary.

The pandemic poses an existential threat to companies across our state; as such, the Chamber urges lawmakers to provide additional small business grants, replenish the unemployment insurance fund, and reject any proposed tax increase – three items, among several others, that comprise the Chamber’s pandemic relief and recovery agenda. Many businesses are hanging on by a thread that gets thinner by the day. Adding onerous regulations and imposing higher costs on our state’s job creators is unnecessary, unwise, and unhelpful to business owners and workers alike.

The state’s fiscal outlook is one bright spot on an otherwise bleak backdrop. Oil and gas production and prices have rebounded, and though many people remain unemployed and businesses remain impacted, state revenues did not dive by as much as predicted and federal funding was sufficient to help the state weather its revenue downturn in 2020. The Chamber urges spending restraint in the year ahead. New projected recurring revenue should be used to replace one-time federal money that patched the state budget and to expand the school year – in perpetuity – for most students to make up for learning loss. The volatility of state revenues should prompt us to maintain strong reserves. And, to help us recover and rebuild, available non-recurring revenue should be primarily directed toward pandemic relief (e.g., UI fund), highway construction and other large infrastructure projects, broadband expansion, job-creating economic development incentives, and continued investment in the state’s early childhood endowment fund.

Reducing crime, addressing homelessness, and improving public education will be keys to long-term economic growth. On these fronts, the Chamber urges the Legislature to help Albuquerque build additional overnight sheltering for the homeless, crack down on chop shops to prevent auto theft, better protect child crime victims, and address group-involved gun violence. And, in addition to lengthening the school year, the Chamber supports expanding the early childhood workforce and agrees with the nearly 8 in 10 residents of Bernalillo County who believe parents should have access to more high-quality public charter schools.

After a dark year, if we hold fast to these priorities, we believe a brighter future awaits.

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Pandemic Relief and Recovery Assistance for NM Businesses and Families

➤ **Small Business Grants:** Allocate \$100M in additional funding for small business grants to fund applicants who weren't able to be funded during the first round of grants (passed and distributed in Winter 2020), subject to federal funds being made available for this purpose or the Legislature crafting a new credit to ensure compliance with anti-donation provisions. Additionally, set aside at least \$30M in funding to provide a second round of grants for hospitality/tourism/recreation/leisure businesses in the Spring of 2021, in anticipation of the continued hardship this sector is expected to experience.

➤ **Unemployment Insurance Fund:** Replenish New Mexico's unemployment insurance fund, using a mixture of state funding (add at least \$300 million) and federal COVID-19 pandemic relief funding.

➤ **Remote Worker Incentive:** Create an incentive to attract "remote workers," providing any person who moves to New Mexico to live (while continuing to work for a business located in another state) a multi-year tax credit or other financial benefit.

In addition, the State could also commit to paying for the remote worker's high-speed Internet service during the incentive period. Consider doubling the value of the incentive if the new remote worker is a graduate of a New Mexico high school or higher education institution and is "returning home."

➤ **Vaccinations and Liability Protections:** Secure appropriations and any statutory changes necessary to allow for the swiftest possible distribution of COVID-19 vaccines, and enact basic liability protections for businesses that are following COVID-19 protocols as they re-open. Together, these will help hasten the recovery of businesses.

➤ **Low-Income Families w/ School-Aged Children Stimulus:** Provide a \$250-\$400 one-time stimulus payment or tax rebate to low-income New Mexico families with school-aged children, in recognition of the costs and other burdens families have taken on during the COVID-19 pandemic and associated school closures.

➤ **Commercial Real Estate Relief:** Provide tax relief to commercial real estate owners to help cover the cost of temporary rent payment waivers.

➤ **No Tax Increases:** Enact no increases to taxes in New Mexico, recognizing the extraordinary challenges that business, workers, and families have faced during the COVID-19 pandemic.

This should include no increase to the corporate income tax rate, the preservation of single sales factor apportionment for manufacturers, and a preservation of the current capital gains tax deduction (which was recently reduced in a 2019 tax bill). There should also be no increase to personal income tax rates, which would make it harder to attract and retain professionals and skilled workers in key industries like health care, hurt the middle class, and specifically raise costs on small businesses during a tremendously difficult time.

Small businesses are already facing an ongoing escalation of the minimum wage rate; adding higher taxes and other regulatory burdens/costs simply makes it harder for businesses to start and grow in New Mexico.

➤ **Liquor License Fees and Takeout/Delivery:** Suspend state liquor licensing fees for bars, entertainment venues, and other similar establishments; enact legislation allowing for liquor takeout and package delivery.

➤ **Restoration of Particular Funding Cuts:** Restore June funding cuts of roughly 6 percent that were made to the following agencies affiliated with the University of New Mexico, but which serve a statewide purpose and have faced significant new challenges and demands during the COVID-19 pandemic: Office of the Medical Investigator, NM Poison and Drug Information Center, and UNM Comprehensive Cancer Center.

New Mexico's State Budget and Fiscal Future

Spending

- **Recurring Priorities:** Restrain recurring spending growth and prioritize new projected recurring revenue on extending the school year for most K-12 students and replacing one-time federal funds that were used to help state agencies, higher education institutions, and other entities weather the fiscal challenges and uncertainties of the past year.
- **Non-recurring Priorities:** Prioritize available non-recurring state general fund money (a substantial total of between \$600 and \$800 million) on shoring up the unemployment insurance trust fund (protecting businesses and workers alike), road and highway projects across New Mexico, expanding broadband access, economic development incentives (LEDA and JTIP), and adding to the early childhood endowment fund.
- **Salary Increases:** Provide cost-of-living salary increases for teachers and state workers of roughly 1%; target more substantial pay raises to hard-to-recruit/retain positions, particularly in the public safety and health arenas.

Saving

- **Tax Stabilization Reserve:** Preserve the structure of the tax stabilization reserve “rainy day” fund (collects excess oil/gas revenue).
- **Reserves:** Maintain total budget reserves at or near 25% of recurring spending.

Capital Projects

- **Large-Scale Infrastructure:** Focus statewide capital spending (over \$400 million in STBs) on large-scale infrastructure projects (roads, water, buildings, etc.) that have a significant economic impact and that local governments often cannot afford themselves.
- **Capital Outlay Reform:** Reform the capital outlay process to make spending decisions more transparent and ensure that appropriated money is sufficient to complete at least a meaningful phase of a project.

Fiscal Sustainability

- **Permanent Fund Protection/Use:** The Chamber remains concerned about the long-term fiscal implications of increasing the distribution from the state's permanent funds. Drilling activity in the Permian Basin is strong today, but what it will look like in 15 years is anyone's guess. The future of investment returns is also uncertain. Drawing additional money from the corpus of our permanent funds threatens the availability of future money for education – period. Additionally, there remains no concrete plan for how an additional \$180 million annually for early childhood programs will be spent, or even if it can be spent. Since FY12, annual state spending on early childhood programs has increased by more than \$250 million (conservative estimate), and the new early childhood education endowment fund was created to help responsibly and steadily continue this expansion in the future. The Chamber has supported these efforts and was one of the first organizations to call for the creation of the new Early Childhood Education and Care Department. We support high-quality early childhood programs and believe in expanding them over time – delivered by a well-educated and trained workforce to families that need the services the most. If the Legislature goes forward with a plan to draw additional money from the permanent fund, we urge them to consider the following courses of action:

- Sunset the increased distribution after 10 years,
- Require the robust measurement of early childhood outcomes, **AND**
- During this 10-year time period, if any portion of the increased distribution goes unspent in a given year, the unspent money would go to the new early childhood education

endowment fund, where it can be invested for a higher return than if it sits in the general fund and still contribute to early childhood programs in the future.

This approach would provide significant early childhood funding in the near-term, which the Chamber hopes would be used to professionalize and expand the early childhood workforce in order to meet what MUST be the highest expectations of quality for these programs. And, this approach would return the distribution rate out of the permanent fund to 5% at the end of ten years, where it should remain long-term.

- **Oil and Gas Production:** Oppose the imposition of onerous regulations (including a ban or moratorium on fracking), additional taxes, or significant new fees on oil and gas production, upon which New Mexico’s budget and economic outlook are heavily dependent.

Economic Growth and Job Creation

Incentives and Marketing

- **Job Training and Expansion:** Increase Job Training Incentive Program (JTIP) funding to at least \$12 million (\$5 million in the base budget of the Economic Development Department, plus \$7 million in a special non-recurring appropriation).
- **Relocation, Growth, and Competitiveness:** Maintain a closing fund for economic development projects (LEDA) of over \$50 million (a \$30 million non-recurring appropriation is needed in this year’s session).
- **“New Mexico True” Advertising:** Add up to \$25 million to the State’s tourism advertising budget to attract visitors to New Mexico as soon as it is safe to travel again.

Infrastructure

- **P3:** Create a Public-Private Partnership (P3) framework to help communities invest in necessary infrastructure – including highway, railroad, and broadband projects – to retain jobs and expand economic opportunities.
- **Broadband Expansion:** Support broadband expansion legislation designed to create a new office to manage broadband growth in New Mexico (\$950,000), improve coordination and grant-writing, provide appropriations for the expansion of broadband service (at least \$20 million), and resolve right-of-way challenges.
- **Utility Fiber:** Allow dark fiber installed by utilities for transmission projects to be used to expand broadband access for public benefit purposes.
- **Key Capital Projects:** Secure appropriations for key economic development projects in the Albuquerque area.
 - Additional Rail Yards renovations and improvements - \$10 million
 - Facility upgrades for the Albuquerque International Balloon Fiesta (50th anniversary approaching) - \$7 million
 - Construction of a soccer stadium and multi-use arena in or near the Downtown area - \$40 million
 - Multi-use rail and trail projects to better connect the Downtown area and Sawmill District - \$5 million
 - Multi-modal street improvements in the Old Town area and Sawmill District - \$7.9 million
 - CNM Workforce Training Center and Applied Technology Center improvements and repairs - \$1 million

Taxes

- **GRT Reduction/Pyramiding:** Support meaningful tax reform proposals intended to drive down the gross receipts tax rate and address tax pyramiding.
- **Social Security Taxation:** Discontinue the policy of taxing Social Security income in New Mexico.

- **SALT Deductions:** Waive the recently-enacted \$10,000 federal income tax cap on state and local tax deductions for small business pass-through entities.
- **Audit and Adjustment:** Align New Mexico’s audit and adjustment procedure for partnerships with federal law to streamline the correction of over- or under-payment of income tax. Businesses and our state benefit from accurate tax collection – and a simplified means of correcting errors or adjusting to changes.

Regulatory Issues

- **Space Flight:** Broaden and make permanent the Space Flight Informed Consent Act to ensure New Mexico remains competitive in its efforts to attract various types of space-related economic activity.

Mandatory Leave: Oppose the enactment of an *onerous* mandatory paid leave requirement on businesses in New Mexico, which would impose hard-to-bear costs on job creators during good economic times, let alone during a once-in-a-generation pandemic that has curtailed and shut down business activity. A majority of Albuquerque City Councilors have indicated they plan to soon pass a mandatory paid leave ordinance. The Chamber would prefer a statewide leave policy that is reasonable and accommodating to small businesses, as opposed to a differing patchwork of local regulations across New Mexico (and even within Bernalillo County). In its consideration of a statewide leave measure, the Chamber urges lawmakers to exempt small businesses, ensure the statewide policy preempts local ordinances (one standard statewide), recognize existing generous leave policies that a company may have as an adequate substitute for mandatory sick leave, and put in place a fair process for resolving leave disputes.
- **Minimum Wage:** Oppose any further increase to New Mexico’s minimum wage or attempt to index the wage rate to rise each year.
- **Environmental Reviews:** Oppose the imposition of new, burdensome environmental reviews of public and private construction projects.
- **Regulatory Office:** Create the Governor’s Office of Regulatory Reform, requiring every state agency to review regulations every five years, with the intent of reducing unnecessary burden on businesses in New Mexico.

Higher Education and Workforce Development

- **Student Aid:** Increase funding for student financial aid, Lottery Scholarships, Opportunity Scholarships, and College Affordability grants.
- **College Technology:** Secure \$3.1 million in technology funding to begin a statewide effort among community colleges to adopt a new student information system, which will improve student experiences (with admissions, registration, financial aid, learning and tutoring, and more), improve data reporting and accountability, and reduce operating expenses.
- **Responsive Workforce Development:** Provide \$1 million in non-recurring funding to the “High Skills Program,” which helps community colleges quickly start and increase enrollment in workforce training programs to meet various economic development or recovery demands.
- **Credit Transfer:** Increase funding for – and collaboration around – the transfer of credits between higher education institutions, common course numbering, and more student counseling.

Public Safety and Behavioral Health

Criminal Justice Policies and Reforms

- **Pre-Trial Interviews:** Amend state law to no longer allow defense attorneys to interview children or incapacitated adults prior to trial, ban the disclosure of victims' personal identifying information, and allow for the introduction of statements taken during Safehouse interviews and children and developmentally disabled individuals as evidence at trial.
- **Pre-Trial Detention:** Adopt changes to current procedures around pre-trial detention, including (a) creating a rebuttable presumption that defendants who have been charged with serious crimes are deemed dangerous and should be detained in jail pre-trial, (b) establishing that a person's likelihood of being a flight risk or obstructing justice are also grounds for pre-trial detention, and (c) allowing judges to detain an individual pre-trial even in the absence of a motion to do so by a prosecutor.
- **Officer Recruitment and Retention:** Oppose the enactment of policies that would make it more difficult to recruit and retain law enforcement officers in New Mexico, such as ending "qualified immunity" for those who serve in public safety positions.
- **Violence Intervention:** Secure funding for the Violence Intervention Program (VIP) in Albuquerque, designed to use focused deterrence strategies to specifically reduce group-member involved homicides, shootings, and aggravated assaults.

Criminal Penalties

- **Chop Shops:** Create penalties for the operation of stolen vehicle "chop shops" to help prevent auto theft.

Capital Investments

- **Gun Shot Detection:** Secure capital funding for gun shot detection technology, allowing this critical tool to be deployed in 4 additional locations across Albuquerque (\$340,000).
- **Public Safety Center:** Secure capital funding to merge the Real Time Crime Center and the Regional Traffic Management Center into a central location (\$4.5 million).

Homelessness and Behavioral Health

- **24-Hour Sheltering:** Secure capital funding to expand 24-hour sheltering for people experiencing homelessness in the Albuquerque area, as well as provide a location – or locations – for first responders to take the homeless, where their needs can be triaged and they can be connected to services (\$10 million).
- **Data Sharing and Integration:** Pass legislation allowing for the greater integration of criminal justice and behavioral health data, while ensuring the protection of patient information.
- **Help for Kids:** Increase appropriations for behavioral health services for New Mexico children by 4.5%, in the wake of the pandemic and its associated impact on the mental health of young people.

K-12 and Early Childhood Education

A Focus on Academic Growth and Success

- **School Year Extension:** Given the learning loss that has occurred during the COVID-19 pandemic as a result of school closures, fund a lengthy statewide extension of the school year via K-5 Plus for most elementary school students (5 weeks) and a shorter extension of the school year for middle and high school students (2 weeks) for

years to come. More “time on task” and in-person, in-classroom instruction will not only catch our students up, but improve literacy skills among young learners and help close persistent achievement gaps.

➤ **Public Charter School Facilities:** Make it easier – and more equitable – for charter schools to access funding for school facility construction, leasing, and improvements; create a revolving loan fund to finance charter facilities.

➤ **Charter Moratorium/Enrollment Cap:** Oppose any attempt to impose a moratorium – of any length – on the opening of new charter schools in New Mexico or adopt a statewide cap on the number of students who can be enrolled in charter schools.

➤ **Classroom Spending:** Continue to limit the extent to which school districts can increase non-classroom administrative spending each year.

➤ **Assessment Incentive:** Support a special appropriation to schools that choose to provide an annual standardized assessment to students this school year. Given statewide school closures in New Mexico, the transition to mostly virtual instruction, and research indicating a strong likelihood of substantial learning loss, it is imperative that schools and teachers understand the extent to which individual students and sub-groups of students have fallen behind academically, in order to provide academic help in the coming months and years.

Note: The Public Education Department secured an annual testing waiver this year, which does not require annual assessments to be given, but still allows schools that want to provide an assessment to their students to do so. In addition to the above position, the Chamber also urges the PED Secretary to rescind his waiver request so that teachers, school leaders, parents, and state officials can learn where all students stand academically this year.

Early Childhood Education Growth and Quality

➤ **Workforce Development:** Advance proposals and appropriations designed to further professionalize and expand the early childhood workforce in New Mexico.

➤ **Public/Private Delivery System:** Continue to use a differentiated delivery system for early childhood services that relies on public and private providers, and ensure early childhood programs grow in a responsible, incremental manner that allows the state monitor outcomes and maintain rigor and high standards.

Other Important Topics

➤ **Legalization of Recreational Cannabis:** The business community remains deeply concerned that legalization proposals are unable to address serious questions relating to (a) the right of employers to have a drug-free workplace and enforce workplace safety, (b) the inability to reliably test for impairment or determine when the drug was used, and (c) the challenge of enforcing laws against driving under the influence. No technology exists to reliably determine when cannabis was used or a person’s level of impairment, which would make it hard to prosecute drugged driving and would lead to employees being reprimanded or fired for the use of a legal substance (under state law) on their personal time, simply because the drug remains in their system. A chaotic and litigious situation would likely result, and businesses are concerned that statutory language allowing companies to maintain a drug-free workplace could be challenged and nullified in the courts. The Chamber intends to work diligently with legislators to address these still-unresolved issues and will work to ensure the legalization bill is as business-friendly and conscious of business concerns as possible.

➤ **UNM Comprehensive Cancer Center Funding:** Extend – or do away with – the sunset on the cigarette excise tax that has been allocated annually to the UNM Health Sciences Center and the UNM Comprehensive Cancer Center since 2003, allowing the state to bond against this revenue and finance a cutting-edge radiation oncology and laboratory expansion project (\$22 million), bringing new cancer treatment programs to New Mexicans (stem cell/bone marrow transplantation, advanced cellular and immunotherapies, and therapeutic radioisotopes).

➤ **Health Plan Taxation:** Oppose the imposition of a state-level health insurance premium surtax.

 **Environment Amendment:** Oppose a proposed amendment to the Constitution relating to a person's right to clean air, water, and land; this has always been – and remains – an important policy priority, but enacting a new Constitutional right on this subject would likely lead to endless and costly lawsuits that would impact the state's fiscal and economic health and hamper wise policymaking on energy and environment matters.

 **Medical Malpractice:** Support reasonable medical malpractice changes, including covering nurses and other clinicians under the Medical Malpractice Act (MMA); this would increase funds available to injured patients and provide these clinicians with professional liability protections. Oppose changes to the MMA that would make insurance costs unaffordable and make it harder to recruit and retain badly-needed health care practitioners in New Mexico. Specifically, oppose the removal of hospitals from the MMA, which would allow for unlimited damage awards and remove hospitals from the Patient Compensation Fund, which guarantees payment for ongoing care for patients harmed by medical malpractice. Removing hospitals from the MMA would erode and likely collapse this fund.

 **Health Care:** Oppose attempts to push private health insurers out of the health care system, in favor of costly and additional government involvement and control at the state level.