



“The Farmington Chamber of Commerce Inc. is organized for the purpose of serving and advancing the civic and business interests of the City of Farmington and the Four Corners region.”

2017 Legislative Opportunities Farmington Chamber of Commerce

Agriculture

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- 60% of the state’s total surface water flows through San Juan County. The county ranks third in the state for irrigated crop land with 138,000 acres (10% of the state total) – thus protection of agricultural water rights is essential.
- Agriculture water is lost to invasive plants, i.e. Russian olive and tamarisk (salt cedar). We support the eradication of these invasive plants.
- The Navajo Indian Irrigation Project (NIIP) provides water to the Navajo Agricultural Products Industry (NAPI) for about 45% of the total 180,000 acres of irrigated land in San Juan County. The Farmington Chamber of Commerce supports “sharing the shortage” among all water users as water usage is codified.
- Agriculture exemptions on gross receipts taxes should remain as they are. Current practices are appropriate since the taxes are charged on the finished products of agriculture.
- Continue to support the research and development efforts at New Mexico State University (NMSU) Agriculture Science Center at Farmington.

We must fully develop our water before it flows past us. It is imperative we administer the water use to assure water will be available for the needs of our citizens. Adjudication is needed for proper administration. We must account for potential water inflows, water needs and water adjudication. We can no longer afford to ignore measuring water usage.

Navajo Agricultural Products Industry (NAPI, the largest farm cooperative managed by indigenous peoples in the world) should be protected in spite of our sparse population.

Following the disastrous Gold King Mine spill, which released more than 3 million gallons of heavy metal toxic waste into the Animus, San Juan, and Colorado River river system, support for the Long Term Monitoring Plan spearheaded by the New Mexico Environment Department, should be fully supported.

Healthcare

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Nurse Staffing:

Background: While California remains the only state with mandated nurse staffing ratios, the nationwide trend continues to build momentum. A more onerous bill that would require hospitals to form staff-majority nurse staffing committees is still something that we need to watch. Those committees would ostensibly create nurse staffing ratios for different units, overriding management authority and reducing flexibility for innovation.

A survey of New Mexico hospitals with med/surg units was conducted over the summer of 2014 based heavily on a Massachusetts and Colorado methodology and definitions. The outcomes fell well within nationally accepted guidelines. A pertinent finding is the increasing use of “progressive” beds, a mix of acute care medical surgical and step-down units. Ratios will not work for this structure.

Nurse staffing legislation would:

Add direct staffing costs to the healthcare system

Add administrative costs and regulatory burden to hospitals

Add costs to the State to administer and enforce regulation

Reduce resources to support other healthcare professionals

Restrict the organization’s ability to creatively address health reform challenges

This bill has been introduced for the last 4 years and has always died. It didn’t move at all in the last 2 years with the Republicans in charge of the House but that is not the case now. There is some concern that the bill could get out of the House and would have to be aggressively opposed in the Senate. The Governor does not support this bill but it is always better to defeat a bill in the Legislature rather than having a “veto” strategy.

The issue is local to the Santa Fe hospital. It is a local problem that they are trying to make a statewide problem. We need to watch it closely.

Medicaid Funding:

Background: Medicaid enrollment has increased much more rapidly than the New Mexico Human Services Agency expected. They are projecting that 919K (more than one third the state’s population) will enroll by mid-2017, up from 560K in 2013. Under the Affordable Care Act states were able to decide whether to expand Medicaid benefits to adults earning 138 percent of the federal poverty level.

Gov. Martinez, in 2013, decided to accept Medicaid expansion. Initially, the federal government funded 100 percent of the expansion costs for participating states, but that will be decreased to 95 percent starting in 2017 and 90 percent in 2020, making it imperative that a funding solution be identified for the gap.

Medicaid funding continues to be a big budget issue and will be in the next 2 to 3 sessions. Medicaid is almost 30% of the entire budget. An increase in Medicaid funding could potentially generate \$70 million in federal matching funds.

While all indicators are that the Medicaid funding will not face budget cuts but rather will see increases in their budget, there must always be a concern that those budget increases aren't counter balanced by cuts to providers, like Hospitals. We must always be vigilant as the budget process unfolds. The Hospital Association has an idea for a 1% GRT to generate money for the Medicaid program and the General Fund while hospital reimbursement rates are returned to former levels. The Governor vows "no new taxes" but there is some thought that this "self tax" could be agreed to given the extent of the state's financial challenges.

Higher Education

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San Juan College is the Four Corners' comprehensive community college, which improves lives by providing students with an affordable education for a successful future and career. The college's supportive educators respond to the changing needs in today's diverse marketplace by delivering relevant, high quality education. San Juan College was recently named second in the nation for granting associate degrees to Native American students among all 1,108 community colleges. In addition, SJC also was recognized as being first in the nation for issuing credentials earned in less than one year to Native American students.

In 2010, the President of the United States challenged all institutions of higher learning nationwide to increase the number of college graduates by 50 percent by the year 2020, and the College is exceeding that goal. The number of students receiving a degree or certificate has risen 143 percent in the last five years, which included 2011-12 through 2015-16. The Albuquerque Journal reported that all of the institutions of higher education collectively increased the number of graduates by 21 percent between the academic years 2010-11 and 2014-15.

There has been recent discussion through the Higher Education Department and the Public Education Department for potential changes to the State of New Mexico's dual credit program guidelines and regulations. The concern of San Juan College is that some of the proposed changes may undermine the governor's "Route to 66" initiative intended to increase college attainment for New Mexico citizens. San Juan College is urging support for guidelines and regulations similar to other states that may not limit:

The number of dual credit courses our hours in which a student may enroll while in high school;

The number of dual credit courses or hours in which a student may enroll each semester or academic year;

The grade levels at which a high school student may be eligible to enroll in a dual credit course.

The minimum GPA requirement to enroll in dual credit courses.

The new 65,000 square foot, School of Energy facility has been constructed on the main campus and provides training from a national perspective in energy and power generation. The school provides technicians for the industry that can operate safely, effectively and efficiently with an environmentally conscious approach. The San Juan College School of Energy has been selected as the onshore trainer of choice for new and existing BP America employees. A new program for Tribal Energy Management is being developed and will be the first of its kind in the nation. This program would benefit from state investments.

The expanding School of Health Sciences is providing a well prepared work force for the health industry needs. A strong partnership with San Juan Regional Medical Center is a vital component to offering quality state-of-the-art programs and ensuring that students receive the practical experience necessary to build a solid career foundation and fulfill licensure requirements. The Physical Therapy and Health Information Technology programs enjoy national audiences for online accredited coursework which bring new economic development resources into the State of New Mexico.

Maintaining New Mexico's role as a leader in science and technology is essential to our economic growth, national security and productive future. San Juan College is committed to increasing graduates in the Science, Technology, Engineering, Math-Health (STEM-H) careers. Based on the age of the current facilities, San Juan College is implementing a renovation of STEM-H laboratories and classrooms to help meet this challenge with local bonds. In addition, San Juan College is exploring the development of a helicopter pilot program.

The College has worked in conjunction with Four Corners Economic Development to provide support and leadership for economic diversification efforts in San Juan County. Workforce development is a principle focus as well with the College and the new Dean of Business, IT, and Workforce Development providing leadership in this effort. The College has also developed its own research park (Four Corners Innovations) to work with faculty and staff in developing innovation in curriculum and products that can produce revenue for the College and increased economic activity for the surrounding communities. State support of these programs would serve to strengthen the economy of San Juan County and the State of New Mexico.

Oil & Gas Issues

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- New Mexico's oil and gas industry is experiencing a prolonged downturn as both oil and natural gas prices continue to flounder. Industry needs help – support a reduction in taxes and/or other burdens to help industry weather this storm. Tax relief for stripper wells could help avert premature plugging and provide continued employment for oilfield workers with minimal impact on state tax revenues.
- Federal relations and red tape are delaying or blocking development in high-value areas. Keep New Mexico Oil and Natural Gas competitive by reducing regulatory

burdens, working to open up frontier areas and encouraging an atmosphere of cooperation between federal and state regulators and the oil and gas industry. Remember – each rig = 200 jobs!!! (estimate of direct and indirect jobs per rig).

- Do Not allow Counties to usurp State jurisdiction on Oil and Gas. Pass legislation to enforce State sovereign authority over oil and gas well siting, design, drilling, completion and operation. Work with counties to avoid the implementation of redundant or even more restrictive regulations that would impede sound oil and gas development within county and municipal boundaries.
- Water/Air Quality Protection – Require scientific, fact-based, economically rational regulation. The Oil Conservation Division and the Environmental Department should use sound science and consider economic impacts of any changes to current rules regarding hydraulic fracturing and/or groundwater protection.
- Early Childhood Education Landgrant Act – Support the transfer of unleased federal minerals to the state for the purpose of establishing a fund to support early childhood education in New Mexico.

Details

- New Mexico's oil and gas industry is experiencing a prolonged downturn as both oil and natural gas prices continue to flounder. Industry needs help – support a reduction in taxes and/or other burdens to help industry weather this storm. Oil prices have seen 50% drops and beyond since their high's in late 2014 and natural gas prices have been down since 2009. Many producing wells in New Mexico are marginal producers and are in danger of being prematurely plugged if we cannot keep them profitable through this downturn. A reduction in severance and/or property taxes could be a key factor in keeping these wells running, providing revenue to state coffers and jobs to our economy.
- Keep New Mexico Natural Gas competitive with vast new shale plays from Texas to Pennsylvania. New Mexico has great potential as well, but we must stay competitive by reducing regulatory burdens, working to open up frontier areas and encouraging an atmosphere of cooperation between federal and state regulators and the oil and gas industry. A large portion of New Mexico oil and gas potential is on Federally controlled lands. Federal relations and red tape are delaying or blocking development in high-value areas. Right now, the BLM has halted all new oil and gas leasing on public lands within miles of Chaco National Park even though this is an area with significant Mancos Shale potential. Remember – each rig = 200 jobs!!! (estimate of direct and indirect jobs per rig).
- Do Not allow Counties to usurp State jurisdiction on Oil and Gas. Maintain State sovereign authority over oil and gas well siting, design, drilling, completion and operations. Moratoria, punitive regulations and outright drilling bans violate property rights, limit economic prosperity and reduce state and county tax revenue that benefits all New Mexicans. Work with counties to avoid the implementation of redundant or even more restrictive regulations that would impede sound oil and gas development within county and municipal boundaries. Municipal and county governments do not have the extensive oil and gas expertise and experience of the state's Oil Conservation Division and Environment Department.

- Water Protection – Require scientific, fact-based, economically feasible regulation. The Oil Conservation Division and the Environmental Department should carefully consider scientific evidence and the economic impact of proposed regulations regarding hydraulic fracturing and/or groundwater protection. Consideration of such impacts to small business is already required by New Mexico law. These should be rigorously addressed in any regulatory changes, but are not always followed. In past years, the impact of the pit rule and its dramatic cost increases to operators and the resultant reduction in industry activity is one example of impact of insufficient analysis.
- Early Childhood Education Landgrant Act – Support the transfer of unleased federal minerals that are located under private surface to the state for the purpose of establishing a fund to support early childhood education in New Mexico. The federal government holds a vast amount of unleased federal subsurface mineral acreage beneath private land within New Mexico – at least 5.3 million acres and potentially upwards of 6.5 million acres. Addressing early childhood education would help to reduce both the federal and state need to allocate resources in the future to remediate the lasting effects of the challenges that currently impact New Mexico’s children.

Links:

Independent Petroleum Association of New Mexico: <http://www.ipanm.org/>

New Mexico Oil and Gas Association: <http://www.nmoga.org/>

Western Energy Alliance: <http://www.westernenergyalliance.org/>

Energy In Depth: <http://energyindepth.org/>

Public Schools

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Farmington Municipal Schools believes one of the most important components of a successful public education calls for local control and decision-making.

Farmington Municipal Schools believes adequate educational funding should be defined as minimum of at least 51% of the State Budget.

Farmington Municipal Schools opposes legislation that mandates school districts implement new programs or activities without providing necessary financial resources. Further, Farmington Municipal Schools believe a review of all public education requirements should be conducted to determine if previously imposed unfunded mandates could be suspended or eliminated.

Farmington Municipal Schools believes the State needs to become forward thinking which includes a call for creation of business incentives, long-term infrastructure investments, and a restructure of the state tax system.

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Tourism

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For FY18, the NM Tourism Department would like to maintain FY17 General Fund appropriation, less 5.5% to support the travel and tourism industry. The Farmington Convention & Visitors Bureau strongly supports this request and the efforts of the NM Tourism Department, as they have a proven and successful track record in bringing new dollars into the state and job creation.

The budget approach will:

- Grow advertising presence by leveraging private dollars
- Provide continued scrutiny of every program and investment
- Be committed to boosting and maintain employee morale

Tourism is critical to New Mexico's economy:

- Tourism delivers a 7:1 ROI
- In 2015, 33.4M trips were taken in New Mexico, up 700,000 more trips in 2014
- Direct tourism employment growth has averaged nearly a point higher than overall employment growth since 2011

The Farmington Convention & Visitors Bureau also supports legislation to remove exemption (G) from 3-38-16 NMSA 1978, commonly known as Lodger's Tax.

- The revenue generated by Lodger's Tax is essential to the local economies throughout the state because it allow local governments to promote tourism in New Mexico.
- With the expanding popularity of private vacation rental websites, like Airbnb and VRBO, the exemption has effectively created a tax loophole
- The exemption allows the owners of private multifamily homes to avoid paying taxes on revenue from short term rental of the properties to vacationers
- The exemption creates an unfair playing field through a technological advancement that allows owners of private rentals to market to a broader audience and directly compete with traditional hospitality providers at a fraction of the cost
- The exemption unfairly erodes the authority of local governments to collect a tax that promotes tourism and encourages economic development in local communities