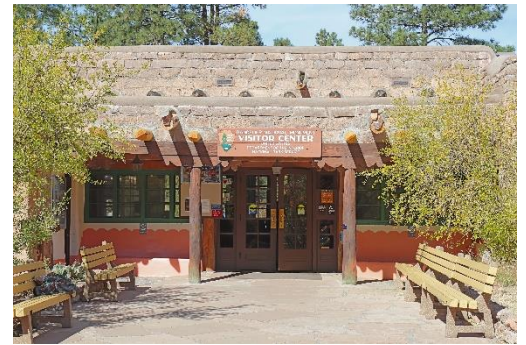




Driving New Mexico's Future

Empowering a Competitive
Economy in a
Post-Pandemic World

2020



The post-pandemic economy will bring new opportunities for New Mexico to improve its overall competitiveness and grow the state's economy.

New Mexico is at a turning point.

The COVID-19 pandemic has exposed many strategic economic vulnerabilities for our state and our nation. The state's growing dependence on the oil and gas sector to fund critical government operations has made us increasingly vulnerable to international markets and price fluctuations. The federal government has identified several areas where offshoring has created significant national security risks in industry sectors from bio-pharmaceutical and medical device manufacturing, to IT infrastructure, logistics and defense industry component manufacturing.

Over the next few years there will be a national effort to mitigate supply-chain risk and build strategic resilience in America's economy by reshoring and nearshoring critical infrastructure and manufacturing.

The New Mexico Chamber of Commerce created this report and its accompanying strategies to make New Mexico more competitive in order to take advantage of these global transitions while creating economic diversification and resilience for our local communities and businesses.

This effort would not have been possible without the partnership and collaboration of many government, higher education and business leaders. They have informed and driven this effort. As well, without the intellectual and financial support of our sponsors, this strategic action plan would not have been possible.



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Sincerely,

A handwritten signature in black ink, appearing to read "Allison Smith".

Allison Smith
Board Chair
New Mexico Chamber of Commerce
Founder, Roadrunner Capitol Reports

A handwritten signature in black ink, appearing to read "Sayuri".

Sayuri Yamada
Chair, Economic Strategy Working Group
Director, Government and Public Affairs
Public Service Company of New Mexico

A handwritten signature in black ink, appearing to read "Rob Black".

Rob Black
President & CEO
New Mexico Chamber of Commerce

The Challenges and the Opportunities

As we turn the page on 2020 and look to the future, we see unbridled opportunity. The promise and possibilities of 2021 can bring economic healing through foresight, public-private collaboration, and decisive action. Vaccines will combat the pandemic, and a renewed commitment to improve the state's competitiveness can jumpstart the economy.

New Mexico enjoys many assets: dramatic natural beauty, cutting-edge research, rich cultural diversity and next-generation companies creating our future. However, when looking at past economic performance and upcoming challenges, we know that we must do better to successfully compete with other states for investments, jobs, and talent.

About a decade ago, Michael Porter (considered the nation's top expert on competitiveness) addressed the National Governor's Association. Porter explained that "...competitiveness is the only way to achieve sustainable job growth, improve wages and stabilize public finances." Over the past 10 years, from 2009 to 2019, New Mexico was in the lowest third of states for job growth, wage growth, and growth of Gross Domestic Product (GDP). In recent years, New Mexico has taken steps to improve our tax rankings,



focused more on worker training, and provided needed tools for the Economic Development Department, but many of our neighboring states still performed much better.

The global economy is rapidly changing; our members can anticipate accelerated disruption. This is a double-edged sword that will bring many new opportunities as it challenges and transforms existing jobs and companies.

Complacency is not a mindset that can bring success!

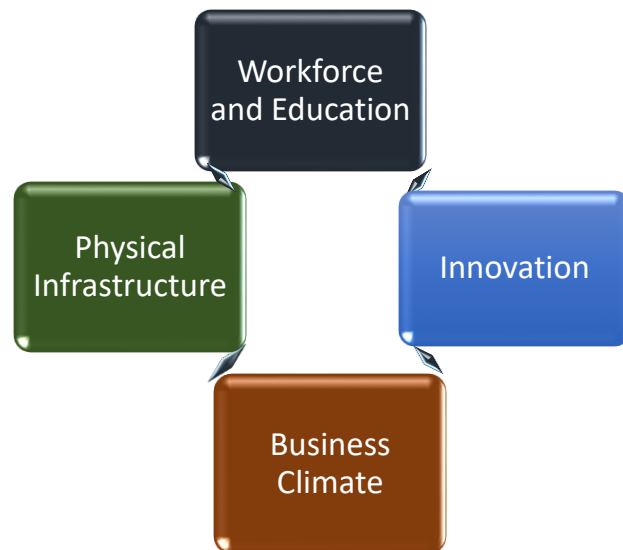
Working together, we must continuously improve our business climate by making the regulatory, legal and tax environments equal to or better than our competitors. We need to invest more in our infrastructure to take advantage of our strategic location. We should seek ways to leverage our state's research and nurture the entrepreneurs that will transform ideas into jobs. Most importantly, we must champion the education, training, and attraction of talent. Today, no business can be successful without the skills, experience and people required to grow and innovate.

Challenges, certainly, but opportunities abound. Emerging prospects in energy, space, life science and health, value-added agriculture, outdoor recreation and border trade will be cornerstones for our future. Together, with clear sustained focus, we can improve our state's economic competitiveness and bring increased prosperity to our citizens and businesses.



Competitiveness

What is economic competitiveness and why should that be a priority for New Mexico? There are several definitions and a rising number of organizations that regularly rank states. The World Economic Forum has been publishing information about competitiveness for over 40 years. It asserts that competitiveness is “the set of institutions, policies and factors that determine the level of productivity” of a place. In recent years, organizations like CNBC, Forbes, CEO Magazine and Site Selection have used multifactor analysis to analyze and publish annual state rankings. An average of the major rankings roughly correlates with states’ actual economic performance. While each publication’s ranking criteria is different, they tend to agree on broad measurement areas.



Competitiveness factors are usually grouped around four general areas: (1) business climate: business friendliness, regulation, taxation, and legal climate; (2) workforce and education; (3) infrastructure: road, rail, air, water, broadband, and energy; and (4) innovation capacity: entrepreneurship, research, and availability of capital.

Different industries and companies have differing needs. Each year, site selection consultants are surveyed, and an overall list of the most important factors are revealed. The top 15 factors for the most recent year’s list are included in the box to the right.

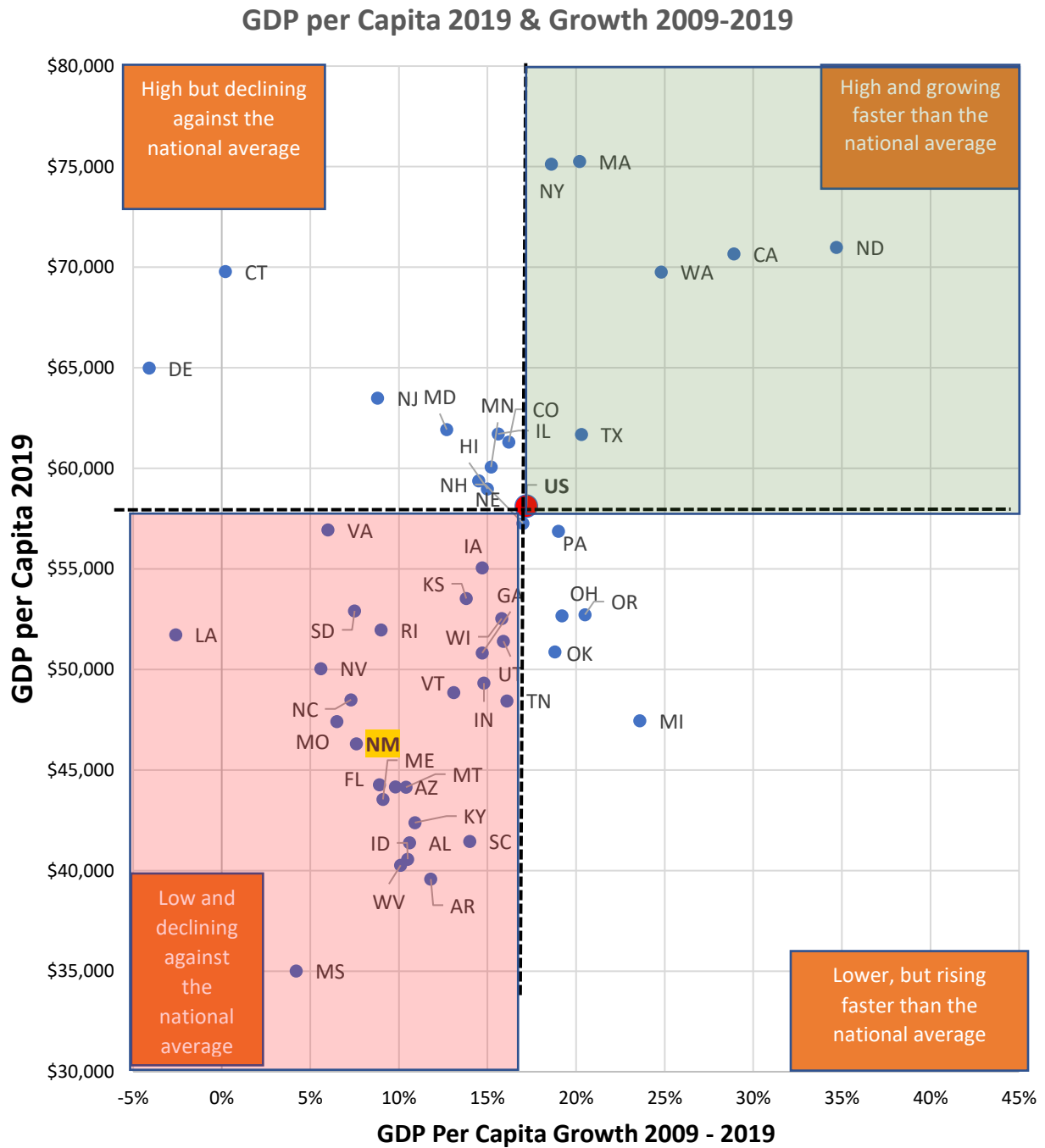
Performance is another way to measure a state’s economic competitiveness. Along with strengthening the issues that are prioritized by business, most

Most Important Issues for Site Selectors

1. Highway Accessibility
2. Availability of Skilled Labor
3. Labor Costs
4. Quality of Life
5. Occupancy or Construction Costs
6. Corporate Tax Rate
7. Energy Availability and Costs
8. Tax Exemptions
9. Environmental Regulations
10. Proximity to Major Markets
11. Right-to-Work State
12. Available Buildings
13. Fast-Track Permitting
14. State and Local Incentives
15. Shipping Costs

Source: Area Development’s 34th Annual Survey

competitiveness strategies are designed to raise the prosperity or standard of living for residents. The most common way to measure standard of living is by GDP per capita and its growth over time. The chart below shows each state's 2019 GDP per capita mapped against the growth over the past decade. New Mexico is among the states with lower GDP per capita than the national average and also slower growth than the national average.



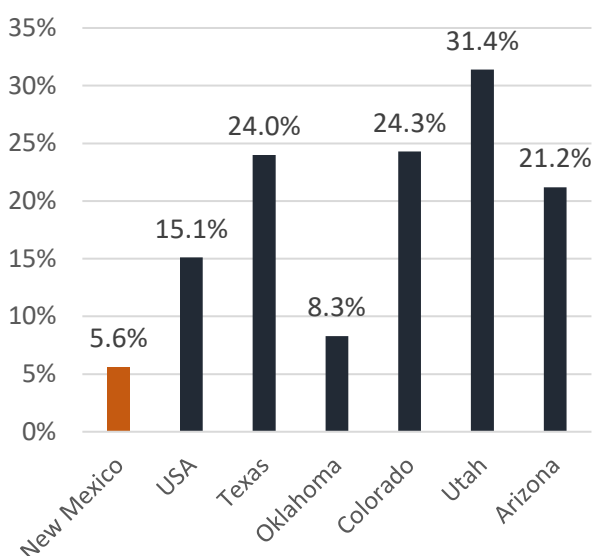
New Mexico's Current Competitive Challenges

The COVID-19 pandemic has devastated the nation's economy over the past year. No state has been spared the loss of jobs and businesses. In 2021, we all begin the race to recovery, but in New Mexico we have much more ground to make up. The previous decade was marked by slow economic growth when compared to neighboring states and the nation. The two charts below show job and GDP growth comparisons. Although some years were good and the state was at or above the national average, for the decade, New Mexico ranked 44th among states in job growth and 39th in GDP growth.

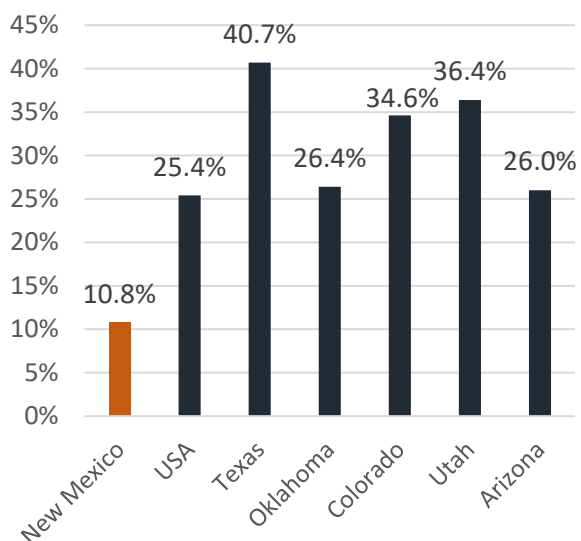
Challenge #1

Improve New Mexico's business climate, workforce skills, and infrastructure to better compete for new jobs and investments.

Percentage Job Growth 2009-2019

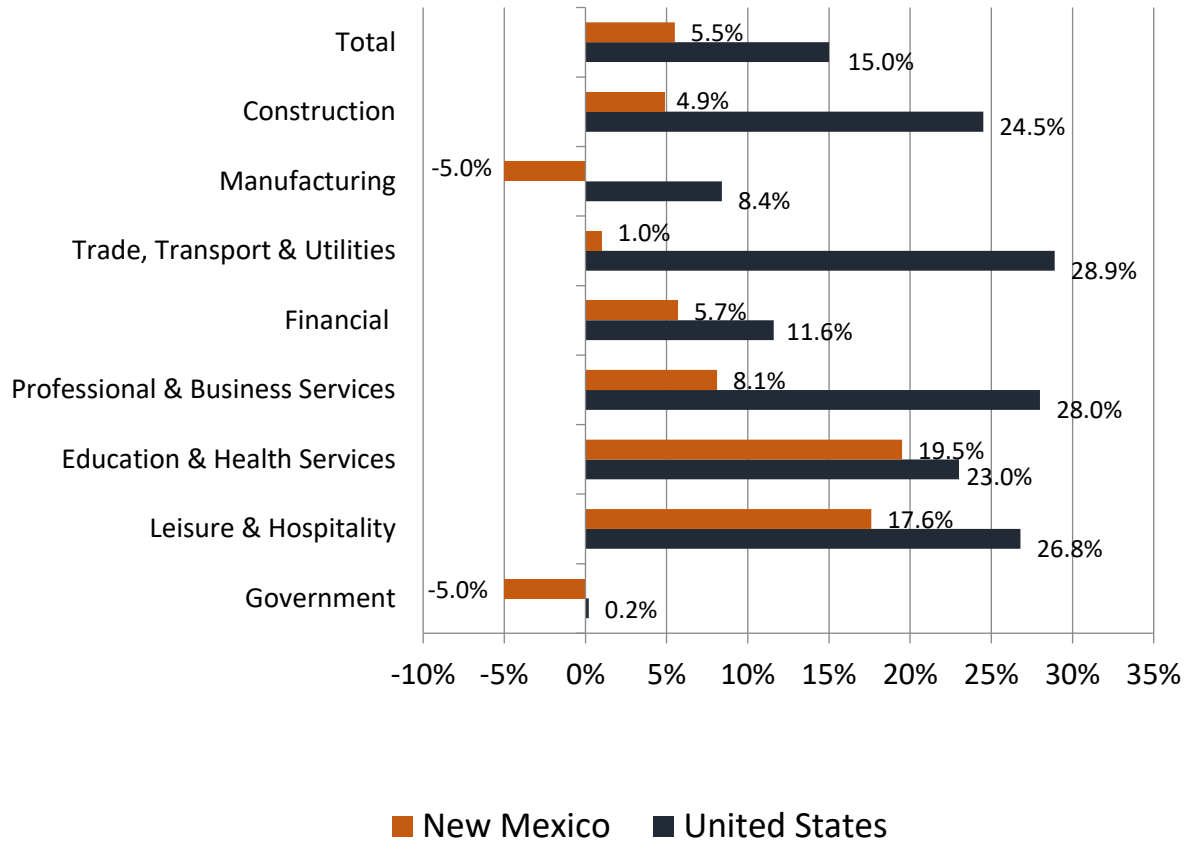


Percentage GDP Growth 2009-2019



Job growth in the state fell below the national average in every major industry. Particularly troubling was the state's net loss in manufacturing jobs, and very low growth in trade, transportation, utilities, and professional and business services, contributing to the state's very slow wage growth. NM ranked 44th among states for wage growth for 2009-2019. The state also experienced a manufacturing shift from higher value durable goods to lower value non-durable goods, with significant net job losses in several advanced industry manufacturing sectors.

U.S. and NM Non-Farm Employment Change 2009-2019



We believe that a strong technology sector is critical to our future growth. The state has more than 80,000 technology industry jobs and the total has increased over the past five years. However, the growth rate is still at about half the national average with the strongest growth in the subcategories of environmental tech and life science.

Technology Job Change 2014-2019

New Mexico	+4.4%
USA	+8.8%
Texas	-2.7%
Oklahoma	-10.8%
Colorado	+12.2%
Utah	+19.6%
Arizona	+16.5%



In addition to the need to improve overall economic performance, the second key challenge is encouraging greater working age population growth. After overall population growth of 13 percent between 2000 and 2010, the state's growth slowed to less than two percent over the past decade. Since 2012, growth has essentially stalled. Current projections for the next decade suggest negative working age growth in New Mexico, and a rapidly aging population. The state's population over the age of 50 is projected to double.

While attracting retirees is a productive economic development strategy, workforce remains the key business growth requirement and the lack of growth in prime workforce ages will act as a throttle for attracting new businesses, especially when many of the neighboring states expect strong growth.

The state has experienced small and uneven population growth. About two-thirds of the state's counties actually lost population between 2009-2019. This trend is expected to continue, making it increasingly difficult to expand prosperity statewide. One positive sign is that in 2019, New Mexico was named a top 10 state for people moving in.

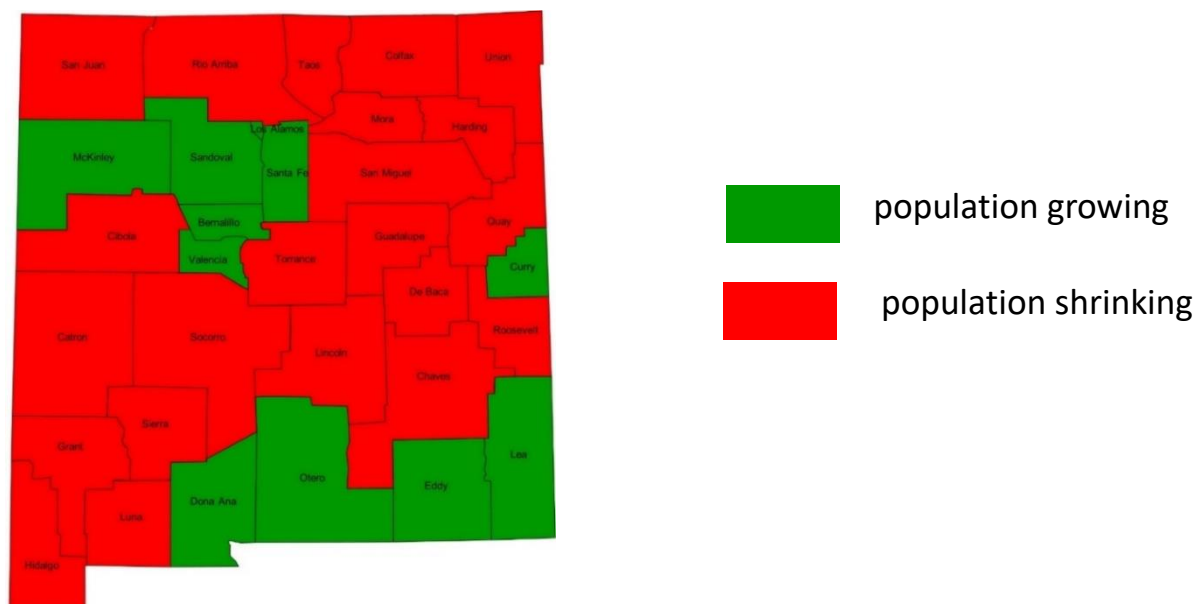
Challenge #2

Grow New Mexico's working age population to provide the workforce needed to attract and retain businesses.

Projected Population Working Age Change 2020-2030

	Total	Percentage
New Mexico	- 33,423	-3.2%
Texas	+517,908	+3.4%
Oklahoma	- 46,500	-2.3%
Colorado	+ 81,593	+2.6%
Utah	+101,999	+6.5%
Arizona	+133,760	+3.6%

New Mexico Population Change 2009-2019



What We Heard from Stakeholders

Understanding our challenges is important, but our focus must be on a better future. To determine what is needed to make New Mexico more competitive and economically successful, we reached out to business leaders and community stakeholders across the state. Nearly 700 people completed an electronic survey – this information was augmented by in-depth discussions in virtual focus groups.



In the survey, over 77 percent of respondents indicated that their business had been hurt by the COVID-19 pandemic.

When asked what they were most and least satisfied with, Quality of Life was rated with the highest satisfaction. Energy, water and sewer infrastructure also received “satisfied” scores.

Survey Respondents Were Most Satisfied With

- The quality of life in their community
- The availability of affordable and reliable energy
- The availability and quality of water and sewer infrastructure

Survey Respondents Were Least Satisfied With

- The availability of workers with appropriate skills
- Business taxes
- Quality and cost of health care and insurance
- State government regulations impacting your business

The areas ranked lowest included available workforce, business taxation and regulation, and the quality and costs of health care.

We asked what was needed and what the state government could do to grow the New Mexico economy and create more jobs. Several themes emerged:

- **More workers with in-demand skills are needed.** More than half of the respondents said that potential employees lacked the work-ready soft skills necessary to be successful employees. In the discussions there was also a general consensus that the overall pool of labor was not growing fast enough to meet current business needs, that the education system needed improvement, and that recruiting new professionals to the state was sometimes difficult. A common suggestion was for the state to be more aggressive in its branding and marketing.
- **The business climate, especially the state regulatory climate, needs significant improvement.** “Review regulations to make them more business friendly,” was the top named action for improvement. For stakeholders who do work in multiple states, New Mexico’s regulations were viewed as complex and confusing, with slow response times.

Stakeholders felt that state and local governments that work at the speed of business, and that want to help businesses be successful, should be a top priority of the Governor, the Legislature, and local elected officials.

In addition to the regulatory environment, the state's taxes were often mentioned as a concern. While most businesses would like income taxes to be lower, many comments focused on taxes that create a specific competitive disadvantage to New Mexico businesses such as the Gross Receipts Tax, Weight and Distance taxes, and taxation of military pensions.

- **Infrastructure Funding.** Public-private partnerships for expanding infrastructure in areas of need and where improvement would heighten opportunity was a main focus. Expanded broadband, improved multimodal transportation, energy, and ready buildings and sites were all viewed as essential to growth.
- **Be future-focused and opportunistic.** Many stakeholders believed that New Mexico has untapped assets and would have new opportunities in the next decade. Suggestions included taking better advantage of the state's innovation assets: reducing brain drain, promoting commercialization, supporting entrepreneurship, and targeting emerging technology clusters such as space and alternative energy.
- Throughout the discussions, stakeholders felt that **New Mexico should be a model of institutionalized Public-Private collaboration.** Numerous recent examples of collaboration were extolled, and many felt that New Mexico's size created additional potential. The most common suggestion was to improve the opportunities for business input and to better engage and inform elected officials.



Our Future Opportunities

It is unlikely that many states entered 2020 with contingency plans for an unprecedented global pandemic and a deep, medically induced global recession. We expected that the new decade would bring continued urbanization, slowing globalization, and accelerating technological transformation. The pandemic disrupted our economy and our lives, but at some point – hopefully soon – New Mexico will be facing the next new normal. No one's crystal ball is clear, but anticipating new opportunities now will provide a head start to improve our competitive position.

The residual effects from the pandemic and the subsequent 2021 reset are likely to include many of these emerging trends:

- (1) **Remote everything, once referred to as “the death of distance,” will be more common.** More people will work remotely, shop remotely, get their health, entertainment, and banking services remotely. We have all endured months of forced reprogramming of the way we work and live. Companies have adjusted. Many of these shifts will become permanent.



New Mexico Opportunities

Champion emerging technology companies that align with the state's current research strengths.

Build a talent attraction strategy highlighting the state's natural beauty, affordability, outdoor recreation, and diversity to appeal to young professionals seeking new living options.

Target existing company supply chains and take advantage of the state's proximity to Mexico.

Strengthen short term retraining and work experience to transition citizens to in-demand occupations.

Extend opportunity to underserved communities

Use data analytics to identify actions to improve the state's competitiveness.

- (2) **Relocations could be more common.** While overall movement of people in America has slowed over the past 20 years, the trend of some Americans moving from high-priced urban centers to more affordable smaller metros has been accelerating over the past decade. Mid-sized city centers prospered following the Great Recession with reimagined suburbia also becoming more attractive to millennials that want walkability, connectivity, and more space. News reports this summer have chronicled more movement, pandemic-induced, from density to less dense living options, and from high-priced to affordable. Hotspots like Phoenix, Denver, Las Vegas, and Austin will still attract many new residents, but smaller metros might become increasingly attractive. Nobody knows where the new hot spots will be, but they will need high-speed broadband, access to amenities and housing choices. New Mexico has many locations that offer good opportunities. Enhanced talent recruitment and placemaking strategies could yield good return on investment. The state's natural beauty, population diversity, affordability and safe climate could be attractive to anyone seeking a change.
- (3) **Reshoring accelerates.** Covid-19 has shone a bright light on the security and safety advantages of having specific industries and their supply chains within the United States' borders. Over the next few years, we expect growth in biopharmaceutical, medical devices, defense components and food processing. Efficiency will still be important, but so will supply chain redundancy and flexibility. Proximity to Mexico, affordability, and access to good transportation infrastructure could be key advantages for the state. Recruitment marketing to the supply chains of existing companies, and targeting the industries most likely to reshore, are promising opportunities.
- (4) **Technological disruption accelerates.** The Covid-19 shutdown and stay at home orders exposed many business vulnerabilities. Manufacturing and construction businesses were already moving toward more robotics due to skilled labor shortages. Employment in those industries were also the first to rebound. Expect service industries – currently highly dependent on face-to-face interaction – to substitute robots wherever possible, to reduce their exposure to similar future disruptions. Early research suggests that the impact will disproportionately hurt small businesses and lower wage workers. Agile retraining options for New Mexico workers that are or will be displaced will be necessary and could create a longer-term competitive advantage.
- Also expect the emergence of new industries and companies stimulated by advancements in augmented and virtual reality, artificial intelligence, nanotechnology, photonics, IoT, 5G, synthetic biology, genomics, and quantum technologies.
- (5) **The Federal Government will be faced with a choice: invest or reduce the deficit.** The multiple rounds of stimulus bills in 2020 have tamped down the worst of the COVID-19 economic impact but have also added trillions to the federal deficit. Additional stimulus is

likely in 2021 and it will trigger a call for some spending cuts, tax increases, or both. Federal funding is an important part of the state's economy, with New Mexico among the states with the highest percentage of Federal funds in the state budget. The state's Los Alamos and Sandia Federal Labs are critical to emerging technologies but could be vulnerable to budget considerations.

- (6) **Expect more state competition, data analytics and the need for continuous scenario planning.** Pre-pandemic, many states, including New Mexico, were experiencing economic transformations. Changes in demographics, technology, and consumer behavior continuously disrupt the status quo and confound both business and state economic planning. Businesses' new investment decisions are now mostly driven by sophisticated data analytics that easily allow comparisons between "place" options. Real time analysis and nimble responses to data illuminating threats and opportunities can give the state a competitive advantage.

In a time of mass disruption, the pandemic has acted as an accelerant. Trends we expected are impacting us sooner, with a few unexpected tangents thrown in to upend even the best plans. States recognize that they are in competition for new investments and have begun to develop new ideas for the next new normal.

Over the next year, as the New Mexico Economic Development Department develops new strategies for the state, the New Mexico Chamber of Commerce and its members can provide valuable insights about the changes taking place and what it will take to support existing business and attract new businesses to the state.



Improving New Mexico's Economic Competitiveness

Building a more competitive state is a constant challenge and an ongoing quest. Many groups must contribute energy, ideas, and resources. The New Mexico Chamber of Commerce believes that over the next decade public and private sector leaders should work together to make the following competitive improvements.

To address the challenge of insufficient skilled workers

- 1) Increase the overall labor pool for employers
- 2) Improve the number of workers with work readiness skills and in-demand middle skills
- 3) Extend opportunity to underserved communities and populations

To address the top concern of stakeholders and improve the overall regulatory business climate

- 4) Make the New Mexico regulatory environment among the most business friendly in America

To take advantage of the state's location, respond to corporate needs and spread opportunity more broadly

- 5) Strengthen the State's infrastructure

To acknowledge rapid change and take advantage of emerging opportunities

- 6) Prioritize and emphasize entrepreneurship

To align business needs, higher education assets and government efforts to efficiently grow the New Mexico economy and raise the prosperity of the state's citizens

- 7) Amplify the voice of business
- 8) Create forums for ongoing collaboration and partnerships between the public and private sector

Specific Strategies

Increase the Labor Pool for New Mexico Employers

1) Create and fund a talent recruitment outreach program to attract young professionals

- Begin with a social media audit. A social media audit includes a review of what state residents and others are posting about the state across multiple digital platforms (Twitter, Facebook, YouTube, Instagram, and others). After evaluating current New Mexico digital themes, develop a strategy to optimize the state's social media profiles, deliver strategic messages, engage influencers, and support economic strategies.
- Focus media outreach to metropolitan areas in close proximity including Denver, Oklahoma City, Dallas, and Phoenix.
- Emphasize New Mexico's diversity, climate, outdoor recreation, affordability and job opportunities in new technology sectors (alternative energy, space).

2) Ask the legislature to explore the creation of one or more targeted incentive programs to attract professionals with the skills needed in the state's targeted industries

- To address the lack of specialized skills, consider a program patterned after Oklahoma's **Aerospace Industry Engineer Workforce Tax Credit** program that began in 2009, providing state tax credits for five years to the company that hires aerospace engineers, and to the engineers themselves. In the program's first six years it helped attract over 4,200 aerospace engineers with average wages of \$80,000 annually, generating approximately \$287 million in total wages. The number of engineering degrees conferred by Oklahoma colleges and universities also increased 57 percent over the period. In 2018, Oklahoma created a similar **Automotive Engineer Workforce Tax Credit** for automotive engineers and the companies that hire them. This tax credit was expanded in 2019 to include parts suppliers and makers of all types of vehicles.

An additional program should be created to attract new residents and remote workers interested in living in small towns and rural parts of the state that are facing population decline.

- Vermont will reimburse up to \$7,500 in moving expenses for those who move into the state to live and work there full-time, under the **New Worker Relocation Grant Program**, adopted by the state legislature in 2019. During the first three quarters of 2020, a total of \$227,000 was awarded to 51 recipients. The average age of awardees was 32, and recipients moved to Vermont from 21 different states. In 2019, Vermont operated a **Remote Worker Grant Program** for those who moved into the state but who worked remotely for an out-of-state employer. The program paid individuals up to \$5,000 a year for two years.



3) Adopt the Arizona model of recognizing out-of-state occupational licenses, making it easier for people to move into the state and begin working quickly.

- At the beginning of 2020, only Arizona, New Jersey, Montana, and Pennsylvania allowed individuals with out-of-state licenses to transfer a valid occupational license and practice in their states, with only minor limitations.

4) Provide a specific state income tax exemption for military retirement pensions

- In WalletHub's 2020 rankings, New Mexico was ranked as the 30th best state for military retirees, an improvement over previous rankings but still trailing all neighboring states with Oklahoma (12th), Utah (15th), Kansas (16th), Texas (19th), and Arizona (28th). Different rankings have different criteria, but New Mexico

needs to attract and retain more highly-trained military retirees.

- Across America, 21 states fully exempt military retirement pay from state income tax (in addition to those states with no state income tax).

5) Create scholarships for first-generation college students

A scholarship program targeted at New Mexico children who are the first in their families to attend higher education can help expand opportunities to those currently unable to attend college.

- The Florida Department of Education partners with private donors to provide first-in-family scholarships to students whose parents do not possess a bachelor degree or higher. The First Generation Matching Grant Program provides need-based scholarships to Florida residents going into undergraduate programs at two-year and four-year public colleges and universities in the state. In 2019-2020 the program issued \$15.9 million in grants impacting 10,900 first-generation students.

6) Target workforce training and job placement for to ex-offenders

- In Indiana, The Hoosier Initiative for Re-Entry (HIRE) started in 2012 and is run by the state's Department of Corrections and the Department of Workforce Development. The HIRE model prepares inmates with a felony conviction in three areas:
 1. Hiring process skills, workplace readiness training, and financial literacy.
 2. Outreach to area businesses for job placement.
 3. Coordination with support organizations that can assist with clothing, housing, and transportation.

A mentor works with each HIRE participant for one year after an initial job placement. In a recent year, the HIRE program placed over 2,200 ex-offenders in jobs, with a three-month retention rate of 97 percent. Participants also have lower recidivism rates. In 2018 the Indiana HIRE program won a national award from the National Association of State Workforce Agencies.

Improve the Number of Workers with Work-Readiness and In-Demand Middle Skills

- 7) Replicate Arkansas and South Carolina's *Be Pro Be Proud*, a program designed to change high school students' and parents' perceptions about technical careers in manufacturing, construction, transportation, energy, and utilities. In both states, the centerpiece is a Mobile Workshop that travels to all high schools around the state.
- 8) Create a Grant Tuition Program for community college students pursuing a degree in a STEM field that agree to remain in New Mexico for a specified number of years.

In Arkansas, the **Arkansas Future Grant** program provides up to five semesters of tuition grants for STEM majors pursuing an associate degree. Recipients must work in Arkansas for three years after graduation, or the grant becomes an interest-bearing loan.

- 9) **Promote more statewide participation in ACT's Certified Work Ready Communities Program**

Across America, nearly five million people have obtained ACT's National Career Readiness Certificate. In New Mexico, only three counties are participating in ACT's **Certified Work Ready Communities (CWRC)** program to improve middle-skill career readiness and help individuals earn the certificate. In 2016 a line item in South Carolina's state budget helped more counties to achieve CWRC status, and that year South Carolina became the first state in the U.S. to have every county designated as a Certified Work Ready Community.

Make the New Mexico Regulatory Environment Among the Most Business Friendly in America

10) Create a Governor's Office of Regulatory Reform to implement a new requirement that all state agencies do a comprehensive review of all current rules and regulations to identify opportunities to improve response speed, eliminate redundancy, and eliminate unnecessary restrictions. The office would then oversee an ongoing, regular effort to continue to minimize and simplify regulations.

- Every state agency in **Arizona** is required by law to review all of its rules every five years, to uncover any that should be repealed or changed. This statute has helped Arizona maintain one of the least-complex regulatory codes in the country. Arizona's code has fewer than 64,000 restrictive words (terms like "shall," "must," "may not," "prohibited" and "required"). California, the country's most-regulated state, has nearly 400,000 restrictive words. Arizona has also created an online portal enabling those who live and work under its regulations to make recommendations, and it has exceeded its target to reduce red tape. Over a two-year period the state removed 1,100 regulations which it estimates saves businesses \$79 million.
- In 2018, **Virginia** started a three-year pilot program to reduce red tape. The pilot program began with the state's Department of Professional and Occupational Regulation and the Department of Criminal Justice Services. This bill passed the Republican-controlled legislature with strong bipartisan support and was signed into law by Democratic Gov. Ralph Northam. Under the program, the agencies are required to review all existing regulations and reduce the number of restrictions by 25 percent over the three-year period. In 2019, Governor Northam reported that the agencies were ahead of schedule. That same year, Virginia was named America's Top State for Business by CNBC.

11) Conduct a review of the taxes that stand out as anti-competitive such as the tax on construction labor, manufacturing equipment, Weight Distance Tax and the Gross Receipts Tax

- Only four states have a weight distance tax for truckers, creating a competitive disadvantage for realizing New Mexico's logistics potential.

12) Conduct an annual business survey to determine satisfaction and progress on the state's business climate. Broadly share the results with legislators and members of the executive branch and use the survey results to guide the Chamber's advocacy agenda.

Strengthen the State's Infrastructure

13) Enacted enabling legislation authorizing public-private partnerships (PPPs) for infrastructure.

Across America, 38 states have enacted enabling legislation authorizing public-private partnerships (PPPs) for infrastructure. Most are for transportation projects, but many include other types of infrastructure. New Mexico has not adopted this type of PPP enabling legislation. **Florida's I-4 Ultimate PPP** aims to complete major interstate upgrades – that would have taken 27 years under normal public sector funding – in about seven years. The \$2.3 billion I-4 Ultimate project in Orlando includes installing express toll lanes for 21 miles, replacing 140 bridges, and reconfiguring 15 major intersections. The 40-year contract includes Skanska and other private partners. The project started in 2015, and by mid-2020 it appeared that completing all work might take one year longer than originally planned.

PPP legislation for New Mexico should be broad enough to authorize public-private collaboration for transportation, water, sewer, broadband, and other infrastructure needs.

14) Create a Rail Spur Economic Development Matching Grant/Loan Program

- Most rail infrastructure improvements in the United States have been made by the private sector, but even small-scale government incentives can encourage additional investments. Two program examples are from Michigan and North Carolina.

- **Michigan DOT's Freight Economic Development Program** provides low-interest loans to businesses for rail infrastructure such as spur tracks. Michigan will provide up to 50 percent of a rail infrastructure project's cost. Loans have a five-year repayment period but can be forgiven (converted to grants) if the company meets agreed-upon annual shipping levels.
- **North Carolina DOT's Rail Industrial Access Program** offers grants to a new or expanding company of up to 50 percent of a project's cost, and up to \$200,000 per project. Grants are to help construct or refurbish rail spur tracks.

15) Create a competitive Rural Development Grant Fund to help rural communities support economic development product building and marketing

- The rural areas of New Mexico are facing many headwinds that are stifling growth. New businesses and jobs are critical to the viability of many communities. Eligible grant fund uses would be broad to accommodate tailored local opportunities, but could include infrastructure, buildings and sites, marketing for economic development and tourism, small business assistance and ecosystem support, and incubator development.
- In the province of Ontario, Canada, the Ontario **Rural Economic Development (RED)** program provides grants to rural localities in two broad categories:
 1. The Economic Diversification and Competitiveness Stream is for business retention and expansion, entrepreneurship, workforce, and technology adoption projects.
 2. The Strategic Economic Infrastructure Stream is for projects such as redevelopment of vacant buildings and rehabilitation of cultural and tourism attractions.

Prioritize Innovation by Emphasizing Entrepreneurship, Tech Transfer & Commercialization

16) Fund entrepreneurial development and job-creating small business growth, particularly in rural areas of New Mexico

- The **Wisconsin Rural Enterprise Fund (WREF)** makes equity investments in startup companies, especially those with potential to create higher-skill, higher-wage jobs. Since it

started in 2002, WREF has made over \$2,000,000 in investments ranging from \$35,000 to \$200,000 each. Investors include Wisconsin economic development organizations, cities, and electric cooperatives.

- In Nebraska, the **Building Entrepreneurial Communities Act** provides grants for two or more communities collaborating on capacity-building efforts including youth entrepreneurship training. Nebraska also offers an **Advantage Microenterprise Tax Credit** for businesses with five or less employees and located in distressed areas that make a new investment or add jobs.

Amplify the Voice of Business

17) Create a public-private annual event to bring leaders from the public and private sectors together with a focus on competitiveness challenges and future opportunities. Begin with a fall 2021 joint event.

- The 2019 **Future Wisconsin Summit** program by the state Chamber of Commerce Foundation featured discussions on rural Wisconsin, the agriculture economy, criminal justice reform and a keynote on the importance of STEM education. The Summit, which is held annually, brings in individuals from both the public and private sectors to discuss issues employers are facing in the workforce today.
- Each year the Missouri Chamber of Commerce holds a public-private conference to focus on a strategic area of the **Missouri 2030** competitiveness plan. The most recent event focused on transportation and making Missouri a leading logistics hub. Previous summits focused on workforce and technology.



The strategic action agenda was prepared by the New Mexico Chamber of Commerce with research support from Economic Leadership LLC in 2020.

