

More Money For '07, Higher Costs In '08 and Meeting Important Needs
By
Senator Pete Campos

Although our state operating budget will hover around \$5.3 billion for the 07-08 fiscal year, it is important that our approach in crafting this budget remain creative, bold and visionary. The confidence we place in our public employees, their mission and the directives necessary to address basic government services, stimulate the state's economy and to meet the needs of the poor and elderly are solid reasons to forge our largest budget ever.

We have many government agencies that serve Las Vegas, Mora and Santa Rosa. The services provided include, but are not limited to: public safety, legal services, education, transportation, health care, economic development, tourism, hunting and fishing, water usage and agriculture. These services have resulted in a major flow of public dollars into the region. As a result, area businesses have kept their doors open, real estate has sold, new commercial buildings are being constructed, professional service providers continue with more business, house and vehicle payments are being made and we have purchasing power.

Combine that with major government construction projects slated for the region as a result of our recent general obligation bond election results and over \$900 million available during the 2007 legislative session for capital projects will lead to even more jobs, the ability for area residents to financially provide for their families and the need for additional regional and community strategic planning.

We need each other! As your area representatives prepare for the upcoming 2007 session, we need your help. Area agency leaders have shared their progress, strategies and needs with their leadership in Santa Fe. Many of you have already shared your concerns with area senators and representatives, but there is still much to be done. We must hone in on those priorities that will make a positive difference in our region. That means we must do everything possible to keep people working, provide quality-of-life basics to our elderly, meet community public safety and infrastructure needs, provide our youth with the best educational setting conceivable, stand together as one region and strengthen government services for the well-being of all our area residents.

Those services could be just going to get a drivers license, having a highway section redone to prevent unsafe driving conditions, keeping highly qualified teachers in their home community to educate children and giving our senior citizens a place to eat and visit with each other. We have done well, but we must proceed with a basic understanding of what may be on the horizon beyond the upcoming fiscal year!

For example: construction made up 20% of the total employment growth in New Mexico last year and was responsible for 25% of the growth in our gross receipts. Now, according to the latest data, in the second quarter of 2006, housing construction in New Mexico declined 20.3 percent. In 2007, the first major wave of mortgage resets will start

taking place. These are the adjustable rate mortgages that were signed in 2003 and 2004 when rates were at all time low levels.

One caution for the New Mexico legislature to consider is that the low initial rates allowed people to buy more house than they could afford. When the rate resets to current market rates or houses are refinanced, the homeowner will have no choice but to default. Already, foreclosures are increasing at predictable rates. This will sap some of the consumer strength in the same way high gas prices do. As a result, after the 2007-08 fiscal year, we may experience a significant decline in available recurring revenues. Thus, governmental services may have to be cut or other methods to raise revenues implemented.

For us to effectively provide for our families and support our regional communities, we must remain informed of future economic trends.

Senator Campos earned a BA with a double major in Economics and Philosophy from the University of New Mexico in 1974 and Continuing Education Units from the New Mexico Real Estate Institute in New Mexico Real Estate Law and Practice.