

Legislature Prepared to Approve Responsible Public Works Package
By Senator Pete Campos

As New Mexico's economy slowly recovers, the state regains its ability to responsibly finance important construction and other public works projects across the state.

The legislature is poised to ensure that our limited tax dollars for these projects go first to complete a backlog of unfinished projects and then to fully fund new projects. The legislature will also be mindful to approve funding only for those new projects that will keep serving New Mexicans long after the money borrowed for the project is paid back and only those that are necessary. There is no need to replace solid older buildings just because they are old.

Legislators and the governor have joined forces to abandon the haphazard process of funding capital outlay projects a little bit at a time and with minimal thought as to how each project fits into the state's infrastructure strategic plan. Instead, we are committed to responsibly pay for and complete projects that improve the overall health, safety and welfare of New Mexicans.

The state and local governments should review current strategic plans and proceed cautiously when considering planning and design funding because that triggers huge construction and operating costs that taxpayers are not always able to maintain.

Some capital outlay projects are funded by state-issued bonds, which essentially are loans the state takes out and repays with severance tax revenue. New Mexico is fairly unique in that the state has oil and natural gas reserves that allow us to use tax revenue from those commodities to repay the loans used to finance construction projects. Other projects are financed by general obligation bonds — loans the state takes out that are repaid by property taxes — and the legislature will work to limit the amount of those loans to a level that will not result in an increase in property taxes.

We must use these valuable resources wisely.

Continuing our work toward fully funding projects that have not been completed helps ensure that these dormant projects do not cost us more in the long run because we have allowed a partially finished project to deteriorate. Funding new projects and purchases that will outlive the life of the typical 10-year loan ensures that state taxpayers will pay off the loan long before the project or purchase is obsolete. A typical consumer would not take out a 10-year loan to buy a car that may only last five years, and the state should not do that either.

Additionally, projects that help ensure the public welfare and safety — such as dam restoration projects to improve domestic water sources, control silt and bring water to New Mexico's agricultural households — must be given priority. Public health, safety and education projects must be put ahead of projects that may be nice to do but are not necessary. The legislature recognizes the difference between what the state "wants" and what the state "needs".

Our economy cannot grow to its full potential if we continue a piecemeal approach to infrastructure investment. We should follow the lead of surrounding states that have made substantial investments in large projects, such as water distribution centers, that spur economic growth. We must also be mindful to fairly divide our general obligation bonding capacity among New Mexico's four-year and two-year educational institutions. Our entire higher education system works seamlessly to prepare young New Mexicans for the work force, and the entire system deserves our financial support.

We are in the process now of reviewing the billions of dollars of requests we have collectively made against these criteria, and we will be working with each other to combine our requests so that unfinished projects can be completed and new projects will be fully funded. It is this involvement by individual legislators that ensures that our respective communities' and constituents' concerns are heard in Santa Fe. That is a part of the process that will not and should not be lost.

The state continues to closely monitor the progress being made on capital outlay projects across the state.

At the same time, it is our commitment to improving the process and continuing the progress we have made that will ensure that the benefits of New Mexico's severance tax revenue will continue to serve the state's residents long after oil and gas resources are gone.

- 2 -

- 2 -