



Title: Think New Mexico Proposes Reforms to Address New Mexico's Public Infrastructure Spending Crisis
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Think New Mexico Proposes Reforms to Address New Mexico's Public Infrastructure Spending Crisis

In a report released recently, Think New Mexico calls for the state to establish a transparent, merit-based system that will ensure that the state's \$300 million in annual infrastructure spending is used to fully fund urgent priorities. Think New Mexico is the nonpartisan, results-oriented think tank that has led successful campaigns to repeal New Mexico's regressive food tax and redirect millions of dollars a year out of the state lottery's excessive operating costs and into college scholarships.

In a report titled, *The Story of the Christmas Tree Bill: Fixing Public Infrastructure Spending in New Mexico*, Think New Mexico describes how public infrastructure projects - like roads, dams, water systems, and university buildings - are essential to New Mexico's economy and quality of life. Yet New Mexico's latest infrastructure report card from the American Society of Civil Engineers gave the state poor grades in categories ranging from drinking water and flood control systems to roads and

bridges. New Mexico drivers pay \$752 million - \$526 per driver - each year in unnecessary repair costs due to driving on roads in poor condition, according to the report.

As the report explains, a major cause of this crisis is New Mexico's dysfunctional system of funding public infrastructure, a system that *Governing* magazine has called "unique" and repeatedly ranked as the second worst in the nation. New Mexico State Senator Pete Campos has written that the system is "archaic, parochial, and highly political."

That system began in 1977 with passage of the first "Christmas Tree Bill." This annual legislation funds infrastructure projects using money from bonds issued against the state's severance taxes on oil, gas, and minerals. However, the infrastructure projects are selected using a political formula: the dollars are divided up among the governor and 112 legislators, each of whom individually select projects to fund in their districts (the bill is known as the "Christmas Tree Bill" because it contains "presents" for every district and lawmaker).

This process has resulted in a number of serious problems, which are detailed in Think New Mexico's report. First, the bill itself tends to be highly politicized. Six times in the past two decades, Christmas Tree (or capital outlay) bills have failed to pass during the

regular legislative sessions as a result of fights between Democrats and Republicans or the legislature and governor over what to include (one news article described the 2015 battle as "a cloud

of partisan bickering and fingerpointing"), requiring the legislature to reconvene in expensive special sessions to approve hundreds of millions of dollars for critical infrastructure needs.

In addition, because the Christmas Tree Bills divide an average of \$300 million among an average of 1,500 individual projects, large urgent projects tend to be neglected. Instead, dollars flow to small items like football helmets, sculpture gardens, and band uniforms (many of which do not last as long as the 10-year bonds that pay for them, meaning the state is paying interest on them long after they have been discarded).

When big projects do receive funding, it is often only a tiny fraction of what is needed. This has resulted in major projects like courthouses and dams being delayed for years or never completed due to insufficient funds - while the dollars that have been allocated to them sit idle. In June 2015, the Legislative Finance Committee calculated that \$311.6 million for 1,337 projects from the 2011-2014 Christmas Tree Bills is currently sitting around unused.

Perhaps most troubling of all is that the process favors lobbyists for special interests

over the public. While passing a bill requires a lobbyist to persuade dozens of legislators on multiple committees in both chambers, as well as the full House and Senate,

obtaining capital dollars for a client often means only having to persuade a single legislator. Because the projects are not chosen in transparent, open meetings, the public's voice is limited.

In its report, Think New Mexico urges the legislature and governor to enact reforms that would replace the dysfunctional Christmas Tree Bill with a transparent, merit-based system for funding the state's public infrastructure. The proposed reform is based in part on best practices in other states. For example, New Mexico's neighboring states of Oklahoma and Utah are among 19 states that have established independent commissions to analyze statewide infrastructure

needs and direct the dollars to priority projects.

The recommended reforms are also closely modeled on New Mexico's system for funding public school infrastructure projects. Over a decade ago, the legislature and governor created an independent council to prioritize and fund public school infrastructure projects. As a result, the condition of the state's school buildings has significantly improved. In the past few years, New Mexico has established similar systems for funding some water infrastructure, tribal infrastructure, and

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colonias infrastructure.

Think New Mexico recommends that the legislature and governor enact legislation to create an independent Capital Outlay Planning Board. The board would include experts appointed by both the legislative and executive branches. It would combine all the infrastructure plans created by state agencies and local governments into a single comprehensive plan. Projects in the plan would be prioritized using objective criteria, and then the top priorities would go to the legislature annually for funding.

“While this effort might appear to be taking the punch bowl away from the party and replacing it with a plate of spinach, more and more policymakers on both sides of the aisle are stepping forward and acknowledging that the system for allocating infrastructure dollars is completely broken. That creates an opportunity to make some changes that are long overdue,” said Fred Nathan, Executive Director of Think New Mexico. “These reforms should appeal to both business groups and labor organizations, as they will create new jobs and make the state more economically competitive.”
