

Job growth proposals will boost NM

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Prompted by a large decline in federal spending, New Mexicans are now engaged in a healthy and useful dialogue about how best to diversify our economy.

The latest entry in this dialogue was an opinion piece from Kenneth Brown that attacks two proposals from an unnamed local think tank, namely Think New Mexico. I'd like to respond by explaining how our proposals would lead to real job growth.

These proposals were advanced in Think New Mexico's 2013 policy report, "Addressing the Jobs Crisis." The first would establish a post-performance incentive that would reward companies only after they create high-paying jobs or make major capital investments. It is designed to encourage existing business to expand in New Mexico and new businesses to relocate to the state.

Six years ago, Utah, which now ranks second in the nation for job growth, became the first state to move to an economic development strategy based on post-performance incentives.

Utah's post-performance incentive has led to the creation of 25,546 high-paying jobs from blue chip companies like Boeing, eBay, and Proctor and Gamble. That is in addition to \$5.16 billion in new capital investment and \$1.62 billion in new state revenues since the incentive was established in 2008. (Several weeks ago, Idaho became the second state to enact this sort of post-performance

incentive.)

Think New Mexico drafted a bipartisan post-performance incentive bill (SB 10) modeled after Utah but tailored to New Mexico. The bill was introduced in the last session by Senate President Mary Kay Papen and Sen. Sue Beffort, and it offered businesses a rebate of 30 percent of the new tax revenue produced when they relocate to or expand operations in New Mexico. But only after new jobs and new tax revenues have been created.

SB 10 passed two Senate committees unanimously before dying on the Senate floor without a hearing. SB 10 would have been an effective tool to attract companies like Tesla.

The second proposal is designed to expand New Mexico's entrepreneurial talent pool, which is what will ultimately drive job growth over the long term. Entrepreneurs come disproportionately from two groups: those who work in the STEM fields (science, technology, engineering and math), and immigrants, who are generally accustomed to taking risk and sometimes have to create their own businesses to find work.

The most powerful engine of entrepreneurship is a combination of these two groups. That is what exists in Silicon Valley, where an enormous number of companies have been started by foreign-born entrepreneurs in the STEM fields. Think of Russian-born Sergey Brin at Google and Hungarian-born Andy Grove at Intel, for example.

To generate more start-ups and

jobs, New Mexico needs to attract more international STEM students to our public universities. We currently have very few of those students, in part because of the relatively high cost of out-of-state tuition. (Our in-state tuition remains a big bargain.)

In 1999, faced with a declining state population, North Dakota started offering in-state tuition to international (and out-of-state) students. After graduating, many of these students stayed in North Dakota and started companies, particularly in the information technology, computer science, medical and defense industries, according to a 2011 Wall Street Journal article.

Considering the many amenities and excellent quality of life New Mexico has to offer, we are in an even better position than North Dakota to attract and retain international students.

Think New Mexico developed SB 8, sponsored by Papen and Sen. Gay Kernan, in the last session to allow New Mexico's public universities to offer in-state tuition to international STEM students and to enhance their STEM programs for local students. SB 8, like SB 10, passed two committees unanimously before dying on the Senate floor without a hearing.

As a small state, like North Dakota and Utah, New Mexico needs an innovative economic development strategy. SB 8 and SB 10 should both be part of that strategy and we plan to bring them back in the 2015 session.