

Commentary

New Mexico needs new ideas for job growth

By Fred Nathan

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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.

Think New Mexico would like to offer two ideas that we believe could propel private sector job growth in our state — and that gubernatorial and legislative candidates from both parties should be able to embrace.

Both ideas 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 in-

centive 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 Senator Sue Beffort and it offered businesses a rebate of 30% of the new tax revenue produced when they relocate to or expand operations in New Mexico.

The incentive would be available 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.

Combining these two groups would create a powerful engine of entrepreneurship.

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 Senate President Papen and Senator 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.

Both SB 8 and SB 10 should be part of that strategy, and we plan to bring back these bills back in the 2015 session.

You can learn more by visiting Think New Mexico's website at: www.thinknewmexico.org.