



Economic Development Opportunities for New Mexico in the **NEXT NORMAL**

DEKKER
PERICH
SABATINI

ARCHITECTURE
IN PROGRESS



SERVING PUBLIC + PRIVATE
CLIENTS FOR **62** YEARS



MULTIDISCIPLINARY
DESIGN FIRM | ARCHITECTURE
STRUCTURAL ENGINEERING
INTERIOR DESIGN
LANDSCAPE ARCHITECTURE
PLANNING



190 STAFF
LOCATED IN **3** REGIONAL
OFFICES





Presbyterian Rust Medical Center



Extreme Makeovers



Old Albuquerque High School



Old Albuquerque High School



Albuquerque Convention Center



Albuquerque Convention Center



NMSU-Undergraduate Learning Center



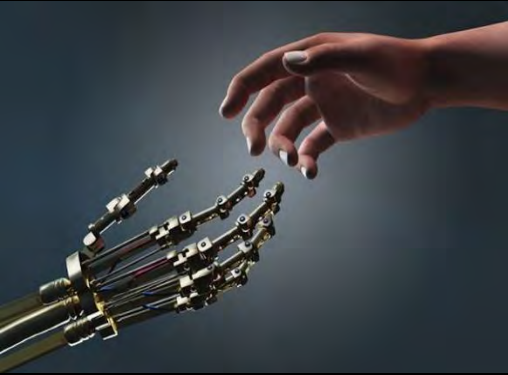
NMSU-Undergraduate Learning Center

“I skate to where the puck is going to be, not to where it has been.” – Wayne Gretzky

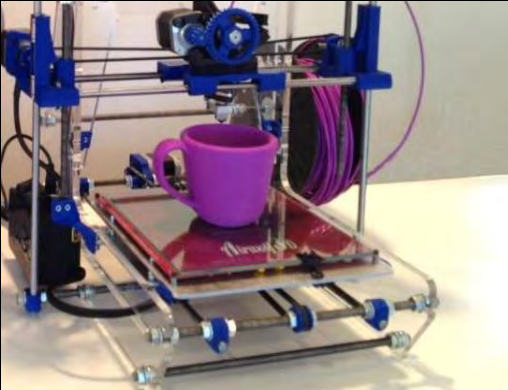
Goalcast



Mega Trends...



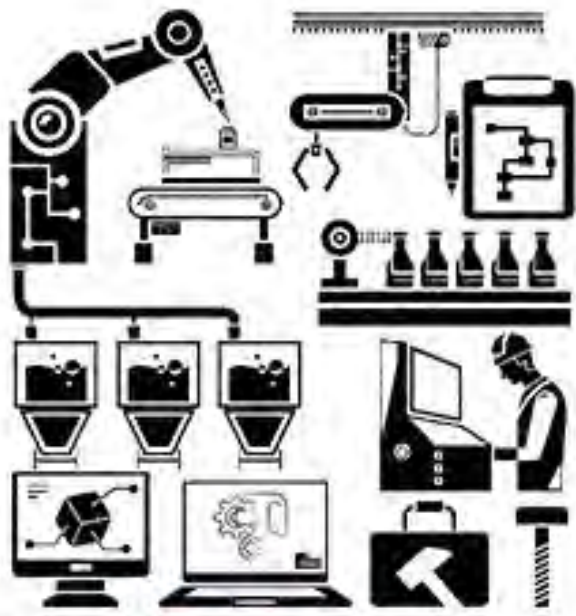
Robotics & Artificial Intelligence
50% of jobs by 2025
65% of jobs will require associates+
Big Data & Analytics



Industrial Revolution 4.0
3-D Printing
Machine Learning
AR & VR (Augmented & Virtual Reality)



5G...Internet of Things (IOT)
Smart sensors
EV-Electric Vehicles
Autonomous Vehicles & Trucks
Smart Cities
Climate Change Adaptation



Today

Industry 4.0

Intelligent production
incorporated with IoT,
cloud technology & big data



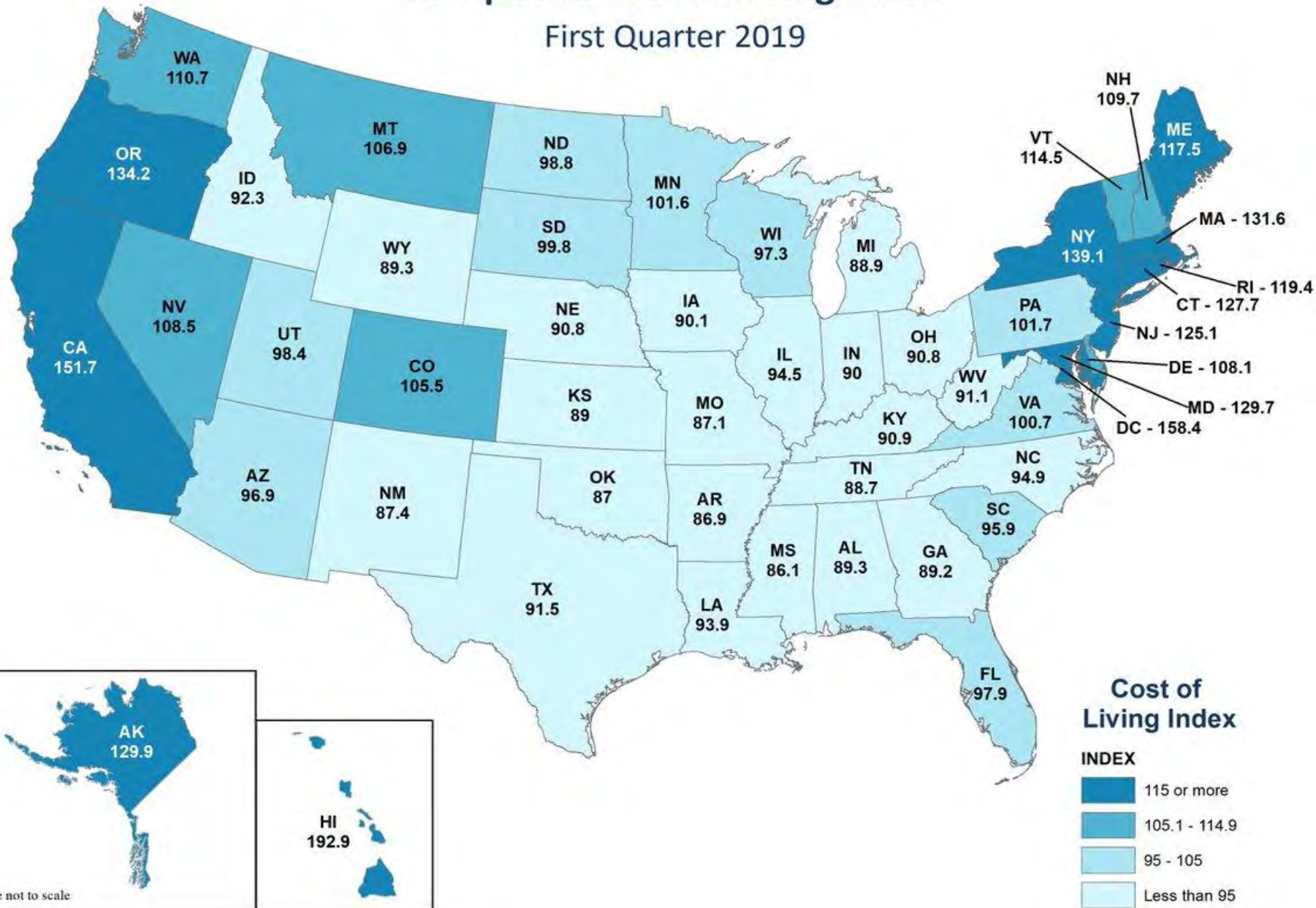
Industrial Revolution 4.0



Strengths & Opportunities

Composite Cost of Living Index

First Quarter 2019



States Business Incentives Rankings

2018 Business Incentive Rankings			2020 Business Incentive Rankings		
Rank	State	# of incentive programs	Rank	State	# of incentive programs
1	Maryland	76	1	Oklahoma	80
2	Pennsylvania	64	2	Pennsylvania	78
3	North Dakota	59	3	Kansas	72
4	Oklahoma	58	4	Maryland	69
4	Connecticut	58	5	North Dakota	67
6	Virginia	54	6	South Carolina	66
6	South Carolina	54	7	Iowa	65
8	Wisconsin	50	8	Connecticut	60
9	Mississippi	49	9	Massachusetts	58
10	New York	48	10	New Mexico	56
11	Florida	46	11	West Virginia	54
12	Washington	45	12	Ohio	51
12	Ohio	45	13	Mississippi	50
14	Kansas	44	13	New York	50
15	Rhode Island	43	13	Wisconsin	50
15	New Mexico	43	16	Minnesota	46
17	Arkansas	41	17	Virginia	46
17	Iowa	41	18	Washington	45
As of September 2018			As of June 2020		

2020

2018

Workforce Training Leaders

- 1 LOUISIANA
- 2 ALABAMA
- 3 TENNESSEE
- 4 GEORGIA
- 5 VIRGINIA
- 6 FLORIDA
- 7 NEW MEXICO
- 8 NORTH CAROLINA
- 9 OKLAHOMA
- 10 TEXAS

Business Facilities' 15th Annual Rankings: State Rankings Report

July 24, 2019

<https://businessfacilities.com/2019/07/business-facilities-15th-annual-rankings-state-rankings-report/>

A wide-angle landscape photograph showing a paved road in the foreground, leading towards a range of mountains in the distance. The sky is filled with large, dark, and textured clouds, with some lighter patches where the sun might be breaking through. The overall mood is dramatic and somewhat ominous.

“the weather...”

310



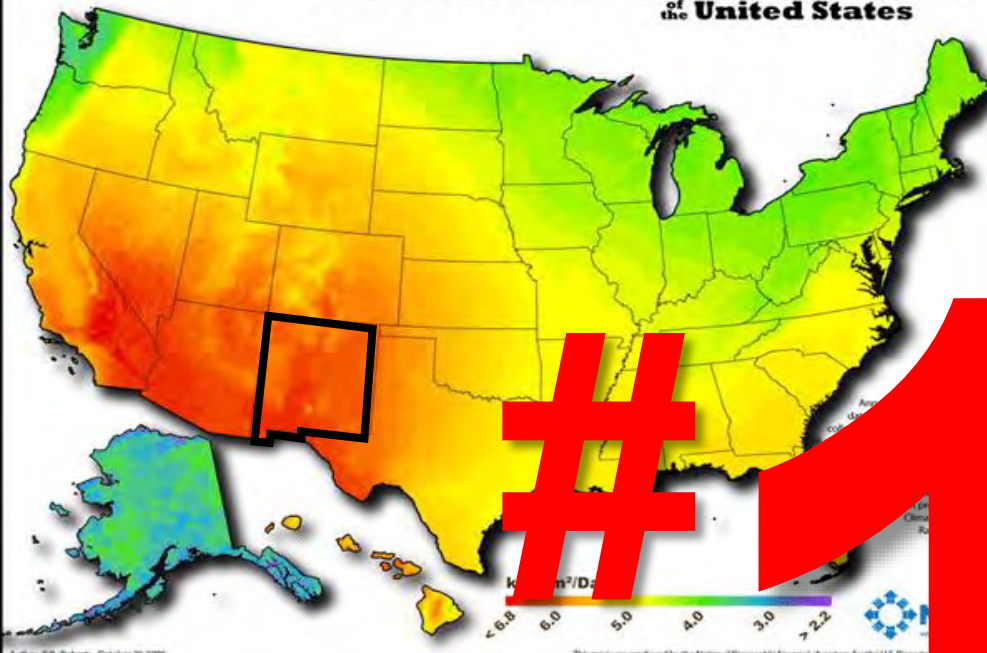




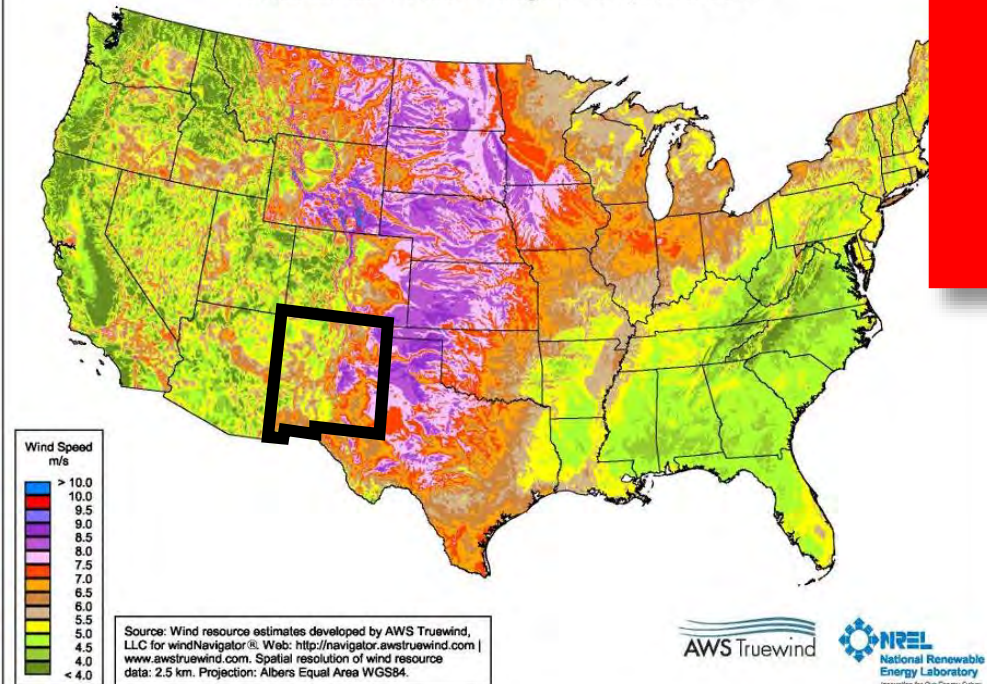
LCORE

“New Mexico has the Lowest Cost of Renewable Energy”

Photovoltaic Solar Resource of the United States



United States - Annual Average Wind Speed at 80 m

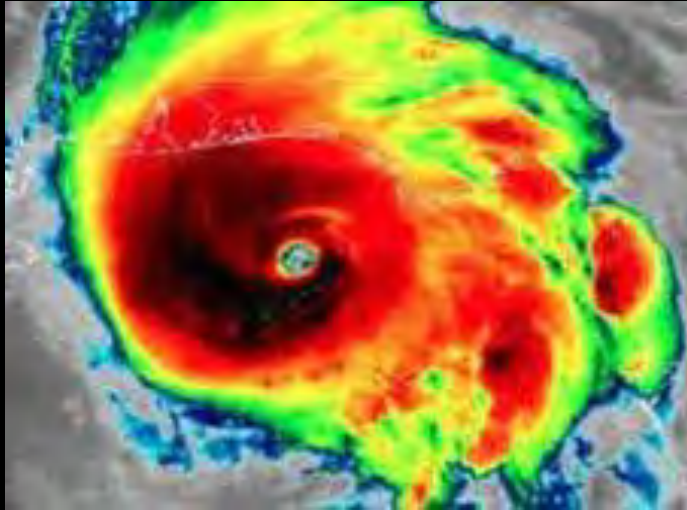




**“The future ain’t
what it used to be.”**

Yogi Berra

Supply Chain Disruption



Extreme Weather-
Climate Change



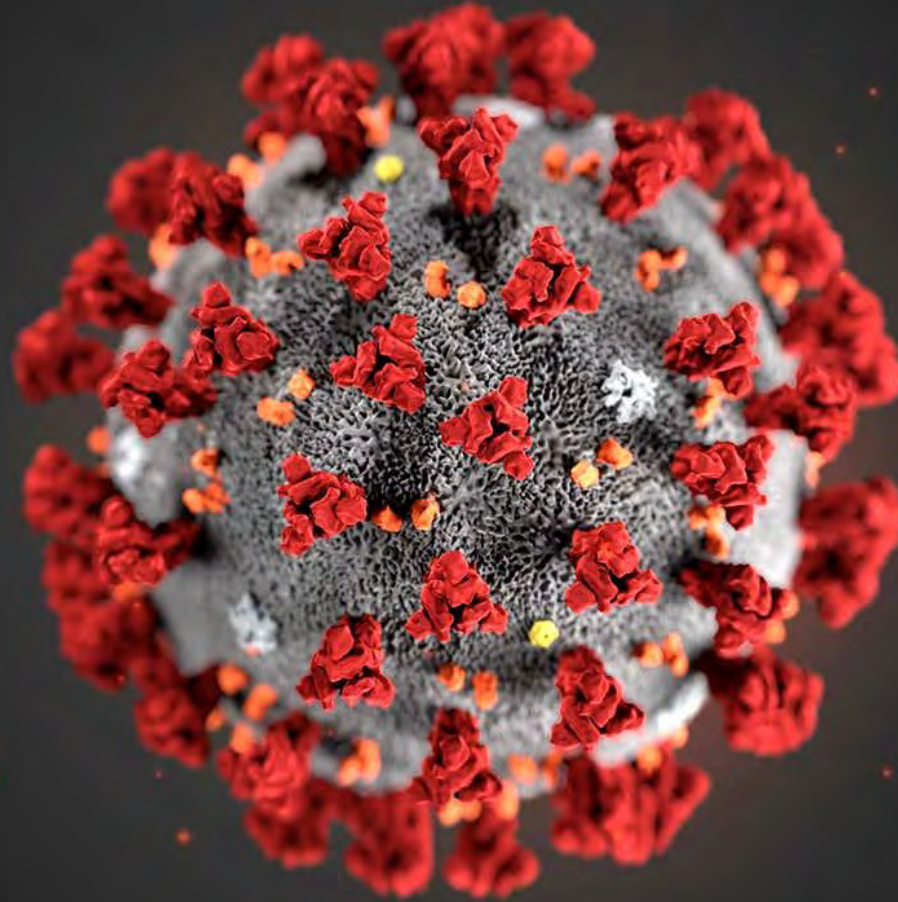
Political



Human Rights



Accidents



“The shockwaves of the coronavirus pandemic cannot be overstated.”

2021 Kearney-Confidence Index

<https://businessfacilities.com/2020/04/top-10-covid-19-takeaways-for-corporate-site-selection/>

In the headlines...

“Overextended and risky supply chains are no longer tolerable....”

“91% of the companies affected by the supply chain disruption in China are U.S. based.”

“The U.S. medical devices and biopharma sector is dangerously concentrated in China must be the first in line to disinvest there and reinvest back in the U.S.”

“COVID-19 is providing new and forceful momentum for the re-shoring of manufacturing investment back to the U.S. from China and elsewhere.”



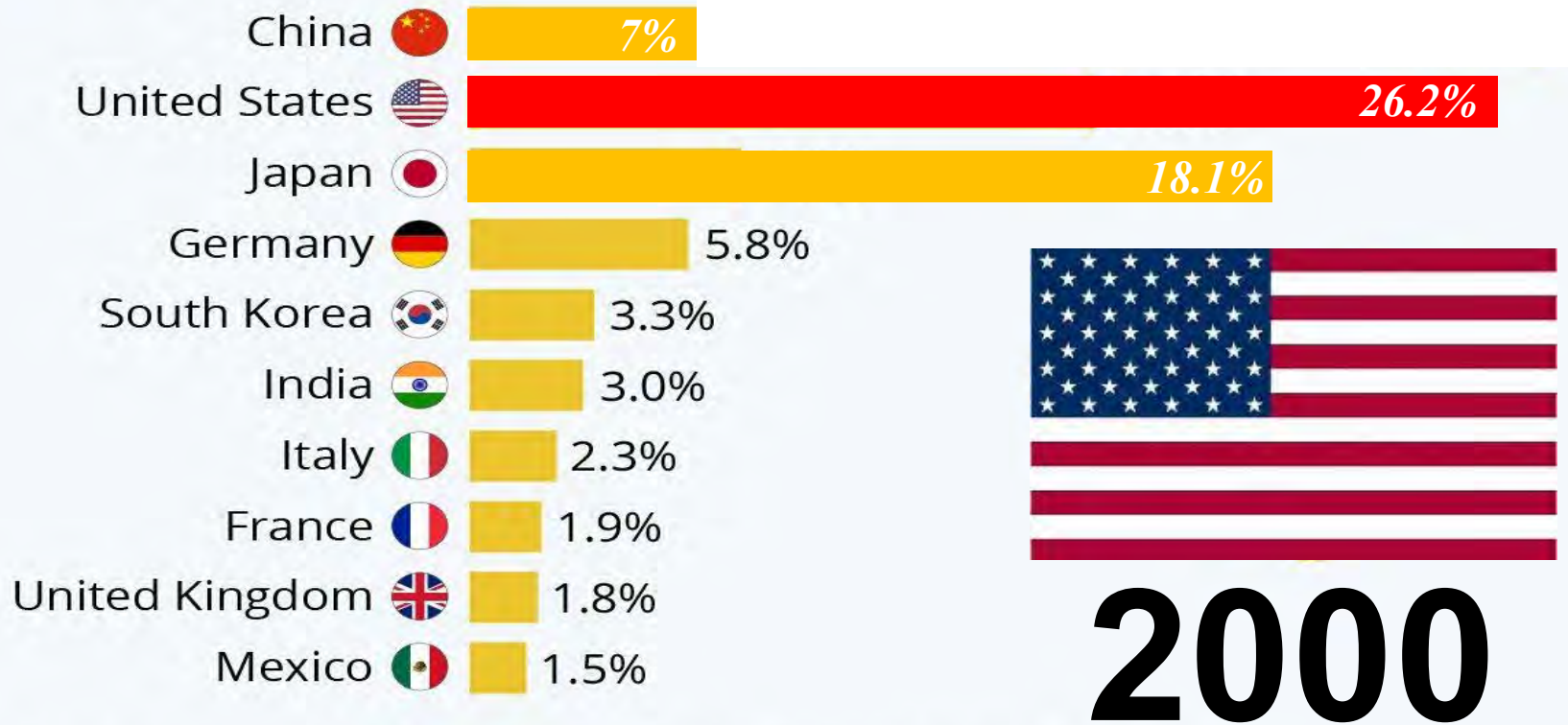
“The coronavirus has exposed a dangerous risk to the national security and safety to United States citizens...”

Top 10 COVID-19 Takeaways For Corporate Site Selection-April 7, 2020-Business Facilities

<https://businessfacilities.com/2020/04/top-10-covid-19-takeaways-for-corporate-site-selection/>

United States the World's Manufacturing Superpower

Top 10 countries by share of global manufacturing output in 2000 *

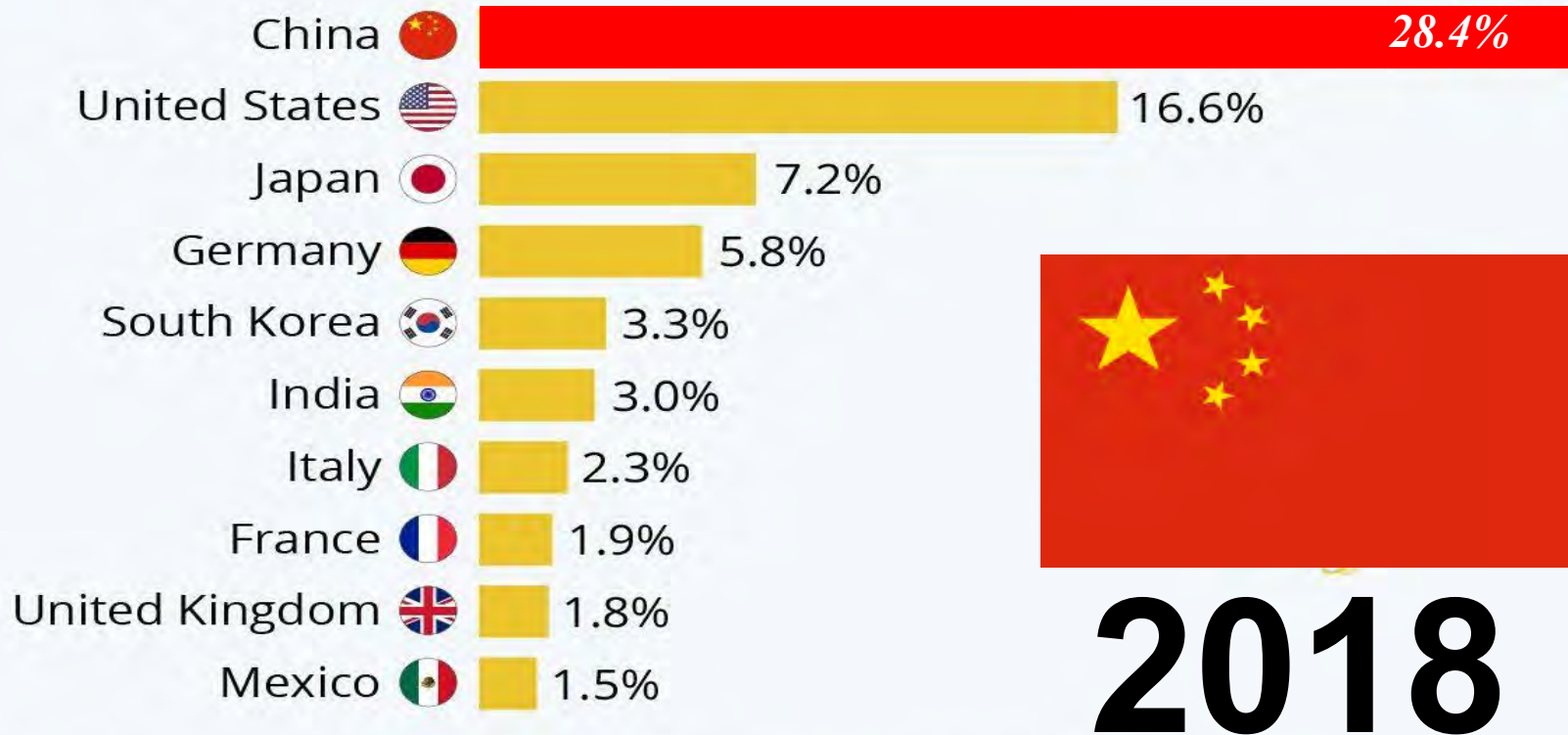


* output measured on a value-added basis in current U.S. dollars

Source: United Nations Statistics Division

China Is the World's Manufacturing Superpower

Top 10 countries by share of global manufacturing output in 2018*



* output measured on a value-added basis in current U.S. dollars

Source: United Nations Statistics Division

“China’s Plan to Win in a Post-Pandemic World”

Amy Qin New York Times 3/5/2021

Made in China 2025

The 10 key sectors



New information
technology



Numerical
control tools



Aerospace
equipment



High-tech ships



Railway
equipment



Energy saving



New
materials



Medical
devices



Agricultural
machinery



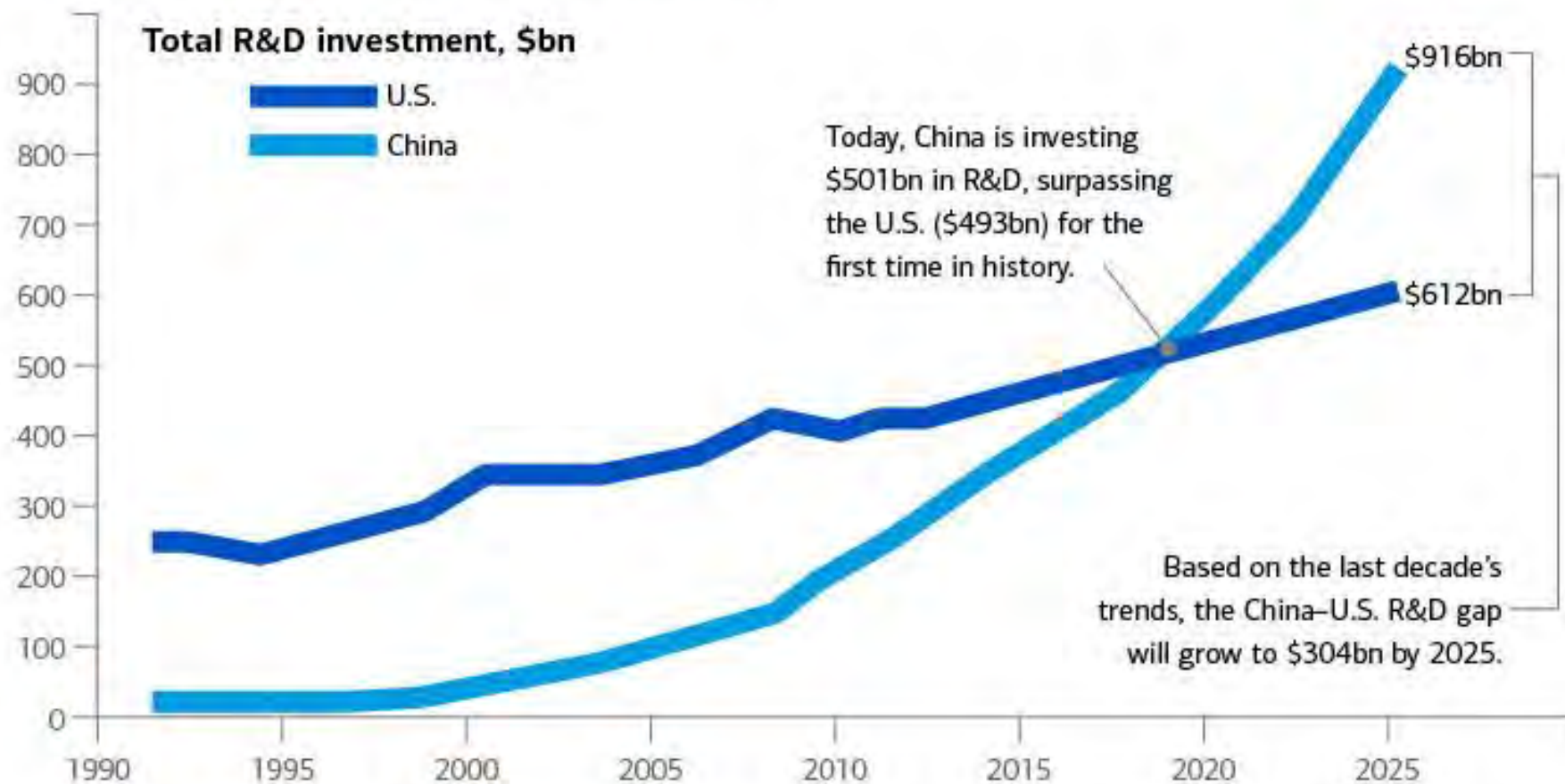
Power
equipment

“China is displaying a superpower’s ambition...

...China is gearing up to contest America’s global leadership are unmistakable, and they are ubiquitous.”

Hal Brands, Jake Sullivan May 2020
Carnegie Endowment For International Peace

U.S. falling behind in research & development



Source: BofA Global Research Investment Committee, OECD

The Future and the **NEXT NORMAL...**



“The best way to
predict the future is
to create it...”

Peter Drucker



Innovation/R&D



Resilient Supply Chains



21st Century Infrastructure

10 KEY TECHNOLOGIES



\$110,000,000,000



Artificial
Intelligence



High
Performance
Computing



Quantum
Computing
& Information
Systems



Robotics



Disaster
Prevention
& Mitigation



Advanced
Communications
Technology



Biotechnology
& Medical
Technology



Cybersecurity



Advanced
Energy

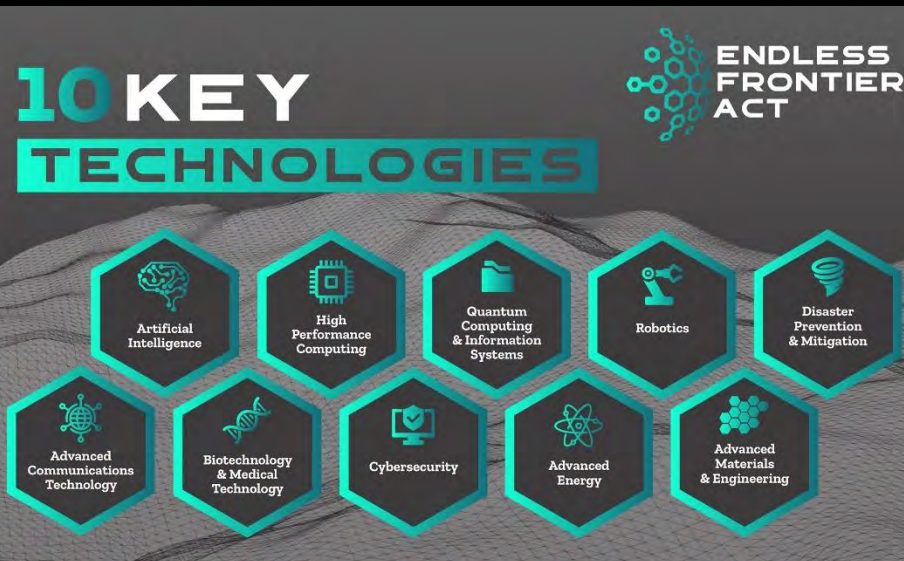


Advanced
Materials
& Engineering

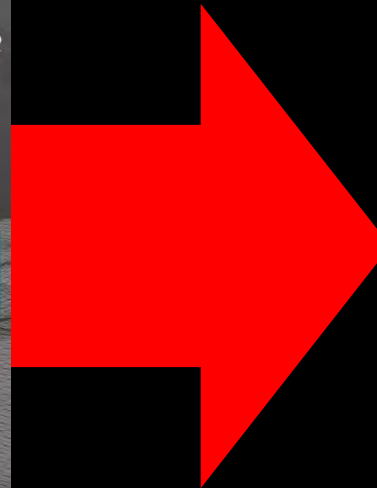
United States Innovation and Competition Act of 2021

“The act is aimed at competing with China and to respond to
US fears of an AI Cold War”

Innovation



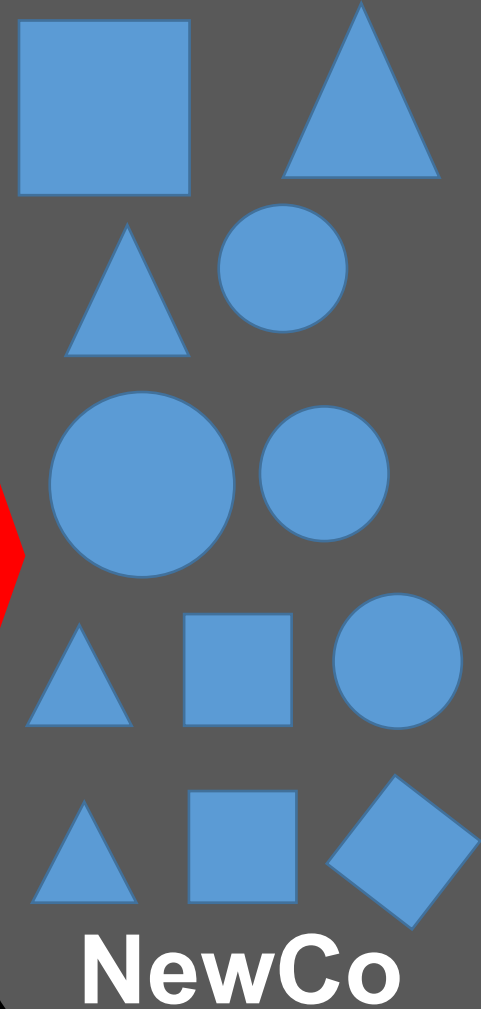
\$110,000,000,000



Innovation



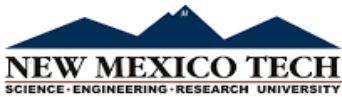
Research Parks



Tech Transfer

Innovation

Research Parks



NewCo



NEW MEXICO ANGEL TAX CREDIT

The credit allows for a New Mexico accredited investor to take a tax credit (not refund) of 25% of their investment, up to \$62,500 per investment.

\$2 million cap

The bill sunsets
December 31, 2024.

Tech Transfer

BUILDING RESILIENT
SUPPLY CHAINS,
REVITALIZING AMERICAN
MANUFACTURING, AND
FOSTERING BROAD-BASED
GROWTH

Critical Infrastructure

Pharmaceuticals

Medical Equipment/PPE

Aerospace

Microelectronics

Advanced Manufacturing

Rare Earth Minerals

Defense Industrial Base



THE WHITE HOUSE
WASHINGTON

100-Day Reviews under
Executive Order 14017

“Shoring” up New Mexico’s Economy in the **NEXT NORMAL**

Critical Infrastructure

Pharmaceuticals

● **ReShoring**

Medical Equipment/PPE

● **OnShoring**

Aerospace

Microelectronics

● **GreenShoring**

Advanced Manufacturing

● **GreenOnShoring**

Rare Earth Minerals

Defense Industrial Base

● **NearShoring**

ReShoring

ReShoring is the act of bringing U.S. manufacturing that moved overseas **back to** the United States.

OnShoring

OnShoring is sourcing or expanding U.S. manufacturing production to a factory or new location within the U.S.

What are the market forces driving ReShoring and OnShoring?

Supply Chain Risks and Costs

Total Costs-Energy-Taxes-Transportation

Transportation-disruption

Wage Gap is Closing

Technology

IoT...AI...Robotics...5G...3D Printing

Advanced Manufacturing

“Economic Incentives a Major Boon for Reshoring and FDI”

Colliers Site Selection Services July 22, 2021



Top Two Factors Driving New Reshoring and FDI Investment

1. Proximity to customers and market
2. **Economic incentives**

“**Economic incentives** can help push capital projects across the finish line, creating new employment opportunities and adding to the tax base.” Colliers Site Selection analysis:



- **ReShoring** and FDI accounted for 161,000 new manufacturing jobs in 2020 compared to 110,000 in 2019.
- **ReShoring** activities created more manufacturing jobs in the United States than foreign direct investment (FDI).



“... **83%** of **manufacturers** are likely to **ReShore** supply chains in the next 12 months, representing a potential **\$443 billion** injection into the US economy.”

Thomas State of North American Manufacturing Report Thomas Monthly Update June 2021



LCORE

“New Mexico has the Lowest Cost of Renewable Energy”

GreenShoring

GreenShoring is bringing manufacturing that moved overseas back to the United States that has a corporate mandate to reduce its carbon footprint.

GreenOnShoring

GreenOnshoring is sourcing or expanding manufacturing production to a factory or new location within the United States due to a corporate mandate to reduce its carbon footprint.⁴⁷

RE



THE ^oCLIMATE GROUP



The **RE100** organization in London has signed up **223** global companies who have publicly committed to a goal of **100% renewables**.

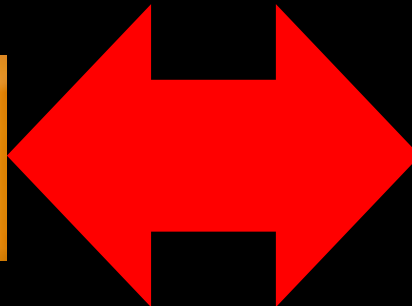


In the headlines...

“The pick for the next manufacturing superpower? **Mexico.**”

NearShoring

“Transferring a business operation to a nearby country,
in preference to a more distant one.”





Seven Reasons to Move International Manufacturing from China to Mexico

- 1. Wage Stability in Mexico vs. China**
- 2. Mexico Offers Favorable Tax Benefits to Manufacturers**
- 3. Operational Simplicity**
- 4. Shipping Transit Time and Costs- 1 to 3 days vs. 30 days**
- 5. Economic Status**-Higher per capita incomes
- 6. Intellectual Property Protection**
- 7. Access to Qualified and Affordable Labor**



Transportation Connectivity

U.S. – Mexico Trade by Main POEs

Value in \$ billion



\$81,000,000,000



How can NM THRIVE in the 21st Century?

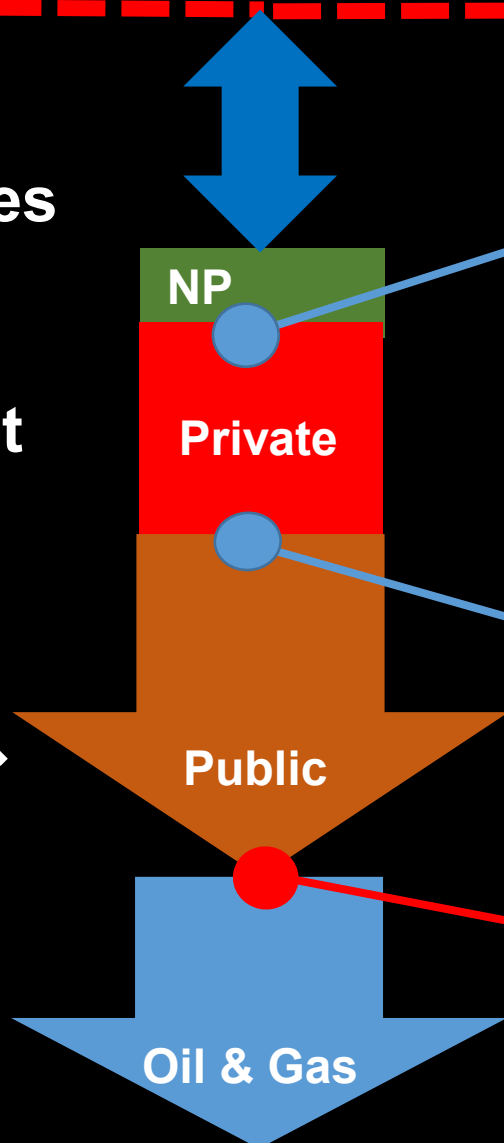
Needs

GAP

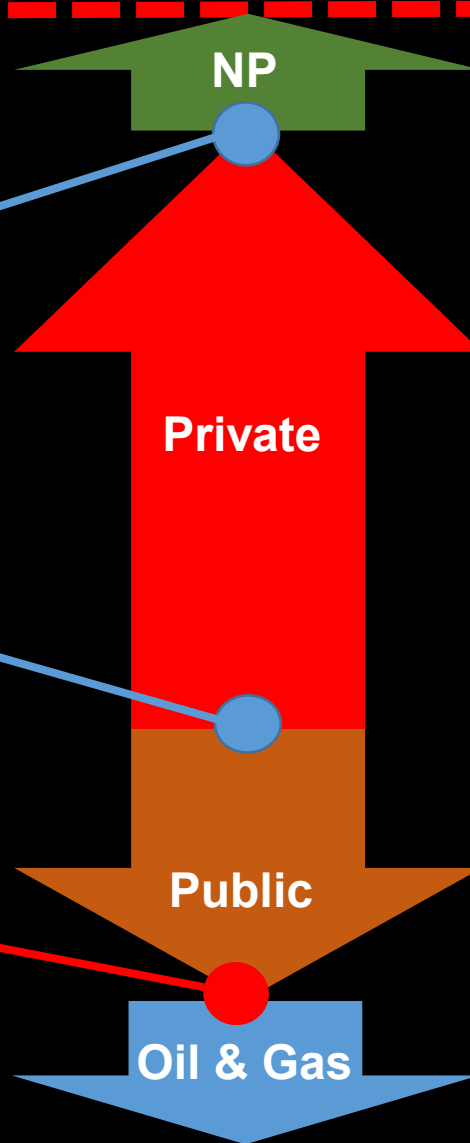
Raise Taxes

Raid the
Permanent
Fund

Business
as Usual



Status Quo



Growth

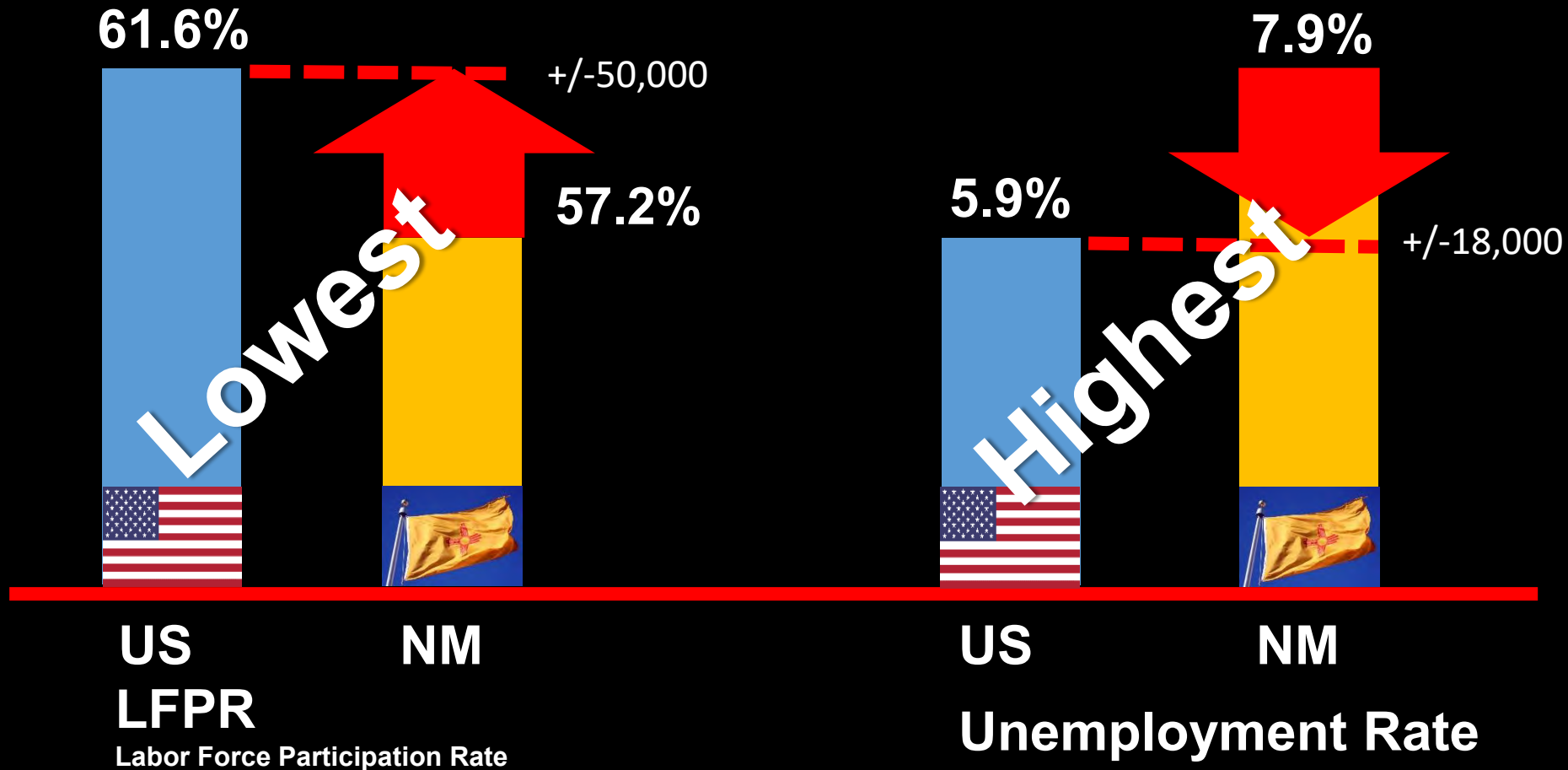
Grow

Tax Base

Increase
Revenues

Grow the
Private Sector

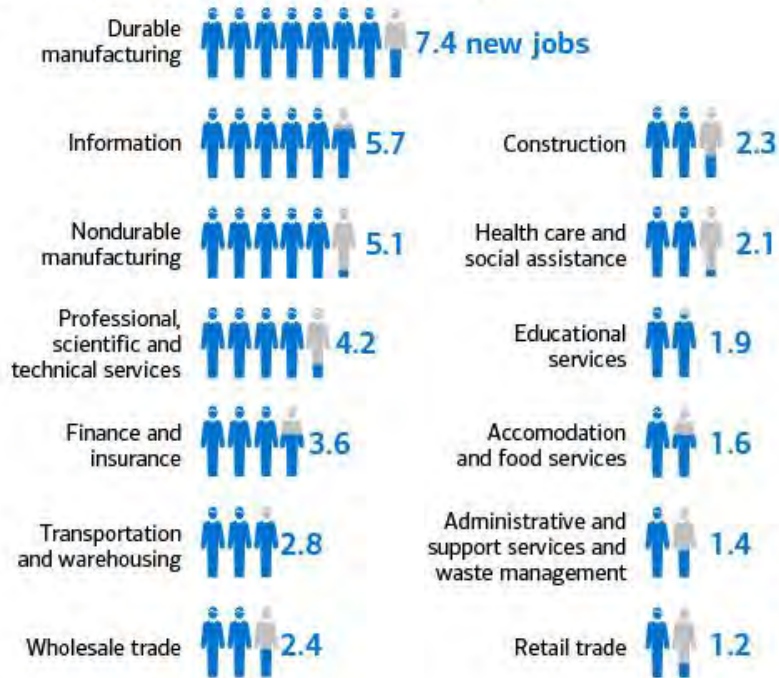
60-75,000 +/-



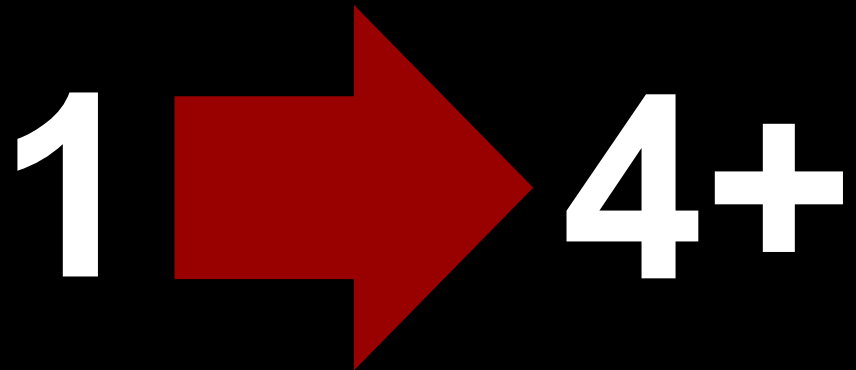
Job Creators: The Multiplier Effect

The virtuous cycle of "building it here"

Job multiplier effect by employment industry



Source: Economic Policy Institute





Critical Infrastructure

Pharmaceuticals

Medical Equipment/PPE

Aerospace

Microelectronics

Advanced Manufacturing

Rare Earth Minerals

Defense Industrial Base



ED Clusters

Aerospace & Defense

Biosciences

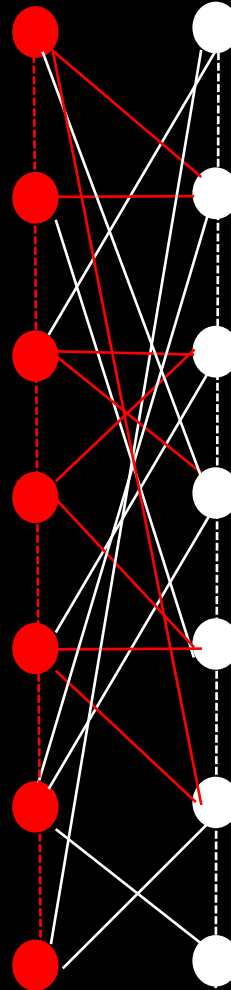
Cyber Security

Global Trade

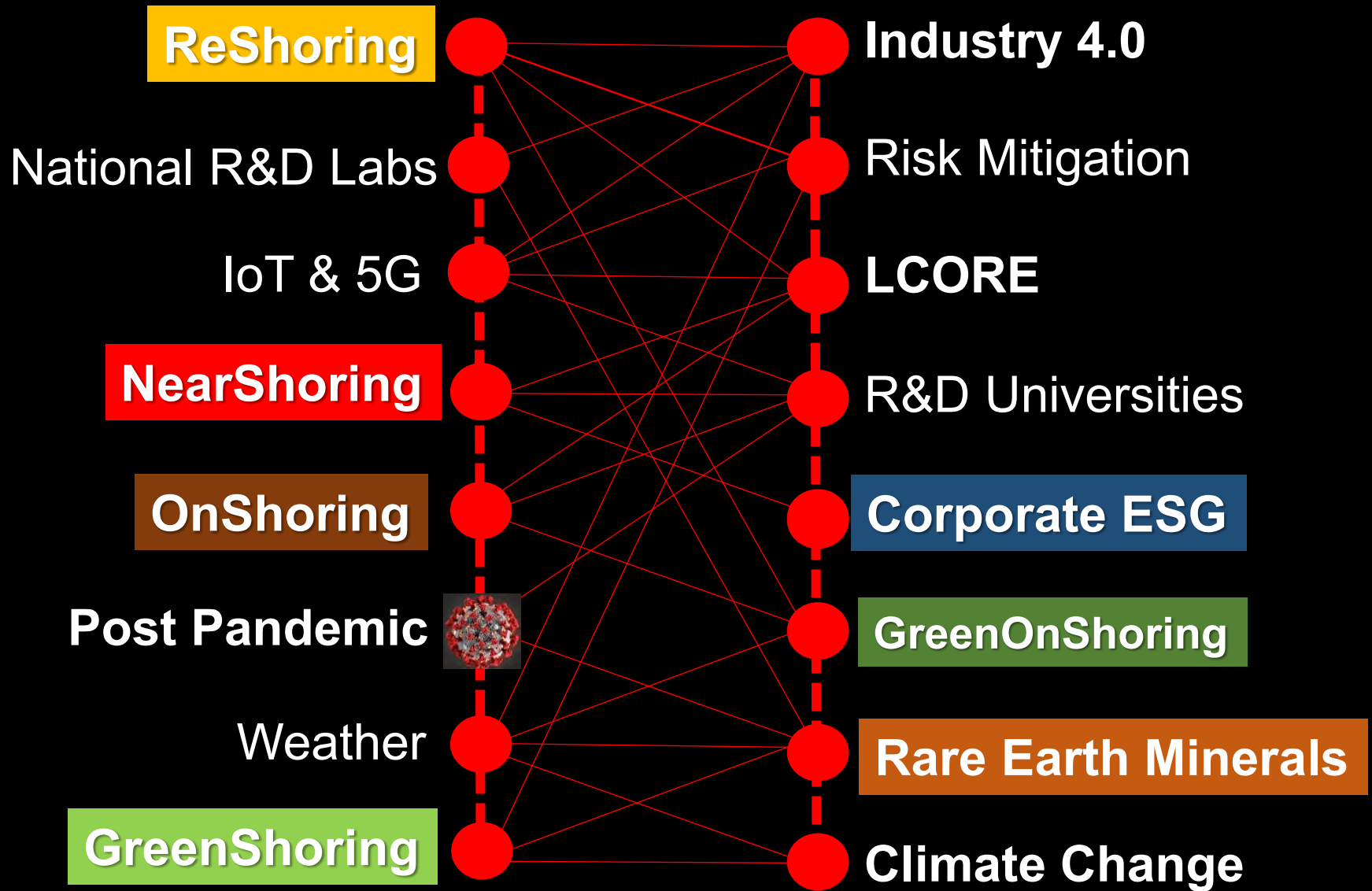
Advanced Manuf.

RE/Green Energy

Sustainable Ag



Connecting the Dots...in the **NEXT NORMAL**



AED 2021 Strategic Plan and Policy Priorities

1. **CREATE MECHANISMS TO ENCOURAGE PRIVATE DEVELOPMENT:**
2. **REDUCE RED TAPE AND SPEED TO MARKET FOR BUSINESS:**
3. **ECONOMIC DEVELOPMENT UTILITY RATE:** Seek legislation requiring the adoption of rules by the Public Regulation Commission to implement an economic development utility rate in a fashion that allows it to be used as an aggressive strategy to incentivize business growth, recruitment, and retention.
4. **INVEST IN ECONOMIC DEVELOPMENT:**
5. **DRAW NEW INVESTMENT TO THE STATE FOR STARTUPS:** Open the angel investment tax credit to out of state investors.

6. ONSHORING/RESHORING TAX CREDIT PROGRAM:

A tax credit program, preferably in addition to other applicable incentives, specifically tied to businesses onshoring/reshoring capital investments and jobs would be a differentiator for the state. Mechanisms could include waiving GRT or compensating tax for new businesses building infrastructure in New Mexico; consider a formulaic program as opposed to case-by-case.

7. **MAINTAIN AND EXPAND BEST PRACTICES TOOLS:** Ensure the extension of successful programs such as the high Wage Jobs Tax Credit set to sunset June 2026.

Tax Incentives

- New tax incentives to encourage US pharmaceutical companies to produce high-priority medicines by:
 - relocating foreign manufacturing sites back to the US;
 - building new greenfield sites;
 - refurbishing already existing manufacturing facilities and/or transforming existing production lines.

Long-Term Price and Volume Guaranteed Contracts

- Guaranteed volume and price agreements for US-based generic manufacturing for “high priority” medicines.

- US g
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Regulatory Efficiencies

- To expedite the approval of onshored facilities and all the products to be produced in them, the FDA will streamline its regulatory review and approval processes of such facilities.
- The FDA to create an internal, intra-agency working group to expedite reviews and approvals to onshore pharmaceutical manufacturing.

Source: Association for Accessible Medicines

Proposed Incentives to Secure the US Pharmaceutical Supply Chain

Bring It Home



“...in 2020, at least 20 different bills,¹ many of them with support from both political parties, were introduced into Congress.

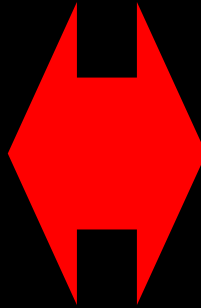
A key objective is to use reshoring as a catalyst for greater R&D spending and to create public-private partnerships.”

Jared Woodard, Head of the Research Investment Committee at BofA Global Research

Alignment of Federal and State of NM Incentives

The Federal Solar Investment Tax Credit

is a **26 percent tax credit** for solar systems on residential (under Section 25D) and commercial (under Section 48) properties. The Section 48 commercial credit can be applied to both customer-sited commercial solar systems and large-scale utility solar farms.

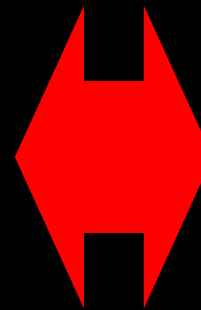


NM-New Solar Market Development ITC

was passed by the 2020 New Mexico Legislature, and the bill provides a 10% tax credit with a value up to \$6,000 for a solar system.

Federal Rehabilitation Historic Tax Credit,

is one of the most powerful historic preservation tools we have provides a 20% income tax credit to developers of income producing properties such as office buildings, retail establishments, rental apartments.



NM- Preservation of Cultural Properties ITC

The maximum amount of project expenses eligible for the 50% tax credit is \$50,000... the maximum tax credit amount is \$25,000. When a listed property is located within the boundaries of a state-certified Arts & Cultural District*, the maximum amount of eligible expenses is increased to \$100,000.

Critical Infrastructure

ReShoring

OnShoring

GreenShoring

GreenOnShoring



Long Term Price
& Volume

Guaranteed
Contracts

Direct Grants

Tax Incentives

Regulatory
Efficiencies

Using Incentives to Address Immediate U.S. Priorities

- National Security
- Resilient Supply Chains
- Reshore Manuf Jobs
- R&D Enhanced Funding

Enhancing NM Competitiveness with Incentives

- **Diversify** the NM Economy
- Raise per capita incomes
- Grow the economy
- Build a sustainable economy



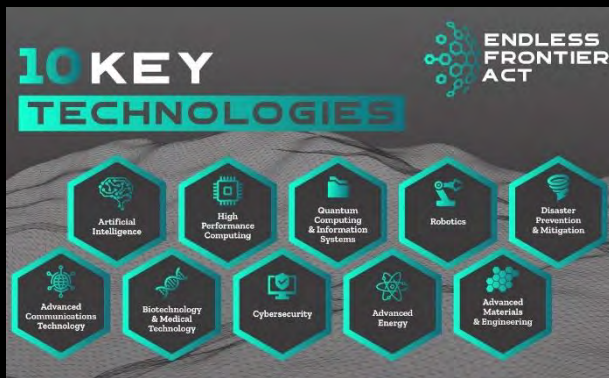
Direct
Grants/Rebates

Tax Incentives

Regulatory
Efficiencies

Strategic
Investments

Align **Next Normal** Federal and State of NM Incentives



Innovation/R&D




Resilient Supply Chains




21st Century Infrastructure



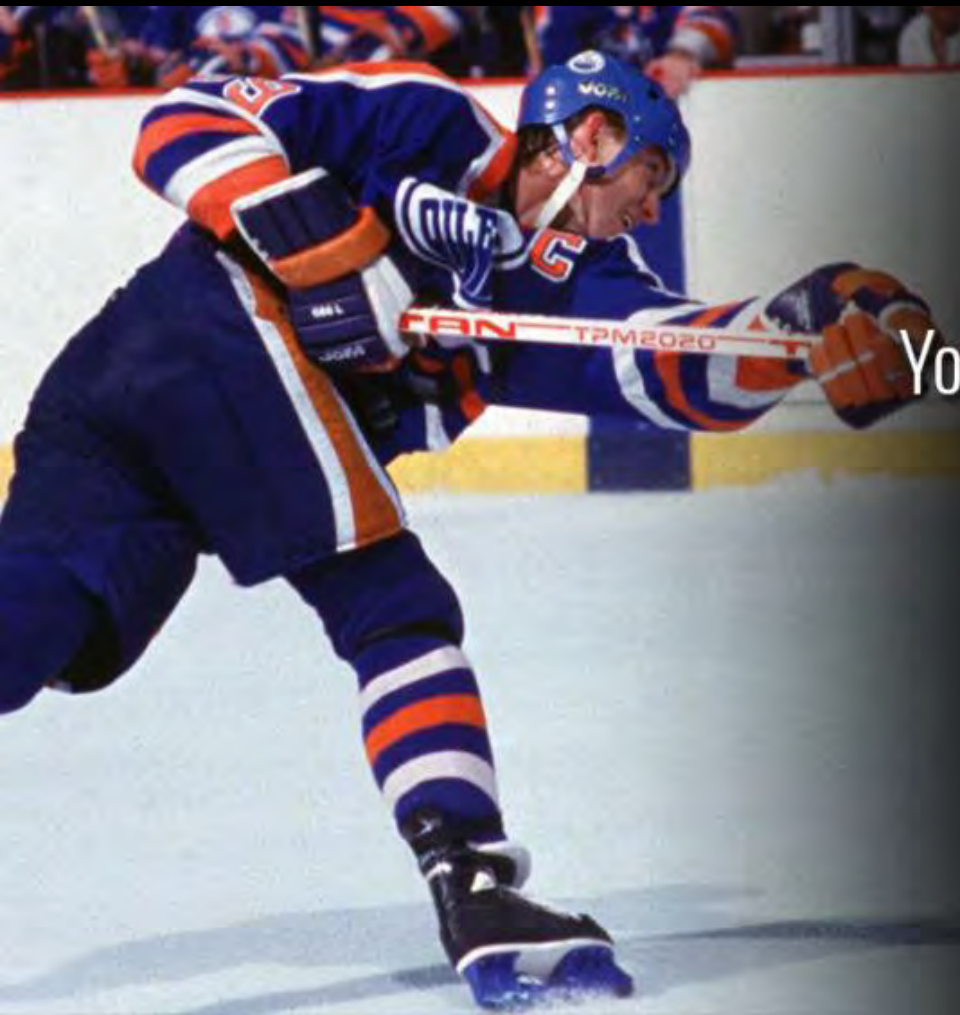
 **New Mexico** must develop a strategic business plan for the **21st Century...**

 **New Mexico** must **diversify** its economy...
utilizing **public/private partnerships...**

 **New Mexico** needs to focus on creating a more **business friendly environment...**

 **New Mexico** needs to make real strategic infrastructure investments based on a **21st Century** plan...

 **New Mexico** must plan for the **NEXT NORMAL...**
speed is of the essence...



You miss **100%** of the shots
you don't take.

- *Wayne Gretzky*

Goalcast



URGENCY!!!

