



Office of the Governor

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## **2024 State of the State**

**January 16, 2024**

Good afternoon,

Lieutenant Governor Morales, Speaker Martinez, Senate Pro Tem Stewart; Leader Chasey, and Leader Wirth; Minority Leaders Lane and Baca, thank you all for being here.

I am grateful to all our lawmakers and tribal leaders here today for their tireless efforts to improve our state.

I want to thank my family – including my daughter, Taylor, my brother, Gregory, and Gregory’s granddaughter Amaya Garcia, who is here today representing her father, Tony, who is a member of the New Mexico National Guard. And I especially want to recognize my husband, the First Manny, who, like all of you, knows that I run on caffeine.

Most of all, I want to thank my fellow New Mexicans, who are building the tomorrow that we will share together. I am grateful for your participation; for your willingness to think big and act boldly to address the challenges we face.

When I became governor in 2019, I promised to lay a strong foundation for economic prosperity. In the years since then, it has become second nature to associate New Mexico with the jobs of today *and* tomorrow. If you want a great career, New Mexico is the place to be. If you’re looking for new opportunities, New Mexico is the place to be. If you want to start an innovative, successful business, New Mexico is the place to be.

I am proud to say that New Mexico has the highest number of jobs in its history. We are one of the best states for job growth in the country, and the *best* state for wage growth in the nation. We added 110,000 jobs in the past 3 and a half years, giving more people than ever the chance to earn a living, get ahead, and provide for their families for years to come.

At the same time, we are ensuring that our young people inherit a state with the splendor and abundant resources we have been privileged to enjoy. Our Land of Enchantment Legacy Fund is enriching conservation programs in counties and tribal communities statewide – preserving the state’s natural beauty. Our tax credits and clean car rules are strengthening our position as a clean energy state. We have cut pollution from the oil and gas industry *in half* compared to our neighbors in Texas, and our methane rules were recently adopted by the federal government as the standard for smart regulation. We are demonstrating that a healthy environment and a strong economy are not in conflict, offering a new model – *the New Mexico model* – for states like ours across the country.

And with record state revenues, we are growing our financial strength at a rate never before seen in our history. At the start of my administration, the state’s bond rating was at risk, and our reserves were just a third of what they are now. Today we rank among the top states for financial growth and stability and have grown our permanent fund *more than 200 percent*, offering the promise of a sustainable future for generations to come. This is no accident – it is the *result* of a forward-looking, comprehensive *strategy* to generate ongoing economic progress with new ideas that only a state like ours can pioneer.

A nimble state. A determined state. Forged by our rugged landscapes and fueled by our diverse communities; built for innovation and made to lead.

The question we need to ask is, “What’s next?” That’s the question that defines the character of New Mexico – strong-minded, pioneering, and creative. After all, this is the state that split the atom and won a cataclysmic war – *and* that is working to make whole the people and families affected by its impacts. The state that sold the first personal computer and created the modern clean room. The state that invented the breakfast burrito, the green chile cheeseburger, the Flamin’ Hot Cheeto *and the Frito pie*. In every generation, we have looked beyond the challenges of the moment to launch ideas and industries that pay dividends decade after decade.

In the last 5 months alone, we brought in companies from Australia, Germany, Singapore and Taiwan promising 2,400 jobs and a 10-year economic impact of \$7 billion dollars – solidifying New Mexico’s place as an economic powerhouse.

And these projects just keep coming.

As I’m giving this speech, we are announcing that Calgon Carbon will soon be calling Bloomfield, New Mexico, home. This leading manufacturer of air and water purification tools will support customers across the Western and Southwestern United States – and bring jobs to rural communities that too often get overlooked.

Mesa Film Studios is building a full-service state-of-the-art production facility in Albuquerque. At a time when production studios nationwide are booked years out, it's yet another reason for the most ambitious productions to choose New Mexico.

Last August, we celebrated the state's largest manufacturing deal ever, when Maxeon Solar Technologies chose New Mexico to reshore the first solar cell plant in the United States – a billion-dollar enterprise that comes with nearly 2,000 jobs.

The message is clear, and we are hearing it again and again from companies worldwide: New Mexico is *where businesses want to be*.

Now, let's capitalize on this momentum. Around the globe, access to water is the great challenge of the century. Let's turn it into an opportunity. Imagine the potential of turning the ocean of brackish water beneath our feet into water we can put to use. To meet the demands of communities now and in the future, to sustain our economic growth, and to meet this moment with a first-of-its-kind solution, the Strategic Water Supply will build a secure, resilient water future for our state. I am asking the Legislature for \$500 million in Severance Tax Bonds to make this Strategic Water Supply a reality – spurring the private sector to turn an untapped resource into water that we can use *without* asking taxpayers to front the cost.

I'm also proposing that we dedicate two percent of our severance tax permanent fund – that's \$170 million dollars – to catapult forward the advanced energy sources of the future – hydrogen, geothermal, next-generation battery storage – further committing our state to the climate goals of the country.

And that's not all: I'm announcing a commitment to pursue an advanced manufacturing tax credit, a companion to the groundbreaking Inflation Reduction Act, to make New Mexico even more competitive in reshoring global companies that will solidify a clean technology supply chain right here at home.

Delivering on the promise of a clean energy future requires modern, efficient infrastructure, from a resilient power grid to safe roads to reliable drinking water. Between federal and state funding, we're putting more than \$7 billion dollars in infrastructure funds to work right now in every county in the state.

Just recently, we broke ground on the SunZia Transmission Line, the largest renewable energy project in United States history, that will deliver green New Mexico electrons across the southwest – with an economic impact of \$20.5 billion dollars.

We sped up and delivered on the Navajo-Gallup Water Supply Project – a 1 billion dollar initiative more than a decade in the making. As a result, this project is already bringing drinking water to 6,000 New Mexicans – the majority of whom are living on the Navajo Nation. In the next 15 years, it will serve a quarter of a million more people.

We've rebuilt the New Mexico State Veterans' Home in Truth or Consequences, with brand-new, state of the art independent living communities and homes – for veterans and their families who have answered the call of duty. If you were building your dream home, this is what it would look like – and that's exactly what our veterans deserve.

Projects like these have impacts that go far beyond their walls. They create thousands of jobs, both now and into the future. They bring new activity and new opportunities to communities statewide. They make our neighborhoods stronger, safer and more resilient.

And still, there's more we can do. That's why I am asking the legislature for \$100 million dollars to support an infrastructure matching fund so communities don't leave any federal money on the table for lack of a local match. And it's why I'm asking for \$55 million dollars to continue expanding a widespread charging infrastructure network for electric vehicles. Charging an electric car or truck in New Mexico should be as easy and convenient as pumping gas. Whether you're going from Deming to Clayton; from Farmington to Carlsbad; from Las Cruces to Las Vegas; or taking the High Road from Santa Fe to Taos, residents and tourists alike should be able to get from one end of the state to the other no matter what vehicle they drive.

We need to take the same forward-looking approach to housing at a moment when New Mexicans are working hard to rent or purchase homes that are too often out of reach. A house is so much more than a roof over your head. More affordable homes means more families on their feet and more workers able to work: more stability, more hope and more opportunity. We know that New Mexico needs to construct thousands of homes as fast as possible. Yet too often, housing development is stalled by a complicated web of zoning and permitting requirements that vary from city to city and county to county. To build for the future, we need to fund development and then get out of our own way.

I am asking the legislature for two things.

First, I am asking for funding to build the housing we need – \$250 million dollars in low-interest loans to spur the private sector to build faster, and \$250 million dollars to massively expand homebuying programs like down payment assistance – so we can get more New Mexicans like Amaya into safe, affordable housing. At the same time, I intend to create an Office of Housing as a one-stop shop for developers and contractors looking to build and for families seeking a home of their own.

Second, as a condition of receiving state funding for housing development, I am asking the legislature to require local governments to institute zoning and permitting requirements that meet national best practices. Nobody should be prevented from building vital housing, and nobody should be shut out of a place to live because of outdated and overlapping regulations.

The health of our communities – and of our families – remains one of my highest priorities. We were the third state to cap the cost of insulin – setting the lowest price at that time in the country and serving as the model for other states to meet that price point – because New Mexicans shouldn't have to decide between their medication and a meal. We've increased Medicaid provider rates and expanded the Health Care Professional Loan Repayment Program to keep more doctors, nurses and health care workers in our state. And with the \$80 million from the Rural Health Care Delivery Fund we awarded last year, we have made it easier for New Mexicans to get the healthcare they need – from ambulance services in Mora to ultrasounds in McKinley County; from optometry in Curry County to dental services in Sierra County; from primary care for seniors in Valencia to behavioral health in Lea County.

These initiatives are *working*. That's why I am requesting another \$100 million dollars for the Rural Health Care Delivery Fund, additional Medicaid funding so our providers can meet growing demands, and a Hospital Provider Tax, which will bring in an additional \$1.5 to 2 billion dollars into the state, shoring up our health care delivery system, *without costing patients or providers a dime*. And let's complete the Health Care Authority this session. Doing so will reduce premiums, cut out-of-pocket costs, increase consumer protections, demand better provider networks *and hold insurance companies accountable*. New Mexicans should never have their lives or livelihoods threatened by insurance companies that are more determined to make a dollar than a difference.

As we look towards the future, we are also looking towards our young people – and working to provide nation-leading education at every age. Today, we are the only state in the US with a constitutional right to childcare, and the only state in the country to require both free *and* nutritious school meals. Our Structured Literacy curriculum is delivering results; *over the last year alone*, we saw a 4 percent statewide increase in reading scores for kids in grades 3-8, and an *unprecedented* 5 percent increase in reading scores for Native American students – something that we've never accomplished before.

*Four percent* statewide. *Five percent* among Native American students. But here's the thing: at the Pojoaque School District, where they implemented and embraced the Structured Literacy program, Pojoaque saw double digit gains in reading scores. *That's* what schools can do when they partner with the state and take full advantage of the historic tools, strategies and resources that we have put at their fingertips.

Stephanie Males is here today, and her daughter is a student at Berrendo Elementary in Roswell. Stephanie put it this way: "I've seen my daughter make huge educational strides this year. With the help of the Structured Literacy curriculum, she is sounding out words much easier and faster than her older brother once did. Clearly, the Science of Reading is a much more effective way to teach reading." She also remarked that structured literacy is now making a difference for her son as well.

If you're a parent, you know that kind of progress is *a real game changer*.

We can double down on our success and supercharge our results. The United States has some of the lowest literacy rates of any wealthy nation – and countries with the highest levels use Structured Literacy programs. We know it works there, and we've seen it work here. I'm calling for \$30 million dollars in capital to build a statewide literacy institute and another \$30 million dollars to support *free* literacy summer programs for 10,000 students who need to catch up to grade level. Every student – and frankly, every New Mexican – should be given the opportunity to learn to read to the best of their ability. No student should be told that their progress isn't a priority. Parents and kids deserve the very best from all of us in this room, and from our school system.

That's why I am calling for an expansion of the school year to 180 days, and asking the legislature to fund it – so that every child in public school gets the time they need and the education they deserve. We've seen in New Mexico, and from states across the country, that more quality instruction makes a difference. We've seen the proven effectiveness of more time in class. It's time to do the right thing for our kids.

Just like Bella Chandler, a kindergarten teacher and structured literacy coach at S.Y. Jackson in Albuquerque; as well as principal Cris Cardona and math teacher Roberto Salas from the Gadsden School District in Las Cruces, where these proven programs have been implemented.

At the same time, we need to ensure our school districts are accountable for their results. We need to guarantee that the legislature's billions in public education are going to the right places *and* leading to better outcomes. That's why I'm asking for 30 million dollars to embed experts in our lowest-performing schools so we can identify our challenges, determine immediate solutions and give our kids vital support. And it's why this legislature needs to hold our school systems responsible for meeting the standards we have already set. Whether it's nutritious meals or an expanded school year, our parents and our kids deserve to know that our schools are holding up their end of the deal.

We're demanding better and delivering better in areas from education, to healthcare, to the economy, and more. We need to demand the very same in public safety. Right now, the leading cause of death for our children is *guns*.

*Guns.*

In communities across the state, we have seen the carnage that results and the risk that is ever-present when weapons of war and frankly guns are far too easy to obtain. We have experienced the trauma of a mass shooting in Farmington, and the tragedy of a 6-year-old shot just this weekend in Hurley – and while the facts are still unfolding, it is

clear that more children were involved in this violence. We have seen too many ruined lives, too many broken families, too many stolen futures, and *too many small coffins*.

This violence is horrific. It is tragic. And it is entirely *preventable*.

*Enough.*

That's why I am calling for a gun safety package that bans assault weapons, raises the legal purchase age for all guns to 21, institutes a 14-day waiting period, increasing penalties for felons in possession of a firearm, keeps guns out of parks and playgrounds, and allows law enforcement officers to file Extreme Risk Protection Orders to keep firearms away from people who are a danger to themselves or others. These are common-sense measures that will save lives. We have Sonia Brito here with us from Albuquerque. A few years ago, when Sonia was 16, an argument broke out at a party – and she was shot multiple times. In fact, 12 times. By the grace of God and with extraordinary care, she is here today – demanding that we do something to prevent gun violence. I want to thank her for her courage, her advocacy, and her commitment to making a difference.

No *responsible* gun owner should be punished or prevented from exercising their rights – and no child should *ever* be put in danger by a weapon of war, *especially* one wielded by a person who can't pass a background check, or can't wait *two weeks* to get a firearm. Any gun in the wrong hands is an untenable risk that we can't afford.

We know that the violence in our communities is frequently committed by career criminals – and some of them continue their pattern of crime while awaiting trial. That's why I'm enhancing commercial burglary statutes to treat repeat offenses like the pattern that they are. And it's why we need to mandate pretrial detention for violent and repeat offenders with a rebuttable presumption so dangerous people can be kept away from the public. This idea isn't new – it's embedded in the federal justice system, and it *works*. So let's take something that works and apply it here to keep New Mexicans safe.

I am also asking the legislature to pass mandatory treatment for persons repeatedly entering the judicial system for using illicit substances – and who are often unhoused – for their own health and safety, and for the well-being of our communities. We need responsible and compassionate action that makes a lasting difference, and that means getting these individuals the treatment they need and deserve. It's the only way we will interrupt systemic challenges to our communities.

For those same reasons – to protect the individuals and the community – I am proposing that we end the practice of panhandling on our streets. We have one of the highest pedestrian fatality rates in the entire country. And a situation where drivers are

at increased risk is not tenable.

It's important to recognize that public safety challenges don't begin with violent crimes. They begin with a kid who doesn't have the support he or she needs to get through school. They begin with communities where jobs are scarce. They begin even in the smallest ways, with failures that affect our sense of pride in our state.

That pride matters. It's what drives us to expand our imagination – to raise our gaze, raise our standards and raise our aspirations. And the look of our state ought to shine with the pride we feel.

That's why, today, I am calling for an aggressive 43 million dollars statewide clean-up initiative. That means improving state properties, fixing state roadways, cleaning up trash and protecting the beauty of our open spaces. It means supporting and enhancing local efforts that address litter and graffiti – like the work of Mary Garwood, who is here with us today. Mary is a new Carlsbad City Councilor who has championed beautification efforts for years in her community, and continues to organize and lead the annual "Riverblitz" clean-up along the Pecos River.

And right here in Santa Fe, Kevin Rapp has led volunteers in hundreds of hours of work cleaning up hundreds of pounds of trash.

By doing this work together, we show our commitment and deepen our connection to our shared home.

Through all of these actions – in our economy and our infrastructure, housing and healthcare, education and public safety – we can continue to build a New Mexico that reflects the pride we have always felt for our state. Because here's the thing: Pride does not mean complacency. New Mexicans don't ignore challenges in the hopes that they will fade. We don't wait for problems to disappear through time and patience alone. And we don't focus solely on the task of today at the expense of days to come.

Instead, we envision a brighter future. This is the strength at the heart of New Mexico: A place where new ideas take flight and breakthroughs are born.

I love this state – from our beautiful landscapes, to our vibrant culture and our extraordinary people.

We are a small state with big ideas. An expansive state packed with creative energy. A state with the courage of our convictions and the determination to see them through. More than our resources, it is our *spirit* that allows us to take on challenges not with half-measures and band-aids, but with action that meets the moment and builds the future.



At a time when other states are focused on what *is*, we are committed to what *must be* – an economy that offers a good job to every person. An environment that supports clean air and extraordinary vistas without sacrificing the prosperity of the people who share in its grandeur. A community that provides education to everyone who wants it; that delivers health care to everyone who needs it; that promotes the safety and security of every person in every neighborhood.

A state that is looking forever forward, toward the horizon – toward what's next; toward what's new; toward what has only been imagined and not yet realized.

This is New Mexico – and we are made to lead.

Thank you, and God bless our state.