

## New Mexico Balancing Act

It's not easy being a politician. Just ask New Mexico Governor Michelle Lujan-Grisham. She's having to pull off one of the most interesting balancing acts in politics today. On the one hand, she is enjoying a gusher of cash from the oil and natural gas industry. But on the other hand, Lujan-Grisham must manage expectations from a liberal constituency concerned about climate change.

It's quite a conundrum. Surging oil production in the Permian Basin has given the governor ALMOST more money than she knows what to do with. I said almost. At the same time a lot of people on the receiving end of this petroleum bonanza are generally anti-oil. Interesting stuff, huh?

The Land of Enchantment's rising oil production generated a whopping \$2.2 Billion dollars in tax revenue in 2018, which delivered a record \$1.3 billion-dollar budget surplus in 2019. And that doesn't even include an additional \$1.1 billion in royalties sent to the state land office. Governor Lujan-Grisham and the state legislature aren't wasting any time spending the windfall. \$925 million is being lavished on roads and other infrastructure projects, education, police protection, agriculture, and healthcare.

New Mexico's oil and natural gas industry contributes one-third of the total money collected by the state, which is doing better than it has... probably ever. In 2019 New Mexico added jobs 73 percent faster than the national average, with nearly half of all new jobs coming from the oil and gas sector. Most of those jobs are high paying, so it's no surprise personal income is growing faster than the national average.

Lots of people are happy, including Albuquerque schoolteachers, who are getting an average salary increase of 11 percent, three and a half times the national average. The Governor has even proposed to make New Mexico the first state to offer tuition-free college education.

Well, "free," as in the oil and gas industry is paying for it instead of the students. And this is where it gets dicey for the governor. New Mexico is a blue state, and most of the people benefiting from the oil and natural gas jackpot, such as teachers and students, don't like the industry. They believe oil and natural gas are causing catastrophic climate change, and so does the governor.

Five minutes after she took office, Lujan-Grisham signed an executive order requiring the state to reduce greenhouse gas emissions 45 percent below 2005 levels by 2030. Then the legislature passed the "Energy Transition Act" that forces the state to reach 50% renewable electricity generation by 2025 and 100 percent by 2045. That's not going to happen, but that reality won't become clear until after the governor and many legislators who voted for it are no longer in office.

So, this is tricky. The acrobatic governor must balance all that oil and natural gas tax revenue with the politics of climate change. Of course, New Mexico could completely disappear, and it wouldn't affect the earth's climate in the least, but this is politics.

To her credit, Lujan-Grisham has managed the balancing act pretty well. She's collaborating with the industry that's given her so much money to spend and oil and gas trade groups have praised her for working with them on emissions regulations.

We hope the governor can keep balancing this difficult situation. Global consulting firm ICF estimates the state could attract \$174 billion dollars in private infrastructure investments by 2030. That's a gigantic amount of money for one of the poorest states in America.

For the Clear Energy Alliance, I'm Mark Mathis. Power On.



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