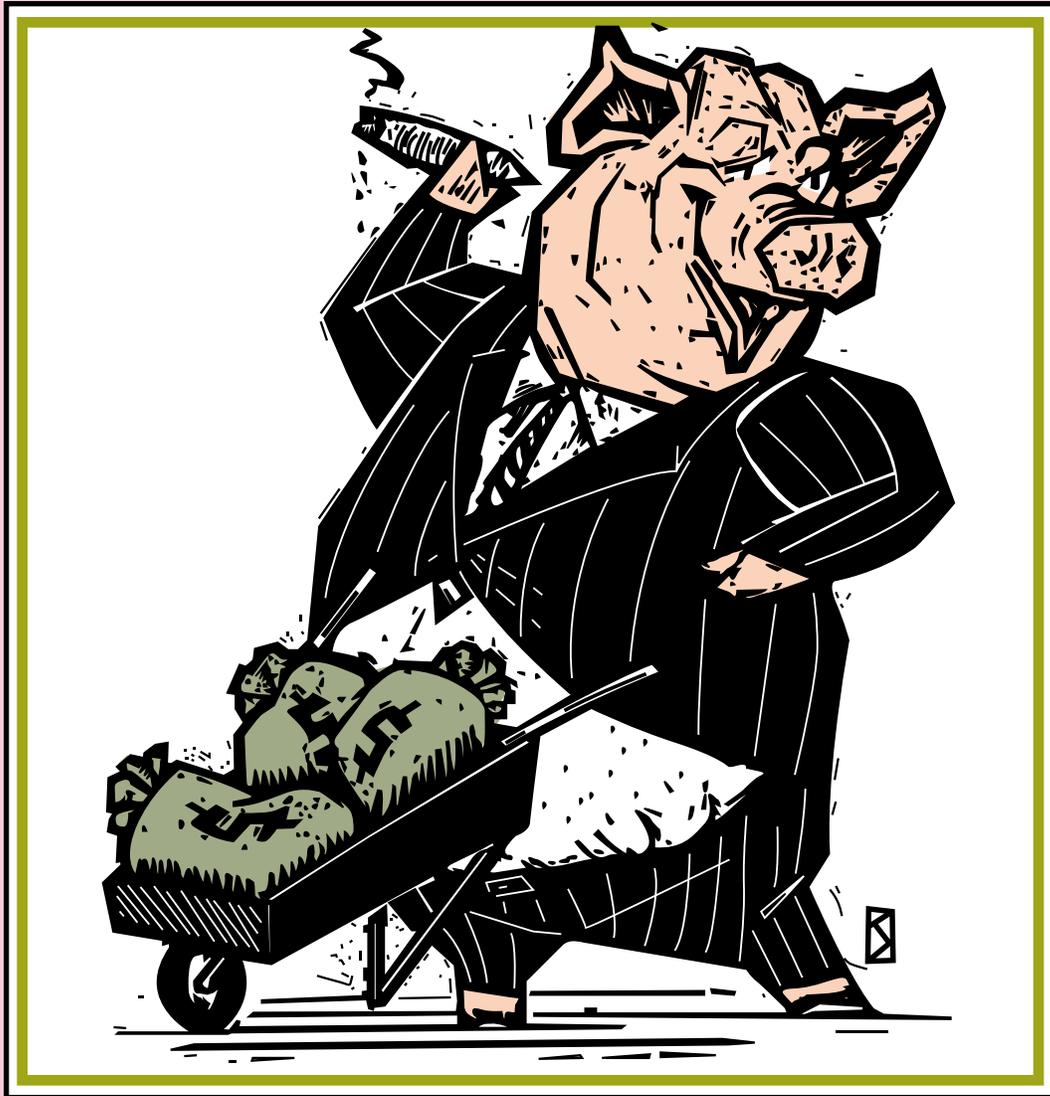


THE RIO GRANDE FOUNDATION
AND
CITIZENS AGAINST GOVERNMENT WASTE



2008 NEW MEXICO PIGLET BOOK
“The Book Santa Fe Doesn’t Want You to Read”

THE RIO GRANDE FOUNDATION

The Rio Grande Foundation is a nonprofit, nonpartisan, research institute dedicated to increasing liberty and prosperity for all of New Mexico's citizens. We do this by informing New Mexicans and their elected officials of the importance of individual freedom, limited government, and economic opportunity.

The Rio Grande Foundation generates and encourages public policy remedies grounded in the capacity of private enterprise, the ingenuity of individuals and the abilities of active communities to achieve a freer, more prosperous New Mexico.

Committed to its independence, the Rio Grande Foundation neither seeks nor accepts any government funding. The Rio Grande Foundation is a 501(c)(3) organization that enjoys the tax-deductible support of individuals, foundations and businesses sharing a concern for New Mexico's future and an appreciation of the role of sound ideas and a more informed debate.

P.O. Box 40336
Albuquerque, NM, 87196
Phone: 505-264-6090, Fax: 505-213-0300
www.riograndefoundation.org

CITIZENS AGAINST GOVERNMENT WASTE

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in the federal government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government.

CAGW has 1.2 million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers \$1 trillion. CAGW publishes a quarterly newsletter, *Government Waste Watch*, and produces special reports, monographs, and television documentaries examining government waste and what citizens can do to stop it.

CAGW is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954 and is recognized as a publicly-supported organization described in Section 509(a)(1) and 170(b)(A)(vi) of the code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of CAGW through tax-deductible gifts.

1301 Connecticut Avenue, NW
Suite 400
Washington, DC 20036
Phone: (202) 467-5300
Internet Address: www.cagw.org

INTRODUCTION

The issues of waste and federal “pork-barrel spending” were hot topics throughout the 2008 election season. The “Bridge to Nowhere” – already a symbol of wasteful spending – became an even hotter subject with the addition of Alaska Governor Sarah Palin to the Republican ticket.

Unfortunately, wasteful, pork-barrel spending is not unique to Congress and politicians in Washington. Santa Fe and the New Mexico Legislature are prodigious porkers in their own rights. In fact, because of New Mexico’s unique budget system, legislators in The Land of Enchantment are expected to “bring home the bacon” for their districts in a corrupt and outdated “capital outlay process.”

While some in Congress are at least embarrassed by the doling out taxpayer money in the form of pork, such worries are rarely expressed in New Mexico. In fact, the Legislative Finance Committee website page describes the capital outlay process as follows: “Selected projects then become part of the capital outlay bill, sometimes referred to as the ‘pork’ or ‘*Christmas tree*’ bill (emphasis added). That bill is generally developed in the last two weeks of the session.”¹

Pork spending itself was \$341 million in FY 2008. It accounts for 5.6 percent of New Mexico’s \$6 billion General Fund budget and can have a corrupting effect on legislators who feel they must support the governor’s priorities for fear of having money for their district vetoed. As anti-pork Congressman Jeff Flake (R-Ariz.) has said of such spending at the federal level, pork-barrel spending is “a small part of the federal budget...but is greater than the sum of its parts in terms of importance.” Another pork fighter, Sen. Tom Coburn (R-Okla.), has called pork the “gateway drug to spending addiction.”²

How government spends tax dollars should be transparent, but citizens who look for such information often encounter great difficulty. First and foremost, the *2008 New Mexico Piglet Book* is one-stop-shopping for government watchdogs and everyone who is concerned about how his or her money is spent.

This information is intended to convince taxpayers – and perhaps some policymakers as well – that no one wins and everyone loses in the politically corrupt capital outlay process. Of course, wasteful spending is by no means limited to one poorly-designed legislative process in New Mexico. Politics has always been and will always be an inefficient way to allocate resources. Thus, the *Piglet Book* describes a variety of examples of wasteful spending throughout the state.

The capital outlay process is broken and needs to be replaced with a system that at the very least prioritizes projects. Better still, this money could be returned to taxpayers in the form of reductions in the onerous gross receipts tax rate.

¹ Legislative Finance Committee, “Capital Outlay Process,” July 2008, <http://legis.state.nm.us/LCS/lfc/lfcdocs/finance%20facts%20capital%20outlay.pdf>.

² Ericka Andersen, “Earmark and Spending Reform Sparks Attention,” Human Events, August 15, 2007, <http://www.humanevents.com/article.php?id=21953>.

The ultimate problem with pork-barrel and wasteful spending is that true needs are left unmet while a well-connected few move to the front of the line. With tax revenues down – including the important oil and gas industries that have sustained rapid budget growth in recent years – New Mexico’s budget will be in dire need of constraint or even significant cutbacks over the next year or so. This document provides a starting point for legislators and citizens in that process.

New Mexico’s *Piglet Book* “Goes Hollywood”

In early 2008, during her promotional tour for the New Mexico-shot film “The Eye,” Hollywood starlet Jessica Alba bashed Albuquerque, New Mexico’s largest city: “In Albuquerque there’s really only one restaurant that’s pretty good. You can only take Applebee’s and Chili’s so much. Our big day was hanging out at Walmart for five hours. It was like, ‘Yeah Walmart!’”³ Clearly, this kind of publicity is well worth the outlay of taxpayer dollars to encourage filmmakers to produce their work in New Mexico.

Since New Mexico has become such a hotbed of moviemaking activity (and pork-barrel spending), the *New Mexico Piglet Book* is “going Hollywood.” In addition to providing useful information on the ways in which governments in and throughout New Mexico waste money, the film industry provides a useful “hook” for each pork-barrel or wasteful spending project that is discussed.

The following chart shows how spending has grown dramatically relative to the combined effects of inflation and population growth in recent years in New Mexico. While spending during the Johnson Administration (1995-2003) was relatively steady, under Governor Richardson (2003 to present) spending has risen dramatically.

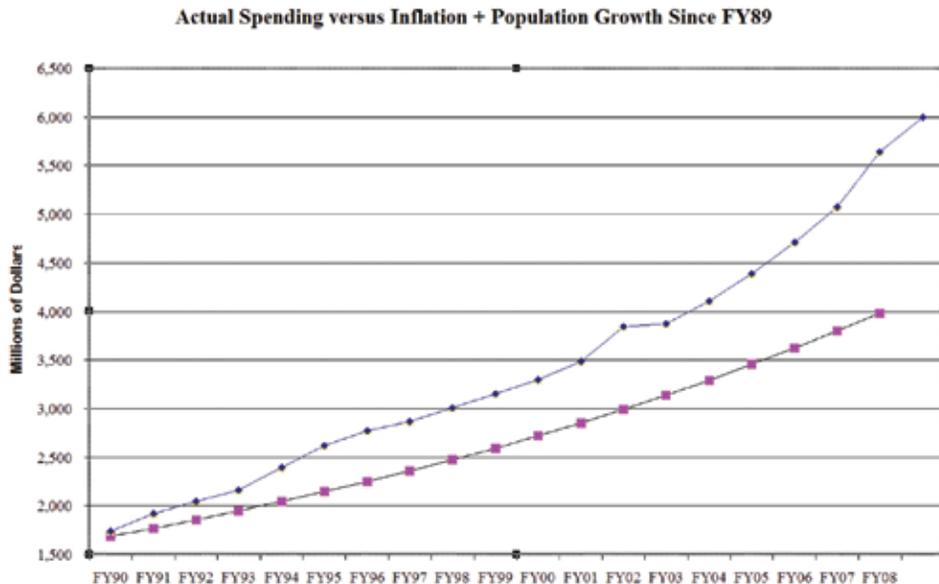
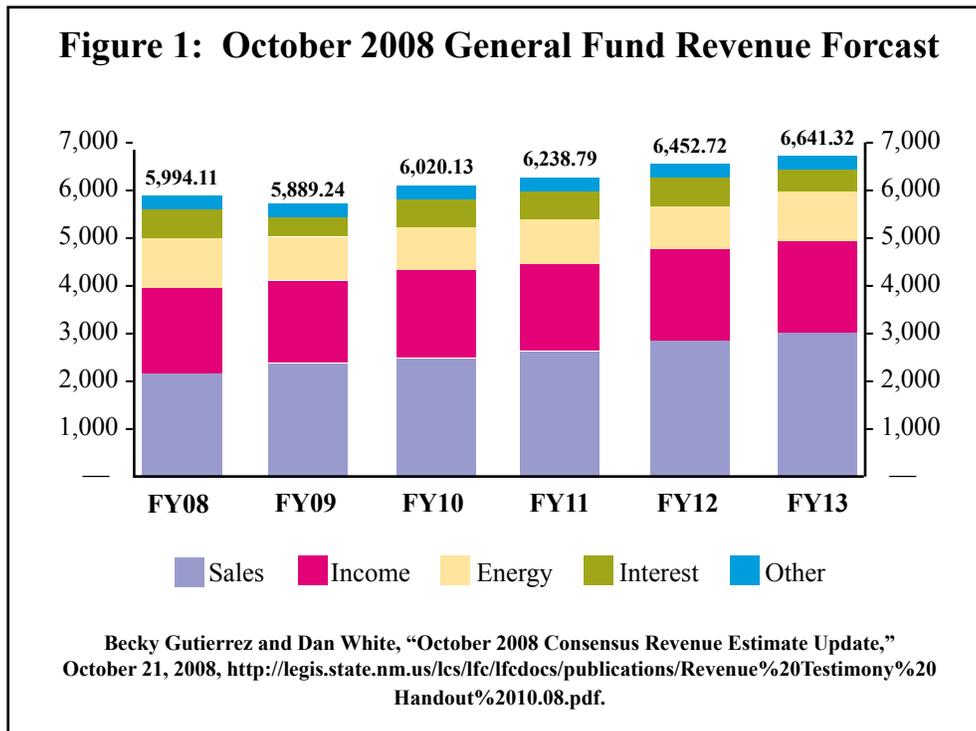


Chart originally found in:
 “New Mexico’s Taxpayer Protection Act: One Small Step for Taxpayers?”
 which is available at www.riograndefoundation.org.

³ Lynn Barker, “Eye to Eye with Jessica Alba,” TeenHollywood.com, January 31, 2008, <http://www.teenhollywood.com/d.asp?r=168420&p=8>.

As the following chart from the Legislative Finance Committee illustrates, New Mexico’s general fund revenue is expected to shrink in real terms next year.⁴ This is a tremendous change from the rapid growth in the budget in recent years as shown above. In fact, during the six years from FY 2003 to FY 2008, spending rose from \$3.9 billion to \$6.0 billion, a spending increase of approximately 54 percent. If the Legislative Finance Committee’s revenue numbers are accurate, over the next six years, revenues will rise by 10.8 percent.

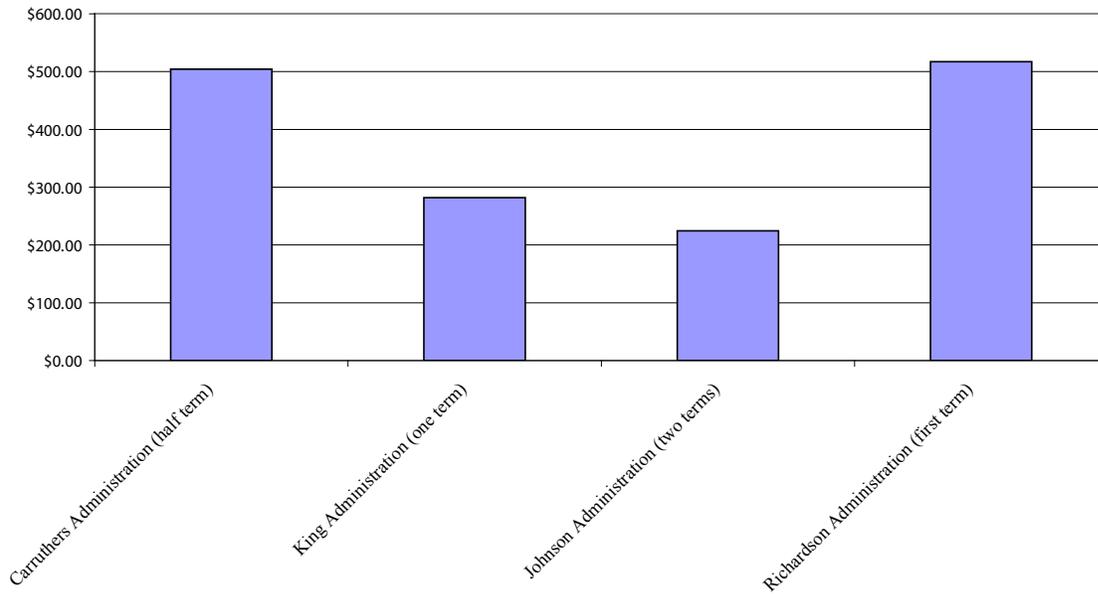
Clearly, New Mexico is due for some challenging economic times. Policymakers should heed the calls for spending restraint contained in this booklet and consider this booklet as a template for reducing spending as painlessly as possible.



⁴ Becky Gutierrez and Dan White, “October 2008 Consensus Revenue Estimate Update,” October 21, 2008, <http://legis.state.nm.us/lcs/lfc/lfcdocs/publications/Revenue%20Testimony%20Handout%2010.08.pdf>.

The chart below shows how spending under Governor Richardson has grown out of control, even relative to previous governors. The chart shows how spending has grown relative to the combined effects of inflation and population growth, thus giving a more accurate picture of growth than a simple annual percentage increase.

**Average Yearly Contribution to Excess Spending by Each Governor and Legislature Since FY89
(millions of current year dollars)**



Information distilled from spending data found in chart on page 3.

Indiana Jones and the Temple of the Fleeced Taxpayers

The most recent installment of the “Indiana Jones” series was filmed near the New Mexico city of Deming. Unfortunately, if Hollywood moguls ever filmed a movie about politicians who dole favors out to their friends and campaign donors, they could do it on the state’s film industry. Sound economics and fairness would point to lower taxes and reasonable regulations as the best means of attracting economic activity, but that is no fun for politicians who want to manage exactly what happens in the state and take credit for any successes (failures are of course orphans).

Harrison Ford, Tommy Lee Jones, and Jessica Simpson now show up in the state with regularity because New Mexico offers some of the most generous film industry subsidies in the nation.

Unfortunately, that star power comes at a price. Middle and low-income New Mexico taxpayers dole out \$50 million annually to the industry. This is not a tax credit or exemption, but money taken out of taxpayers' pockets and given to fat-cat producers and film stars.

This largesse is doled out under a New Mexico program that offers a 25 percent rebate on all production expenditures (including New Mexico labor) that are subject to taxation by the state. This is a refund, not a credit. So, if a film crew goes to lunch at a local restaurant and spends \$100, taxpayers pick up \$25 of the tab. But they don't get to eat any of those "power lunches."

While the report received little in the way of media attention, the Arrowhead Center at New Mexico State University found that the film rebate program returned only 14.44 cents on the dollar.⁵

As if a 25 percent rebate were not enough of an incentive, New Mexico also offers interest-free loans of up to \$15 million per project (which can represent 100 percent of the budget) for qualifying feature films or television projects. Good luck finding a zero-interest loan from a bank for a small business or home loan.



COMPUTERS

Short Circuit

Since its inception in 1984, CAGW has been exposing the technological ineptitude of the federal government. Whether it is failing to purchase new computers in a timely a manner throughout the government or the Department of Defense failing to build an effective software program for military and civilian travel, CAGW has been at the forefront of monitoring computer blunders.

CAGW's latest foray into this issue is the use of mainframe computers at the federal and state level. For big mainframe users like the government, the current costs of mainframe support are massive. According to industry experts, a government agency that might require 14,000 MIPS will face an annual software bill of nearly \$28 million.

These rates are expensive compared to other computing platforms. For example, one gigabyte of RAM for an IBM mainframe costs between \$8,000 and \$10,000. One gigabyte of RAM for an Intel or ADM based server is typically in the \$100-200 price range. Even at its most expensive and highest quality levels, Intel or ADM RAM typically caps off at \$1,200 a gigabyte, still far lower than IBM.

⁵ Anthony V. Popp and James Peach, "The Film Industry in New Mexico and The Provision of Tax Incentives," August 26th, 2008, http://legis.state.nm.us/lcs/lfc/lfcdocs/film%20credit%20study%20TP&JP_08.pdf.

When one includes all the costs associated with an IBM mainframe – including the base system, operating system license, and RAM – the total is \$5.9 million. Competing servers can accomplish the same tasks for \$560,000 and with full interoperability, a feature not offered by IBM mainframes.

In April 2008, CAGW launched a project to determine the depth and breadth of the use of mainframe computers in state government by submitting information requests to the chief information officers of each state. The letters asked for statistics regarding the states' use of mainframe computers, which CAGW has found are sometimes outdated and wasteful. While this is an ongoing process, CAGW has catalogued the results and rated each state on the substance of its activities in relation to mainframes, as well as on its responsiveness in handling the request.

New Mexico didn't even bother to send a response.

2008: A Waste Odyssey

Congratulations: everyone in New Mexico now owns a new computer, but doesn't know anything about it. New Mexico taxpayers just spent \$11 million to purchase (what was at the time) the world's third most powerful supercomputer. Don't bother to load any cool games because even though taxpayers own this shiny and very expensive piece of hardware, they won't be able to use it unless they represent a favored industry, work for the national laboratories, or do research for a university.

Gateways to the center will be located at New Mexico State University, New Mexico Institute of Mining and Technology, Los Alamos National Laboratory, and Sandia National Laboratory.

Instead of one giant computer, the state could have purchased 20 desktop computers for each of the state's 851 public and private K-12 schools or it could have simply given taxpayers their money back.

In the film "2001: A Space Odyssey," the supercomputer managing the space station starts ruthlessly killing people. Chances are that taxpayers' new supercomputer won't kill anyone, but a lot of good could be done with the \$11 million the state wasted on this boondoggle.

CORPORATE WELFARE



At the federal level, corporate welfare programs such as the Technology Improvement Program and the Market Access Program provide subsidies for specific industries and companies. Not wanting to be behind the times, New Mexico is trying its hand at some good old-fashioned corporate welfare.

Silence of the Lambs, New Mexico-style

The film “Silence of the Lambs” wasn’t filmed in New Mexico, but taxpayers are spending \$85,000 through the state’s Economic Development Department (EDD) to acquire land, plan, design, and construct a meat (sheep) processing plant for the Ramah chapter of the Navajo Nation in Gallup in McKinley County.⁶

The Ramah Navajo used to raise more than 5,000 head of sheep a year, but after years of drought, forced herd reductions, and a market for lamb that has driven prices as low as 75 cents a pound, the local sheep population has fallen dramatically. When local ranchers took their sheep to auction in October, 2007, the tribe had fewer than 200 head to sell.

So, it is taxpayers to the rescue. With some help from the city of Gallup, the State of New Mexico, and a meat processing company out of Moriarty, the chapter hopes to bring the herds of yore back.⁷

Not only is the state getting into the meat packing industry, but it looks like it is following the “if you build it they will come” philosophy. That only works with baseball-playing ghosts. The reduction from 5,000 head of sheep to 200 has more to do with the drought than lack of a nearby processing plant. Odds are that this will soon become another abandoned building.

Risky Business

Politicians love so-called “economic development.” Unfortunately, the term means nothing more than corporate welfare, taking money from one group and giving it to a favored group.

⁶ SB 710, 2007 New Mexico Legislative Session, <http://www.nmlegis.gov/Sessions/07%20Regular/final/SB0710.pdf>.

⁷ http://www.gallupindependent.com/2007/feb/022307zp_offtomarket.html.

The EDD received \$9.3 million in 2008 in order to fulfill its mission:

Achieve long-term sustainable and focused economic growth by building a diverse economy with high-wage, high-impact jobs that provide opportunity and prosperity for the city's residents, businesses and entrepreneurs. The department works to create high-quality career and workforce development opportunities and infrastructure, and to foster a business climate that helps local small businesses succeed.⁸

Sounds great. How could the state have survived without the EDD? New Mexico's businesses might be doing better if government stopped taking so much money and regulating their every move. According to the Tax Foundation, New Mexico has the 11th highest state and local corporate tax burden per capita.⁹ The state would be better off cutting taxes instead of relying on government bureaucrats to attract business to the state.

Significant EDD "successes" include Spaceport America, the generous taxpayer subsidies given to the film industry, Eclipse Aviation which recently declared bankruptcy, and Tesla Motors which left for greener pastures in California.

A few of the tax credits offered by the EDD include: High-Wage Jobs Tax Credit, the Manufacturer's Investment Tax Credit, New Markets Tax Credit, the Rural Jobs Tax Credit, the Technology Jobs Tax Credit, and the Angel Investment Tax Credit. While each of these specialized tax credits may help particular businesses set up shop in New Mexico, it would be fairer and easier to eliminate the middleman, the EDD, and make sure that New Mexico's tax and regulatory policies are competitive with other states.

New Mexico Chainsaw Massacre

A total of \$500,000 was appropriated to the EDD to acquire property and equipment to support the wood harvesting project in San Miguel County. Logging is an important industry in many parts of the country and it is the backbone of many economies. Nonetheless, New Mexicans should not be paying a half-million of their hard-earned dollars to subsidize the timber industry in New Mexico.¹⁰ If market conditions warrant it, the industry will return on its own volition. Taxpayers don't need to pay them to cut down the state's trees.

Back to the Future

The Las Cruces city government is trying to prove that it does not need a DeLorean and 1.21 gigawatts to travel back in time. In the 1970s, several historic buildings in downtown Las Cruces, including St. Genevieve Parish, the Loretto Academy and the Rio Grande Hotel,

⁸ <http://www.edd.state.nm.us/about/>.

⁹ The Tax Foundation, "State and Local Corporate Income Tax Collections Per Capita and Per Household, Fiscal Year 2006," June 3, 2008, <http://www.taxfoundation.org/taxdata/show/1390.html>.

¹⁰ HB 622, 2006 Legislative Session, <http://www.nmlegis.gov/Sessions/06%20Regular/final/HB0622.pdf>.

were demolished (at taxpayer expense) to build a strip mall as part of the city's downtown revitalization plan. It failed miserably. Today the mall area has little pedestrian traffic by day and none at night.

Having seen the error of their predecessors' ways, Las Cruces politicians, fortified by \$855,000 in capital outlay money provided by the Legislature over the last few years, have embarked upon an ambitious redevelopment plan.

Hopefully, this time the bureaucrats will do a better job, but it would be far better for taxpayers and property owners alike if property owners were allowed to make investments and develop their land in order to attract customers and life to Las Cruces' downtown. Better still, lawmakers should recognize that building trends come and go and that private land owners, not government officials have the most knowledge and the strongest incentives to keep up with consumer tastes. Unfortunately, New Mexico taxpayers will be picking up the tab instead.

Charlie and the (Taxpayer-subsidized) Ethanol Factory

All states are looking to attract businesses that will generate jobs. The Legislature allocated \$200,000 in the 2008 capital outlay process to the planning, design, construction and equipping of the Clovis industrial park. So far, the single major business located in the industrial park is an ethanol plant. Ethanol is a heavily-subsidized source of fuel, so it is not surprising that in addition to the state subsidies for this project, Clovis received \$1 million in federal money through the Economic Development Administration for this industrial park.

Apparently, the days of locating and building a factory with private money based on proximity to resources and seem to be long gone. Now, it is all about getting taxpayers to pony up.



ENERGY

Energy prices having grown extremely volatile in recent years, so politicians nationwide have decided to take action, even if the action harms efforts to increase efficiency and raises prices for consumers. New Mexico, with its rich deposits of oil and gas, not to mention uranium and “alternative” sources like wind and solar, has been at the epicenter of the energy debate. The examples below illustrate how wasteful government can be when it meddles in energy markets.

Bird on a (Taxpayer-subsidized) Wire

In 2006, the New Mexico Legislature decided to set up and allocate \$1 million to the Renewable Energy Transmission Authority.¹¹ The authority is designed to help New Mexico export so-called

¹¹ [http://5914991469299414462-a-nmreta-org-s-sites.googlegroups.com/a/nmreta.org/public/Home/publications-1/Enabling_Legislation_\(HB188_Fact_Sheet.pdf?attredirects=0](http://5914991469299414462-a-nmreta-org-s-sites.googlegroups.com/a/nmreta.org/public/Home/publications-1/Enabling_Legislation_(HB188_Fact_Sheet.pdf?attredirects=0)

renewable energy including solar and wind power produced in the state to California and other Western states. The authority is a new taxpayer-subsidized utility designed to operate with the explicit backing of the government.

The authority issues and sells revenue bonds, known as renewable energy transmission bonds, and sets their denomination, maturities, and rates of interest. It also exercises the power of eminent domain for acquiring property or rights of way.¹²

It is odd that New Mexico taxpayers are paying to create and subsidize a government-run utility for the express purpose of exporting “renewable” energy produced in the state. Privately-owned New Mexico’s utilities should be able to do this more easily and cheaply than a new, government-created industry.

Don Quixote (Tilting at Windmills at the Taxpayer’s Expense)

In New Mexico, it seems that all one has to do to get funding for a government program is put the words “alternative energy” somewhere in the proposal. In 2007, Governor Richardson and the Legislature, again playing the role of Don Quixote and Sancho Panza in the eternal hunt for politically-correct, non-carbon energy sources, set up a new alternative energy program called the Energy Innovation Fund.¹³

New Mexico taxpayers will spend \$2 million annually for the ostensible purpose of helping to speed the innovation process from concept to commercialization (R&D) for early- to mid-stage technologies that will aid in the adaptation of clean energy technology in New Mexico. Examples include bioenergy, solar, wind, and systems or components that enable or increase the efficiency of clean energy systems.

With multiple programs, including most notably the state’s renewable portfolio standards that will force consumers to use ever-higher percentages of renewable energy, taxpayers are already paying a great deal for the energy they use. Government programs are not the best way to find economical and clean energy sources.

Rather than relying on government officials’ efforts to pick the appropriate technologies of the future, the marketplace (individual consumers) should be allowed to decide.

¹² HB 188 Fact Sheet, <http://emnrd.state.nm.us/main/documents/HB-188-RETA-fact-sheet-07.pdf>.

¹³ Clean Energy Tax Incentives, Energy Innovation Fund,” <http://www.emnrd.state.nm.us/ecmd/CleanEnergyTaxIncentives/energyinnovationfund.htm>.



FINANCIAL

The \$700 billion bailout of the financial sector sent a clear signal to the American taxpayer that if people are frightened enough, legislators can pass virtually anything. Unfortunately, New Mexico does not seem immune to financial bailouts.

The Great Bank Robbery

The banking industry bailout established substantial federal involvement in the banking industry, but many New Mexicans are probably not aware that the state of New Mexico has been in the banking business for several years. In fact, taxpayers are paying \$1.5 million to fund so-called Family Opportunity Accounts (FOA).¹⁴

The idea is to provide more than 650 low-income individuals with interest-bearing savings accounts that match their savings dollar for dollar, up to \$2,000. The funds could be used for home improvements, a down payment on a home, starting a business, paying for education or a vehicle for employment. Eligible participants include residents with a household income below 200 percent of the federal poverty level.

In order to receive the matching funds, FOA holders must successfully complete financial literacy classes, where they learn how to reduce debt, budget, manage a checking account, save, invest and avoid financial pitfalls like predatory lending.¹⁵

Basically, the state is paying people to do what is already in their best interest. Maybe the state will now start paying individuals for getting enough sleep and students for getting good grades in school.

Not only are the FOAs a waste of money, they must be the most ironic expenditure in the history of the state: an entity that is irresponsible with money is telling people how to manage their money.

¹⁴ <http://www.wia.state.nm.us/dws-FOA.html>.

¹⁵ <http://www.workforceconnection.state.nm.us/dws-FOA.html>.



SPORTS

Sports are fun. It is a reasonable activity for local governments to build parks, swimming pools, and offer other amenities for local citizens. But users must share as much of the costs as possible.

Love & Basketball

New Mexicans really love their college sports teams. Legislators only know one way to express that love; with money. Taxpayers are on the hook (shot) for \$250,000 to provide funding for the New Mexico women's athletic conference tournament at New Mexico State University in Las Cruces. While not all college sporting events make money, like the college football Bowl Championship Series or NCAA basketball's March Madness, it is hard to believe that New Mexico's taxpayers should be expected to pay to host such an event. At the very least, colleges and universities should budget for such efforts through their athletic departments.

Hoosiers

Like the taxpayer-funded basketball tournament at New Mexico State, the University of New Mexico athletic program is sticking its hand in the taxpayers' pockets for some high-end communications systems. Taxpayers have purchased a \$125,000 video film and editing system for the women's basketball program and related athletic programs while the men's basketball team received an additional \$90,000 to purchase a video system.

Certainly, it seems that \$215,000 is a lot to spend for even the most elaborate video equipment for the schools' sports teams. It would also seem that such purchases would be better left to individual university athletic departments rather than being funded as a line item in the capital outlay process.

Not So Happy Gilmore

The Legislature spent 200,000 taxpayer dollars to equip the men's and women's golf teams at the University of New Mexico. This expenditure seems a bit rich, even for "the rich man's hobby." After all, a set of nice golf clubs can cost \$1,500. Six dozen high quality golf balls can cost \$500. This comes to about \$2,000 per golfer. To spend \$2,000, the University of New Mexico teams would need to have 100 players, but there are only 15 on the men's team and eight on the women's team. Taxpayers are teed off at this expenditure.

Show me the Money!

New Mexico taxpayers are funding the New Mexico Sports Authority at a cost of \$17 million annually. The mission of the Sports Authority is to promote athletic events and acquire athletic events from across the country to expand the sports industry in New Mexico.¹⁶ In other words, the Authority is really just another government-managed economic development tool.

The New Mexico Bowl football game, which is sponsored by state taxpayers to the tune of \$50,000, is one “success” of the authority. Unfortunately, while the idea behind the bowl game is to generate economic development and tourism, the University of New Mexico Lobos have been in the game each time it has been played, thus minimizing the tourism impact. It is up for debate whether the fans of two teams from outside the Albuquerque area will come to the city around Christmastime in adequate numbers to make this game a success. Since the Lobos are not bowl eligible this year, taxpayers will find out soon enough.

Efforts continue to bring professional football and basketball franchises to the state, although they have been fruitless to date. Like the Film Office and other economic development programs, government is not an efficient means of dictating what industries should set up shop in New Mexico.

Seabiscuit

Seabiscuit is a Great Depression-era true story about a flawed horse and a flawed jockey who take the horse racing world by storm. In a flawed attempt at spending money, the State of New Mexico is constructing a new Equestrian Facility in Bernalillo County. That is the type of spending project that should make taxpayers depressed. Upon completion, the equestrian facility will cost \$22.3 million.

The Equestrian Facility Task Force (yes, there is such a thing) is trying to get the taxpayer-financed project built for the supposed purpose of attracting national and local equestrian events to the state.

Certainly, it is hard to imagine a more elitist sport than equestrian. Nor is this a very popular spectator sport that will pack the stands full of those who are funding this facility.

Tin Cup

Unless a golfer repeatedly hits balls into the water as Kevin Costner did in “Tin Cup,” golf can be a lot of fun. Unfortunately, government officials seem to think that it is fun for taxpayers to be forced to subsidize golf courses. In 2008, New Mexico taxpayers will spend \$250,000 to purchase maintenance equipment for the Riverview golf course in the Central Consolidated School District in San Juan County.¹⁷ As if this were not enough, the course received another \$1,893,000 to construct holes and practice greens.

¹⁶ <http://legis.stat.nm.us/Sessions/07%20Regular/final/HB0002.pdf>.

¹⁷ SB 471, 2008 Legislative Session, <http://nmlegis.gov/Sessions/08%20Regular/final/SB0471.pdf>.

In addition to chipping in the money for Riverview, taxpayers are spending \$75,000 to construct improvements to the city-owned Ladera golf course in Albuquerque and another \$75,000 to plan, design, construct, purchase and install improvements to the irrigation system at the Carlsbad municipal golf course, including a sprayer and turf roller.

While shooting for negative numbers is the idea when playing golf, it should not be the goal when taxpayer money is involved.

Bad News Bears

The Bad News Bears movies followed a rag-tag group of kids trying to win in Little League baseball. The bad news for New Mexico taxpayers is that they will be paying \$75,000 for the Pueblo of Isleta to landscape and improve, including irrigation and grass development, the tribe's little league fields.

Like paying for golf course improvements, it would seem that improvements to baseball diamonds on the Isleta Reservation might be better left to the tribal government.

The Red Balloon

Hot air ballooning is a popular sport in New Mexico, particularly in Albuquerque where the International Hot Air Balloon festival is held every year. Like the balloon in the film "The Red Balloon," when pressured, government officials behave in some unusual ways.

Wal Mart had an agreement to locate a store near the Vista del Norte neighborhood of Albuquerque. Some neighborhood activists were not pleased with this so they pressured their city counselor to "do something" to force Wal Mart to look elsewhere. Ultimately, the City Council decided to purchase the land, ostensibly as a balloon landing site since it is near the Balloon Fiesta Park and could at least theoretically be used as open space to land balloons. Unwisely and unfairly, state taxpayers are being tapped to throw \$371,000 into the pot to help purchase the land.

The Anderson-Abruzzo Balloon Museum is a costly boondoggle. It cost taxpayers \$11 million to build and now Albuquerque taxpayers face \$178,000 annual heating and cooling bills.¹⁸ This is an outrageous expenditure for a facility that attracted a mere 63,000 visitors in its third full year of operations.¹⁹

As a favorite target for legislative capital outlay requests, taxpayers will face ballooning costs for this facility in coming years.

¹⁸ Dan McKay, "Balloon Museum's \$14,800-A-Month Utility Bill Tops Estimates," *Albuquerque Journal*, June 17, 2008, <http://abqjournal.com/news/metro/311507metro06-17-08.htm>.

¹⁹ D'Val Westphal, "New HVAC System Needs Launch at Balloonn Museum," *Albuquerque Journal*, October 12, 2008, <http://abqjournal.com/opinion/westphal/121053427202opinionwestphal10-12-08.htm>.

Grand Slam

Grand Slam is a film about the Welsh rugby team. Unfortunately, because one legislator's pet sport is rugby, the University of New Mexico's men's and women's rugby teams, with between 20-25 players each, will receive a legislative appropriation of \$150,000 during 2008-2009.²⁰

The Cowboy Way Goes Astray

The Cowboy Way is supposedly about rugged independence and honor, but not anymore. The Legislature has put taxpayers on the hook to spend \$1.2 million on the New Mexico Rodeo Initiative.

The program is designed to “enhance the sport of rodeo in New Mexico and expand economic opportunities for rural communities statewide. The initiative provides clinics, educational outreach and a wide range of rodeo activities, including the exploration of district, regional and national rodeos that can be relocated to New Mexico.”²¹

Rodeos are an important part of Western culture and there are several professional rodeo tours operating nationwide. The possibility of professional glory should be enough to keep young people interested in rodeos, but legislators would rather force taxpayers – some of whom may find rodeo to be repugnant and even cruel – to financially support the sport.



TRANSPORTATION

Probably the most visible form of government largess, high profile transportation projects are excellent opportunities for photo opportunities, and of course, waste.

The Great Train Robbery

In “The Great Train Robbery,” a band of outlaws robs trains. In New Mexico's version, taxpayers are being “held up” to pay for trains. The Rail Runner commuter train is the biggest single boondoggle in the state. At a cost of \$400 million to construct, the Rail Runner now carries approximately 2,000 riders per day.

Although operating costs were heavily subsidized by the federal government in its early years of operation, New Mexicans will foot the bill for an additional \$20 million for the Rail Runner's annual operating costs starting in 2009.

²⁰ Matthew Reichbach, “Sen. Robinson's Money Scrum,” *New Mexico Independent*, May 13, 2008, <http://nm-independent.mypublicsquare.com/view/sen-robinsons-rugby>.

²¹ Jon Goldstein, “Governor Richardson Announces Equestrian Center to be Located at Mesa del Sol, \$10 Million in Additional Funding,” Office of Governor Bill Richardson, December 19, 2006, http://www.governor.state.nm.us/press/2006/dec/121906_04.pdf.

Operating costs alone could have purchased \$500 worth of alternative transportation for each daily passenger in 2008; that does not even account for the \$400 million construction cost.

Another runaway expenditure is \$40,000 that the Legislature allocated in 2007 to relocate and restore the Historic Doodlebug Train in Belen.²²

The Doodlebug is a rail car from the Atchison, Topeka & Santa Fe Railway that once carried commuters between Clovis and Carlsbad. It had been stored for 20 years in the California State Railroad Museum in Sacramento. It was returned to New Mexico as a gift to the state history museum at the Palace of the Governors in Santa Fe and to the people of New Mexico in May 2007. Now it is moving to Belen for no apparent reason.

In yet another “train robbery,” New Mexico taxpayers are being forced to subsidize the Cumbres and Toltec Railroad to the tune of \$3,285,400 annually. The purpose of the Cumbres and Toltec Scenic Railroad Commission is to provide railroad excursions into the scenic San Juan Mountains, on a historic narrow gauge train.

Government officials love to spend taxpayer dollars on projects they believe will bring tourists to their state. Ultimately, however, if enough people wanted to see the San Juan Mountains from a train, the railroad would be able to survive without government support.

The final rail boondoggle is the \$500,000 to plan, design, construct, equip, purchase and install a rail spur and platform at Balloon Fiesta Park in Albuquerque. Although there is no specific justification for the project, it is presumably to connect the park to the Rail Runner. This track may be used one week of the year during the Balloon Fiesta, and is hardly worth the investment of \$500,000.

Airplane

Eclipse Aviation is a start-up in the very light jet segment of the aviation business. The company has received a total of \$100 million in cash and tax incentives (\$20 million in cash and \$80 million in tax breaks) to set its business up in Albuquerque.²³

Starting a new company in a competitive market is certainly risky, so of course the owners of Eclipse put their hands out for taxpayer subsidies. Not surprisingly, this experiment in corporate socialism has failed.

While the company says it needs to manufacture two jets daily to turn a profit, it has only been able to turn out three-quarters of a jet each day. Eclipse recently filed for Chapter 11 bankruptcy and New Mexico taxpayers are out \$20 million.²⁴

²² SB 710, 2007 Legislative Session, <http://nmlegis.gov/Sessions/07%20Regular/final/SB0710.pdf>.

²³ Joe Monahan, “Dark Days for Eclipse,” October 22, 2007, <http://joemonahanasnewmexico.blogspot.com/2007/10/pearces.html>.

²⁴ Dave Bohman, “Taxpayers Invested Millions in Eclipse,” KRQE.com, http://www.krqe.com/dpp/news/business/business_krqe_albuquerque_taxpayers_invested_millions_in_eclipse_200811131700_rev1.

State and local government should not be in the business of lending money to and owning “shares” in private corporations. That system is called “socialism.”

Tucker Tesla: The Man and His Dream

The automobile is a powerful symbol across America. Cars can cast a spell on people and capture the imagination in ways that are unlike other material items. Whether it is Preston Tucker’s dream of making the most technologically-advanced car of its day or Tesla Motors’ dream of making electric cars commonplace, automobiles have a special place in humans’ hearts.

Unfortunately, giving welfare to automobile companies seems to have a special place in politicians’ hearts. At Governor Richardson’s request, the New Mexico Legislature set aside \$8 million to get Tesla to set up a plant near Albuquerque. That money may never be spent since Tesla decided to take advantage of California’s offer of even more generous subsidies. Nonetheless, \$8 million remains set aside for the company.

At the very least, these funds should be released. Hopefully, New Mexico politicians will learn their lesson and put the brakes on this type of subsidy.

Get on the Bus

In “Get on the Bus,” a group of African-American men take a cross-country bus trip in order to participate in the Million Man March in Washington, D.C. If they make a sequel, there is one company that won’t be able to help drive anyone anywhere: Millennium Transit Services (MTS). MTS announced it will seek Chapter 11 bankruptcy; if it were just another company, it would simply be a sign that perhaps that company’s buses are not competitive in the marketplace.

Unfortunately, New Mexico taxpayers are investors in the company, and Roswell taxpayers are being burned twice over. According a September 5, 2008 *Albuquerque Journal* report:

The state Investment Council in late 2003 approved about \$2 million in mortgage backing to help the founders of Millennium buy the then-closed plant from a subsidiary of Volvo on Dec. 15, 2003. The city of Roswell added about \$2 million and Pioneer Bank, holder of the mortgage, put in about \$250,000.

[Roswell’s Finance Director Larry] Fry said Millennium has repaid about 29 percent of the loan, for a balance of about \$1.46 million, and is current on payments.

Charles Wollmann, a spokesman for the state Investment Council, said the company has paid back about 28 percent of the state loan, leaving a balance of about \$1.43 million.²⁵

This is another example of politicians taking tax money and making bad investments in private corporations.

²⁵ Associated Press, “Roswell Bus Company Files for Bankruptcy Protection.” September 5, 2008, <http://www.abqjournal.com/news/state/apbusco09-05-08>.

Smoke Signals

The film “Smoke Signals” was billed as the first major Hollywood film produced and directed by Native Americans. While this foray into popular culture should be applauded, the move by one New Mexico tribe to seemingly get involved in the construction business is a bit less encouraging. The Legislature has put state taxpayers on the hook to spend \$200,000 to purchase a dump truck and other construction equipment, including a grader, bulldozer, and front-end loaders, for the Pueblo of Picuris in Taos County. According to the 2000 Census, the Pueblo had a population of 86. It is questionable whether purchasing highway equipment for any local government is something the state should be doing, but it is even harder to believe that \$200,000 worth of highway equipment is needed for an Indian Pueblo with so few people.

Commonsense questions such as whether there are enough roads to justify an expenditure or whether or not the tribe should consider renting the equipment or partnering with a neighboring community apparently aren’t necessary when the Legislature just purchases the items.

Planes, Trains, and Automobiles

While New Mexico road projects have been put on hold due to inadequate funding, the Legislature has diverted \$2 million of the taxpayers’ money to the Albuquerque-based Wheels Museum to plan and design a facility to be based at the Atchison, Topeka and Santa Fe rail yards.²⁶ Rather than creating a museum to memorialize past transportation modes, it would make more sense to spend money to alleviate some of the very real traffic congestion in and around Albuquerque.



EDUCATION

Providing a good education is important. However, the role of government funding and the “return on investment” are both debatable.

New Mexico consistently ranks as one of the worst states in the nation when it comes to education. According to the Quality Counts 2008 survey, the state came in a dismal 49th in “chance for success.” It beat out only Louisiana & Mississippi in the study.²⁷

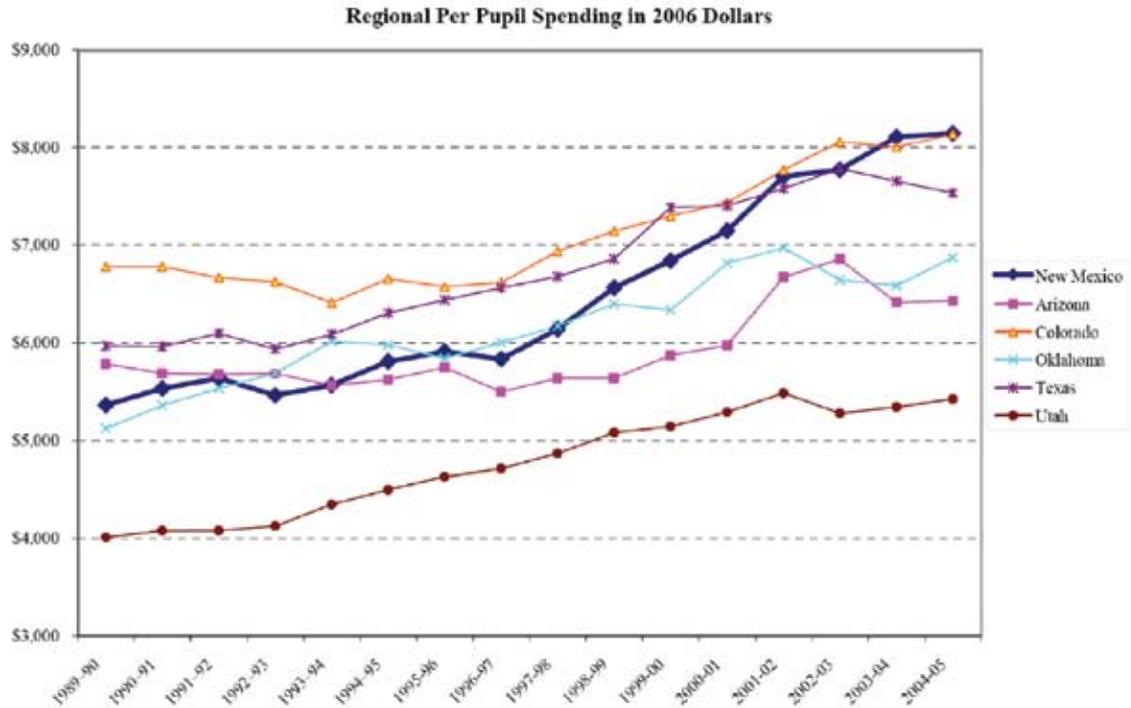
Another sign of New Mexico’s poor educational outcomes is the number of students that graduate high school. According to the New Mexico-based think tank, Think New Mexico, 54 percent of New Mexico’s students graduate from high school, compared with a national average of about 70 percent.²⁸

²⁶ <http://www.wheelsmuseum.org/Wheels%20Hub%20Summer%202006>.

²⁷ Education Week, “Quality Counts 2008,” January 10, 2008, <http://www.edweek.org/ew/toc/2008/01/10/index.html>.

²⁸ Polly Summar, “Smaller Learning Groups Urged,” *Albuquerque Journal*, October 23rd, 2008, <http://www.abqjournal.com/north/23112299324north10-23-08.htm>.

As the chart below shows, these poor educational results are not due to any lack of spending. In fact, per-pupil spending in New Mexico now outpaces all neighboring states.²⁹



Harry Messenheimer, PhD, "The Way to Education Success in New Mexico: Breaking Free from Failed Reforms," Rio Grande Foundation, November 5, 2007, http://www.riograndefoundation.org/downloads/rgf_education_study.pdf.

Stand and Deliver – Pork

Approximately 50 percent of New Mexico's \$6.0 billion General Fund is allocated to education, but this does not include the untold amounts of New Mexico taxpayer dollars that are spent on classrooms and other educational facilities all over the state. In a unique twist on this concept, the Legislature has allocated \$800,000 to develop the site for and plan, design and construct the outdoor learning center demonstration gardens at San Juan College in Farmington in San Juan County.³⁰

Students certainly enjoy it when teachers conduct classes outside on a nice day. That said, it seems that an \$800,000 "outdoor learning center and demonstration gardens" is not needed.

²⁹ Harry Messenheimer, PhD, "The Way to Education Success in New Mexico: Breaking Free from Failed Reforms," Rio Grande Foundation, November 5, 2007, http://www.riograndefoundation.org/downloads/rgf_education_study.pdf.

³⁰ SB301, 2006 Legislative Session, <http://legis.state.nm.us/Sessions/06%20Regualr/bills/senate/SB0301TR1.pdf>.

Dangerous Minds

In “Dangerous Minds,” Michelle Pfeiffer inspires a group of hard-luck, impoverished children in the classroom. If New Mexico Higher Education Secretary Reed Dasenbrock inspired students and administrators to perform at an especially high level, he might deserve his current \$257,250 salary.³¹ Nonetheless, it is hard to believe that he should be paid more than the United States Secretary of Education, whose salary is only \$191,300, 34 percent less than Dasenbrock’s.

New Mexico’s cost of living is far lower than that of Washington, D.C. According to the relocation calculator at Bankrate.com, someone making \$191,300 in Washington would make \$132,418 in New Mexico, or 30.78 percent less. Clearly, New Mexico is overpaying its Secretary of Higher Education.

Unfortunately, like New Mexico’s K-12 system, the state’s higher education system has fared poorly in state-by-state comparisons. According to the 2006 “Measuring Up” National Report Card on Higher Education, “New Mexico not only ranks very low in the number of certificates and degrees produced, but is outpaced by such low-performing nations as the Czech Republic, Hungary, and Mexico.” According to the same study, “A very small percentage of New Mexico’s students earn a bachelor’s degree within six years of enrolling in college...and a small proportion of students complete certificates and degrees relative to the number enrolled.”³² With this kind of performance – or underperformance – the state’s higher education secretary should not be making so much more than his federal counterpart.

Bueller?...Bueller?

In “Ferris Bueller’s Day Off,” three students take an adventurous day off from school. Unfortunately, New Mexico taxpayers would be better off if students taking part in the state’s \$6 million Job Training Incentive Program took the day off instead.

The program provides wage reimbursement for on-the-job and classroom training. In fiscal year (FY) 2006, the program funded 3,462 jobs at an average wage of \$11.84 per hour. In FY 2008, the Economic Development Department expects to train individuals for 4,000 jobs. The program reimburses 50 to 80 percent of wages while employees are in training (reimbursement rates are higher for rural and economically distressed areas). The program may reimburse the costs of customized training conducted at New Mexico public educational institutions.³³

Since its inception in 1972, the state has given out more than \$39 million through the Job Training Incentive Program. The state’s numbers indicate that this has resulted in 9,076 new jobs. That means the state is bribing companies with almost \$4,400 for each New Mexican hired.

³¹ *Albuquerque Journal*, “Don’t Cobble Together Cabinet Pay Deals,” December 24, 2007, <http://www.abqjournal.com/editorials/271998opinion12-24-07.htm>.

³² The National Center for Public Policy and Higher Education, “Measuring Up,” National Report Card on Higher Education,” 2006, <http://measuringup.highereducation.org/reports/stateprofilenet.cfm?myyear=2006&stateName=Nw+Mexico>.

³³ <http://cpi.nmdfa.state.nm.us/cms/kunde/rts/cpinmdfastatenmus/docs/202764649-06-29-2006-15-17-42.pdf>.

Much of this spending would be unnecessary if New Mexico's schools did an adequate job of educating students. Unfortunately, politicians would rather fund programs like the Job Training Incentive Program than hold the schools accountable.



ARTS

In good and bad times, one of the first expenditures to be reevaluated should be the arts. Talented artists have existed for centuries without the taxpayers' help.

A Night at the Museum

Efforts by governments to publicly subsidize art seem out of line given the other, very real public problems such as transportation and law enforcement. While not all museum funding is included in this report, the allocation of \$1,220,000 to expand and renovate the Harwood Museum of Art in Taos County seems a bit much. If the Harwood is really a world-class museum deserving of taxpayer support, the museum's donors and board members should put up all of this money.

Surviving Picasso

"Surviving Picasso" explores the personal side and some of the personality flaws inherent in the great Pablo Picasso. Unfortunately, politicians in New Mexico seem to have a personality flaw as well: throwing money at problems that don't even exist.

Santa Fe is the arts center of the Southwest. This is a result of history – Georgia O'Keefe is one of many artists to have worked in and around Santa Fe – and geographical proximity to wide open spaces and large numbers of Native American artists. Of course, government officials would have everyone believe that the sun would not come up without a government program.

That is why it is absurd that Santa Fe taxpayers are being forced to spend \$1,962,648 to fund the Santa Fe Arts & Culture Division of the Community Services Department.

The mission of the Arts & Culture Division is to provide leadership for the city of Santa Fe in supporting arts and cultural affairs, and recommending programs and policies that develop, sustain and promote artistic excellence in the community. The division works toward this goal by providing staff support to the Arts Commission, which provides direction for division activities; providing contract management and oversight; and working with community organizations and foundations to garner additional support for the arts in Santa Fe.³⁴

Santa Fe became the arts center of the Southwest while governments – federal, state, and local – stood on the sidelines. Taxpayer subsidies are not a pretty picture.

³⁴ <http://www.santafenm.gov/DocumentView.asp?DID=2108>.

Nightmare on Elm Main Street

In “Nightmare on Elm Street,” Freddie Krueger terrorizes the residents of Elm Street. In New Mexico, the horror has moved to Main Street and the bad guys are politicians who spend money only because it is “free.” Taxpayers spent \$13 million on 18 Main Street projects in cities statewide.

The Main Street Program provides money for building renovations, historic plaza centers, streetlights, sidewalks, awnings, and signage in designated main street corridors.

While the program requires up to a 33 percent match from communities, this does not mean the money is always well-spent. Carlsbad purchased Christmas decorations with some of its money. Las Vegas spent \$80,500 to pay for architectural services and “brew master” professional services for the new Rough Rider Micro Brewery.

Surely these kinds of local improvements this are something the individual cities (or businesses) can pay for out of their own pockets.

The Money Pit

In “The Money Pit,” Tom Hanks and his family deal with a home that is falling apart around them. In theory, New Mexico’s “Interior Design Board” is charged with licensing and weeding out unscrupulous and unqualified interior designers. The price tag for this “service” is only \$29,000, but individuals acting in a free market – aided perhaps by the Better Business Bureau or some other private agency – would be a more effective regulator of interior design and other services than any government agency. In addition to fleecing taxpayers, the Board also forces new designers to pay \$300 for a new license and \$250 annually to renew.

It is time to abolish this unnecessary and anti-competitive board and save New Mexicans a little money in the process.

Phantom of the Opera

In the classic Broadway show and film of the same name, a horribly disfigured Phantom falls in love and woos and romances a lovely young woman. In New Mexico, the Santa Fe Opera pleaded with the Legislature to spend \$1.5 million on a recital facility.³⁵ The state is thus in the business of indirectly subsidizing “low art” via its giveaways to the film industry. It is only fitting that the state also subsidizes “high art” as well. Of course, everyone would be better off if taxpayer dollars remained in the taxpayers’ pockets.

³⁵ http://www.accessmylibrary.com/coms2/summary_0286-29932278_ITM.

Dirty Dancing

No, there's nothing suggestive about it, but there are plenty of "dirty" tricks played on taxpayers in the corrupt capital outlay process. Tucked away in the 2008 bill is \$285,000 to plan, design and construct improvements and an expansion to a dance facility, including dance studios and storage facilities, for use by an organization providing after-school, in-school and weekend programs in Santa Fe County³⁶ and \$39,500 for a Summer Ballet Festival in Albuquerque.

Dancing can be fun, but in tight economic times, New Mexico taxpayers should not be forced to dance their way into the poorhouse.



ODDS AND ENDS

Children of the Corn (or Pork)

Farmers' markets can be a nice place to purchase locally-grown food. Given favorable government regulations (this is not always the case) a farmers' market can be as simple as pickup trucks full of produce in a parking lot. Unfortunately, New Mexico taxpayers are being forced to pay \$440,000 to purchase, plan, design and develop land for the Espanola farmers' market and cultural center on the campus of Northern New Mexico State College in Espanola in Rio Arriba County. Rather than building yet another taxpayer-financed "cultural center," the state should just celebrate authentic and unique New Mexican culture without massive infusions of taxpayer money.

Star Wars

No, Darth Vader has not retired to New Mexico and this is not about the aliens that really are in Roswell. This "star war" is the result of New Mexico's elected officials' seemingly insatiable desire to spend money on space...the final frontier. Ironically, New Mexico's efforts are focused on throwing money at so-called "space entrepreneurs" who have been trying to break free from the government-run NASA model.

No project more clearly illustrates the perils of corporate welfare than New Mexico's "Spaceport America." When completed, the project is designed to serve as a takeoff and landing point for private flights to space. It will cost New Mexico taxpayers at least \$225 million.

While some idealists persist in viewing government as a force for redistributing wealth from the rich to the poor, this project takes money from hard-working New Mexicans (average personal income of \$31,474) in order to subsidize the efforts of billionaire Richard Branson (estimated net worth of approximately \$7.9 billion) and others who are willing to pay \$35 million to go into space.

³⁶ SB 471, 2008 New Mexico Legislature, <http://www.nmlegis.gov/Sessions/08%20Regular/final/SB0471.pdf>.

Criticizing the use of taxpayer money for this boondoggle doesn't necessitate shooting for the stars. Rather, one only needs to know that the average New Mexican would be better off not paying for the lifestyles of the rich and famous.

Another example of New Mexico's efforts to socialize space entrepreneurs is the spending of \$9 million to fund the X-Prize Cup, an annual two-day air and space expo designed to bring together all sections of the aerospace industry to demonstrate their capabilities. X-Prize Cups have been held in 2004, 2006 and 2007 and one is planned for 2009.

The goal of the X-Prize is to promote the free market as a means of helping to encourage the space industry. In fact, entries are not allowed to have any government funding.

Capitalists can get behind private efforts to circumvent NASA and open space to private citizens, but New Mexico should not get on board where NASA and the federal government step off.

Batman

Batman is mild-mannered business tycoon Bruce Wayne during the day, but he cleans the streets of criminals at night. New Mexico taxpayers are picking up a \$162,500 tab for Blast-N-Clean, a company that does a more traditional kind of street cleaning.³⁷

Unfortunately, rather than convincing customers to use their product the old-fashioned way, the Legislature has earmarked money for the company to demonstrate its cleaning system to cities and counties statewide. Although the money was not explicitly provided to Blast-N-Clean, the company is the only one currently providing the services outlined in the bill.

Blast-N-Clean may have a product that would be of interest to local governments and garbage haulers. Since the company will reap the financial benefits, they should pay for it, not taxpayers.

Big Mama's House

The city of Santa Fe is the most expensive place to live in New Mexico. "Big Mama" (and most New Mexicans) would probably not be able to afford a house in Santa Fe. This is partially because the city is a world-famous tourist destination and partially because it has attracted large numbers of Hollywood types and artists. Unfortunately, it is also the result of ridiculous government policies like zoning, restrictions on the type of roof permitted on houses, permitting difficulties, and toilet regulations, to name just a few.

So, in their infinite wisdom, Santa Fe officials have decided to spend \$1,739,209 to fund their city's Office of Affordable Housing. The agency's mission is to create, support and preserve housing opportunities that maintain and enhance economic, social and cultural diversity in Santa Fe.

³⁷ Barry Massey, "Taxpayers pick up tab for clean garbage can demo," *Santa Fe New Mexican*, April 16, 2008, <http://www.santafenewmexican.com/Local%20News/Taxpayers-pick-up-tab-for-clean-garbage-can-demo>.

The market should decide the price of housing in Santa Fe. The easiest way to lower the price of something is to increase the supply. Santa Fe policymakers could make housing in their city more “affordable” by getting rid of the red tape and regulations surrounding home construction. It seems absurd to make it more difficult for builders to build and then force taxpayers to pay again by supporting affordable housing programs.

Grapes of Wrath

While average taxpayers struggle to make ends meet in difficult economic times, the New Mexico Legislature is spending \$1.67 million to expand and renovate the New Mexico Farm and Ranch Heritage Museum. Projects include a rural life center, a special events arena, and the main gallery.

A museum to celebrate New Mexico’s farms and ranches would not be necessary if the government did not take so much of their money and regulate them until they go out of business.

War and Peace

Along with free markets, the best conditions for prosperity are found during times of peace. That said, New Mexico taxpayers should not be on the hook for spreading world peace. Nonetheless, in May 2007 the government spent \$280,000 of taxpayers’ money to put on a peace conference in Santa Fe.

People of like (or unlike) minds are certainly welcome to come together to discuss topics from comic books and Star Trek to human liberty and world peace, but taxpayers should not have to foot the bill.

CONCLUSION

As the examples of wasteful spending in this report demonstrate, the state of New Mexico has a spending addiction. New Mexico has relied on increasing revenues rather than spending restraint in its efforts to balance the budget.

New Mexico legislators seem to be clueless. For example, according to KOAT TV, the Albuquerque Downs are moving to Moriarty, and Mayor Adan Encinias is asking the state for \$4.5 million to help cover infrastructure costs for the new racino (race track/casino).³⁸ Plans for the track are complete, and funding is the only issue standing in the way of breaking ground. The Downs president hopes to begin racing by the summer of 2010.

It is difficult to believe that Moriarty deserves \$4.5 million for the privilege of hosting the Downs. After all, state-sanctioned legalized gambling and horse racing is supposed to be an economic boon for the area.

³⁸ KOAT TV, “PM News Brief,” November 13, 2008, <http://santafenewmexican.com/Local%20News/Taxpayers-pick-up-tab-for-clean-garbage-can-demo>.

Rather than asking taxpayers in the rest of New Mexico to foot the bill for Moriarty's infrastructure, perhaps the city could leverage some of those future tax revenues in the form of bonds in order to pay for the needed roads and other infrastructure. In the best of economic times, Moriarty's case for \$4.5 million would be on shaky footing. In current, tough times when cutbacks are being made across the state, Moriarty should be asked to come up with something a bit more creative than fleecing taxpayers for their racino.

With revenues down, all spending should be suspect and scrutinized. Fortunately, the *2008 New Mexico Piglet* is the starting point.

The first step policymakers should take is to cut the waste identified in this report – from \$1.5 million for a recital facility for the Santa Fe Opera to \$1,893,000 to construct holes and practice greens at Riverview Golf Course in San Juan County.

By cutting such wasteful and ineffective spending, the heavy tax burden felt by all New Mexicans could be reduced. Lawmakers should also establish a New Mexico version of the Grace Commission. This group would dig through every nook and cranny of the state budget to find waste, fraud, abuse, and mismanagement.

With private-sector expertise and the help of independent and nonpartisan organizations like the Rio Grande Foundation, such a commission would scrutinize expenditures, account for every tax dollar and ensure the elimination of wasteful spending.

New Mexico should also enact a Funding Accountability and Transparency Act – legislation that would create a Google-like search engine and database to track state grants, contracts, and earmarks. This would be similar to the federal legislation that Sens. Tom Coburn (R-Okla.) and Barack Obama (D-Ill.) pushed through in 2006. Currently, eight states have a similar transparency system in place.

Legislators owe it to New Mexicans to spend each dollar carefully. Every member of the New Mexico Legislature should make it a top priority to trim every ounce of pork and waste from the state budget. Doing so would demonstrate a new commitment on the part of the government to the people of the state – the commitment to spend their hard-earned tax dollars well. Lawmakers will be tempted to raise taxes to pay for all the waste. One popular target is to raise excise taxes, such as gasoline, alcohol and tobacco. This will hurt the “little guy” disproportionately, but most importantly, raising taxes does nothing to get rid of the waste.

New Mexico's fiscal problems are not insurmountable. The *2008 New Mexico Piglet Book* is not intended to be comprehensive, but it is a first step to identify particular problems. It will take the bold leadership of elected officials, bureaucrats and the people of New Mexico to finally have an accountable, effective and efficient government.