

MY VIEW GREG NIBERT

Economic diversity won't replace oil and gas dollars

- By Greg Nibert

Within today's political arena, New Mexico's progressive policymakers and advocates are constantly saying how necessary it is to diversify our state's economy. These statements are related to the budgetary and economic dilemma progressives are creating by continuing their "long game" of destroying New Mexico's oil and natural gas industry, while also ultimately eliminating billions of dollars in state revenues this industry generates.

Of course, progressives are more than happy to spend these revenues to push New Mexico toward their socialist nirvana. Therefore, to solve this inevitable budget predicament, progressives have to champion the diversification message to justify the worthiness of their efforts to eliminate New Mexico's fossil fuel industry, yet still have state money to spend in the future.

Unfortunately, the reality of this diversification mantra is that it is a complete fallacy. There is simply no reasonable economic growth strategy that will be able to replace the magnitude of state revenues created by the oil and natural gas industry. These revenues now account for about 45% of state government's operating budget — approximately \$4.5 billion per year — and there is no industry or economic miracle looming on the horizon that can come close to generating this amount of money annually.

Further, when consideration is given to New Mexico having the worst public education system in the nation and a long-standing reputation of being anti-business, there is no reason a future Bill Gates or Elon Musk is going to locate their high-tech business in our state. Nor can progressives enact enough tax increases in the future to replace all of the oil and natural gas revenues currently being collected. For example, to produce an

additional \$4.5 billion each year, taxes would have to be increased the equivalent of more than \$2,100 for each man, woman and child in New Mexico year after year.

Of course, progressives will argue the successful diversification of our economy is already underway with the growing presence of the movie industry and the recent legalization of cannabis. However, what these progressives will not say is that taxpayers already subsidize the movie industry to the tune of \$110 million per year, and where will these millions come from once oil and natural gas revenues dry up? Will the movie industry stay in New Mexico if subsidies are eliminated? In regards to cannabis, progressives will likely not point out recent revenue estimates are showing the cannabis excise tax will generate only \$34.8 million in state revenue by fiscal year 2027. That's right, the great revenue generator rationale for legalizing cannabis will result in nothing more than a preverbal "drop in the bucket" of future state revenues.

New Mexicans need to ask progressive policymakers and advocates how this future \$4.5 billion (and growing) budget hole is going to be filled. Not surprisingly, they have no real answers to this question, except wishful dreams of offering more government subsidies to somehow lure businesses to our state. Yet, they are marching in lockstep deciding how to spend every penny of the newly estimated \$3.6 billion in surplus money the oil and natural gas industry has helped provide for next year's state budget. Apparently, making promises of free child care, free school lunches for every student, free college educations, and more government spending for health care, housing and anti-poverty programs is a lot more fun than being honest with the people as to who is going to pay for all of these new government benefits once the oil and natural gas industry is shut down.

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