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## **ABQ's next mayor must take a new approach to job creation**

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While this year's mayoral election has been dominated by discussions of Albuquerque's frightening epidemic of crime, the second priority for the new chief executive must be the city's economic stagnation.

It's been noted before, but it cannot be stressed enough: Albuquerque has fewer jobs today than it did nine years ago. Almost a decade, and no net growth in employment? Clearly, the policies said to promote "economic development" are not working.

The Rio Grande Foundation recently undertook an exploration of how the city can change course, and get its economy out of neutral. Taxes quickly emerged as a major problem.

Between 2000 and 2017, Albuquerque's gross receipts tax rate rose from 5.8125 percent to 7.5 percent, a hike of 29 percent. While the city alone isn't responsible for the increase — the state and Bernalillo County contributed — there's no question that an always-rising GRT saps economic vigor. Even worse, the levy itself is uniquely destructive, for reasons that have been documented for decades. By taxing business-to-business transactions, the GRT surreptitiously drives up the costs of goods and services. Carve-outs have been adopted by lawmakers in Santa Fe for favored industries and activities, in a process that hamstringing the allocative efficiency fostered by a free market. Clearly, holding the city's GRT level — and then looking for ways to cut it — must be a goal.

Regulation may be a less-visible impediment to economic growth than taxes, but it's just as important. Land-use controls represent an enormous opportunity for reform. In 2015, the developer of the Green Jeans Farmery told the Albuquerque Journal he would never do another project in the city again due to delays in obtaining city permits.

But instead of asking fundamental questions about Albuquerque's zoning architecture and the methods used to enforce it, a byzantine rewrite, dubbed the Integrated Development Ordinance, is underway. The IDO draft is hundreds of pages, and covers a staggeringly massive list of matters, regulating everything from motorcycle parking to landscaping, "pedestrian circulation" to the height of lighting, signage to fence and wall standards.

Albuquerque can learn a lot from Houston, which has no zoning code. The city is not suffering from chaos and decline — it enjoys a booming, diversified economy with a flood of domestic and foreign immigration. As the Cato Institute's Randal O'Toole explained, in contrast to cities with strong planning authority, which "almost invariably have the least affordable housing, the fastest growing traffic congestion and growing taxes and/or declining urban services," Houston's

“lack of zoning and heavy regulation have led to an evolving system of private covenants and deed restrictions that respond to changes in tastes and demand for housing.”

While the Land of Enchantment has declined to pass a right-to-work law, local governments here have the authority to act on their own. Only union dead-enders continue to claim that right-to-work isn't a significant contributor to economic development. That's why commissioners in Sandoval County are moving forward with a right-to-work ordinance. One supporter told the Rio Rancho Observer that Sandoval County hasn't landed any Fortune 500 companies recently, and likened it to an island in a sea of prospering states. By itself, ending compulsory unionism won't make Albuquerque's economy soar. But as a key component of a broader strategy, it has a big role to play.

Finally, Albuquerque's new mayor should confront the stark reality that government cannot pick “winners.” The list of failures is lengthy. Eclipse Aviation, Mesa del Sol, Schott Solar, and Advent Solar are just a few of the disappointments. Taxpayers should not “invest” in enterprises that politicians deem worthy of subsidization.

Albuquerque's economic potential is vast. With relatively low costs, warm weather, rich cultural amenities, ample recreational opportunities, two interstates, rail infrastructure and a significant airport, there's no reason why the Duke City can't be a boom town. But the present course is not working. The new mayor should pursue a new approach to economic development.