February 20, 18

Office of the Governor
New Mexico State Capitol
490 Old Santa Fe Trail, Room 400
Santa Fe, NM 87501

Dear Honorable Governor Susana Martinez,

It is with great interest and urgency that the Regional Coalition of LANL Communities (RCLC) writes to you in support of Senate Bill 17 (SB17), a bill that protects gross receipts tax (GRT) from ‘certain non-profits’ and the operators of Sandia and Los Alamos National Laboratories. SB17 stabilizes current GRT revenue received by the prime contractors of the two largest operating entities in the state, with current budgets of $2.5 billion for Los Alamos National Laboratory (LANL) and over $3 billion for Sandia National Laboratories. The cost of GRT does not at all impact laboratory contractors’ bottom line, and is an allowable, pass-through cost by the federal government. This is the same rule applied to every National Nuclear Security Administration (NNSA) site throughout the nation.

Without the protection of this Bill, if a not-for-profit contractor is selected as the LANL prime managing and operating contractor, the Legislative Finance Council estimates that the State will incur a loss of approximately $25 to $30 million per year. This impact will take place as soon as October 1, 2018 if SB17 is not signed. Several not-for-profit contractors confirmed their response to the Request For Proposal currently under review by the NNSA as they seek a new manager and operator at the Laboratory. The possibility that a non-profit wins the RFP bid causes great risk to the State of New Mexico and local communities’ GRT bases. This Bill ensures that risk is removed.

SB17 institutes no new taxes within the State and ensures the revenues are stabilized from the sources already paying such tax. This tax serves not only the State’s general fund significantly, but supplements the many activities in the local communities, paying for regional enterprises such as the North Central Regional Transit District and the Regional Coalition of LANL Communities. Both institutions serve communities throughout Northern New Mexico. Local funds also support LANL’s workforce through schools, roads, and other critical infrastructure, that allows region to provide adequate resources for the Laboratory’s 10,000+ employees.

Our communities have committed—since World War II—and still commit to the special interests of national security. We have evolved with the Department of Energy and National Nuclear Security Administration, and our communities continue to make substantial local sacrifices and special concessions to see our national laboratories succeed. We, as advocate communities to our Laboratories’ critical missions, believe in supporting Sandia Labs and LANL’s existence and sustenance. We are asking for your Administration to ensure that we can stabilize this important tax base that allows us to continue this support.

For six years, the RCLC has strongly advocated on behalf of the growth and maintenance of LANL operations support regional economic stability and ongoing development. The Coalition has set goals and priorities for community commitment to be upheld by the DOE with regards to the next Managing & Operating (M&O) Contract at LANL. As host communities to LANL’s mission, Northern New Mexico endures a number of challenges as well as opportunities. Working in partnership to ensure national decisions incorporate local needs and concerns, our collective voice advocates on behalf of the best possible outcomes due to LANL’s activities,
particularly those in environmental cleanup, economic development, increased educational opportunities, and advocacy of such.

Each contract acquisition the NNSA processes through, sends a shockwave through our regional community with myriad negative and positive possibilities of what comes next. Therefore, we ask that you please sign SB17, so we can ensure our communities can continue to serve its constituents and the State can stabilize future budgets. Thank you for your commitment and we are grateful, in advance, to see your signature on this Bill.

Sincerely,

Chair, Mayor Javier Gonzales, City of Santa Fe
Vice Chair, Commissioner Barney Trujillo, Rio Arriba County
Treasurer, Commissioner Henry Roybal, Santa Fe County
Secretary, Councilor Chris Chandler, Los Alamos County
Mayor Alice Lucero, City of Española
Rep. Ron Lovato, Pueblo of Ohkay Owingeh
Lt. Governor Ward Yeppa, Pueblo of Jemez
Councilor Darien Fernández, Town of Taos
Commissioner Mark Gallegos, Taos County