

NOTICE OF PROPOSED RULEMAKING AND PUBLIC RULE HEARING

The State Board of Finance (SBOF) hereby gives notice as required under Section 14-4-5.2 NMSA 1978 and 2.1.2.8 NMAC that it proposes the adoption of a new rule, Proposed Rule 2.61.2 NMAC, Dedication of a Portion of the State's Gross Receipts Tax Increment for Metropolitan Redevelopment (Proposed Rule). By publishing this notice, the SBOF resolves to undertake the rulemaking in conformity with the Metropolitan Redevelopment Code, Sections 3-60A-1 to -49 NMSA 1978 (1979, as amended through 2025), the State Rules Act, Sections 14-4-1 to -11 NMSA 1978 (1967, as amended through 2017), and Adoption of Rules by the State Board of Finance, 2.1.2 NMAC (10/17/2017).

Purposes of Proposed Rule: The purposes of the Proposed Rule are to establish requirements, procedures, and criteria for: (i) implementing the dedication of a state gross receipts tax increment for the purpose of funding a metropolitan redevelopment plan; and (ii) determining the amount of the state gross receipts tax increment to be dedicated to a metropolitan redevelopment plan pursuant to the Metropolitan Redevelopment Code.

Summary of Proposed Rule: The Proposed Rule is designed to accomplish the legislature's instructions to develop procedures to allow the SBOF to both: (i) review a request for the use of the state gross receipts tax increment in support of a metropolitan redevelopment plan; and (ii) determine if the proposed dedication of the state gross receipts tax increment to meet the goals of a metropolitan redevelopment plan is reasonable and in the best interest of the state.

The Proposed Rule establishes definitions for terms used throughout the Proposed Rule. The definitions provide important details regarding applicable requirements for any proposed dedication of the state gross receipts tax increment, which are intended to provide the SBOF with the information necessary to meaningfully review any proposed use of the state gross receipts tax increment to support a metropolitan redevelopment plan.

The Proposed Rule provides details regarding the contents of any application to be submitted to the SBOF in support of a dedication of the state gross receipts tax increment to fund a municipality or county's metropolitan redevelopment plan. The Proposed Rule establishes that any application for such a dedication contain a table of contents, an executive summary, a comprehensive summary of the administrative and legislative history of the applicable metropolitan redevelopment area (including copies of documents memorializing such history) and certain information, studies, and plans to support a municipality or county's application. In total, an application for a dedication of the state gross receipts tax increment under the Proposed Rule would be comprised of twenty-one parts but would permit the SBOF to waive certain parts in appropriate circumstances.

The Proposed Rule establishes the timeline for a county or municipality to file an application for a dedication of the state gross receipts tax increment in support of its metropolitan redevelopment plan and for the SBOF's consideration of the application. The Proposed Rule provides the methodology of review by the SBOF and details concerning the effective date and duration of any dedication of a portion of the state gross receipts tax increment that may be approved by the SBOF. The Proposed Rule also establishes ongoing reporting requirements for any municipality or county for which the SBOF has approved a dedication of the state gross receipts tax increment to support that municipality or county's metropolitan redevelopment plan.

Statutory Authority: The SBOF is authorized to promulgate rules and regulations to carry out its duties by Subsection E of Section 6-1-1 NMSA 1978 (1989). In addition, the SBOF is authorized to promulgate rules to implement the dedication of state gross receipts tax increment for the purpose of funding a metropolitan redevelopment project and for determining the amount of the increment pursuant to the Metropolitan Redevelopment Code, Sections 3-60A-1 to -49 NMSA 1978 (1979, as amended through 2025) by Subsection D of Section 3-60A-21 NMSA 1978 (2025).

Technical Information that Served as a Basis for the Proposed Rule: New Mexico Administrative Code, Title 2, Chapter 61, Part 3 - Dedication of a Portion of the State's Gross Receipts Tax Increment, available at https://nmonesource.com/nmos/nmac/en/nav_date.do.

Access to Full Text of Proposed Rule: The full text of the proposed rule may be obtained by contacting Ashley Leach, State Board of Finance Director, 181 Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501,

(505) 827-4980, Ashley.Leach@dfa.nm.gov, to request a copy of the rule. The full text and this notice are also available on SBOF's website: <https://www.nmdfa.state.nm.us/board-of-finance/> and at the SBOF's office located at 181 Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501.

Public Comment: A person may submit, by mail or electronic form, written comments on the proposed rule through the end of the public comment period, which ends October 17, 2025. Written comments should be submitted to Ashley Leach, State Board of Finance Director, Department of Finance & Administration, 181 Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501. Written comments also will be accepted by email: Ashley.Leach@dfa.nm.gov. All written comments received by the agency will be posted on <https://www.nmdfa.state.nm.us/board-of-finance/> no more than 3 business days following receipt to allow for public review. Written comments will also be available for public inspection at the SBOF's administrative office located at 181 Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501.

Public Hearing: A public rule hearing on the proposed rule will be held before hearing officer Michael S. Sanchez, SBOF Secretary and member, or his designee, on October 22, 2025 from 1:30 p.m. at Mabry Hall, which is located in the Jerry Apodaca Education Building, 300 Don Gaspar Ave., Santa Fe, NM 87501. Individuals may submit data, views or arguments pertaining to the proposed rule orally or in writing at the public rule hearing. Persons offering written comments at the hearing must have 2 copies for the hearing officer.

Any individual with a disability: in need of an auxiliary aid or service to attend or participate in the hearing, or who needs copies of the proposed rule in an accessible form may contact SBOF Administrator Roberto Vasquez at (505-827-4980) at least 10 days before the hearing.