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Cabinet Secretary Wayne Propst

Governor Michelle Lujan Grisham

October 17, 2025

To: New Mexico State Board of Finance

Re: Proposed MRA Rule Comment (Request for Inflation Measure Definition and Guidelines)

Honorable Members of the State Board of Finance,

I am writing on behalf of the Department of Finance and Administration (“DFA”) to provide formal comments on the proposed Metropolitan Redevelopment Act (“MRA”) Tax Increment Financing (“TIF”) Rule. We appreciate the opportunity to contribute to the development of regulations that will guide the effective implementation of TIF under the MRA framework.

Request for Definition of Appropriate Inflation Measure

DFA respectfully requests that the Board consider defining a specific inflation measure for the proposed MRA TIF Rule to ensure consistent tax increment designations. Without a standard metric, TIF applications may become inconsistent, impacting project stability and planning. Using a specific index, like the Albuquerque Construction Cost Index, can enhance transparency and sustainability by providing a dependable benchmark.

Request for Limitation on Inflation Application

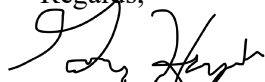
DFA requests that the Board establish guidelines for applying inflation only to undedicated balances in state tax increment allocations. This ensures that these balances increase with inflation until the infrastructure projects in metropolitan redevelopment area plans are completed and dedicated. This promotes infrastructure development, responsible financing, and fair compensation for developers, enabling the completion of projects without exceeding public funding.

Conclusion

In conclusion, the Department of Finance and Administration believes that including a defined inflation measure and limiting inflation application to the undedicated balance of state tax increment designations will improve the effectiveness and fairness of the MRA TIF framework. These changes will offer necessary clarity and stability, supporting successful redevelopment efforts across New Mexico.

We appreciate your consideration of these requests and look forward to ongoing collaboration in refining the MRA TIF Rule better to serve the interests of our communities and the state.

Regards,


George Hypolite
General Counsel