

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.

EXHIBIT

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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.

Notice of Proposed Rule 2.61.2 NMAC, Dedication of a Portion of the State's Gross Receipts Tax Increment for Metropolitan Redevelopment

AB Leach, Ashley, DFA on behalf of Administrator, BOF, DFA
 To
 Bcc: kmoses@abqjournal.com; tj49@westoffice.net; algeron@demingheadlight.com; amy.chavez-romero@nmlegis.gov; acullen@unm.edu; Humme, Andy; Silva, Anna, GSD; Leach, Ashley, DFA; blmoffat@nmdoj.gov; cally.castwell@nmlegis.gov; cenissa@unm.edu; daniel.schlegel@state.nm.us; dpaul@fiscalstrategies.net; Iglesias, Dawn, SIC; diego.arencon@state.nm.us; Herrera, Domicia, GOV; Apodaca, Elidha, DFA; Emily.Hilla@nmlegis.gov; Enk.Hamigan@rbccm.com; Lucero, Fran, DHS&M; Hypolite, George, DFA; Hoehne, Gerald, HED; Geisler, Greg, DCA; Valdez, Henry, DFA; Hernandez, Isidoro (Izzy); Farrell, James, LGO; Barela, Janice, STO; jtaylor@sandovalcountynm.gov; jsweney@shermanhoward.com; jgaspunch@gmail.com; jmoses@daily-times.com; joelujan1861@comcast.net; judithsbeatty@gmail.com; schamer@nmiml.edu; Kenneth.Guckenberger@KutakRock.com; SunNews; lasCruces; Montoya, Laura, STO; lcs@nmlegis.gov; LChoi@pragadvisors.com; Morales, Howie, LGO; Icarasco@rodey.com; Trujillo, Marcos B, DFA

2.61.2 NMAC Dedication of a Portion of the State's Gross Receipts Tax Increment for Metropolitan Redevelopment.pdf
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AB Leach, Ashley, DFA on behalf of Administrator, BOF, DFA
 To
 Bcc: judithsbeatty@gmail.com; schamer@nmiml.edu; Kenneth.Guckenberger@KutakRock.com; SunNews; lasCruces; Montoya, Laura, STO; lcs@nmlegis.gov; LChoi@pragadvisors.com; Morales, Howie, LGO; Icarasco@rodey.com; Trujillo, Marcos B, DFA; Mary.A.Jensen@wellsfargo.com; Martine.cde.Baca; Kraemer, MaryLou, GSD; Melissa.Salazar3@state.nm.us; michael@msslawoffices.com; Michael.Thomas@KutakRock.com; michelle.jaschke@nmlegis.gov; TPSchenken@shermanhoward.com; pcastidy19@comcast.net; glf@modrail.com; ngusay@nmdoj.gov; Ward, Renee, DFA; Anaya, Rudy, DFA; reporter01@rdmews.com; RSougstad@hollandkarr.com; Marez, Sandra; C-Shawna.Casebier; tcostan@unm.edu; Hanges, Vikki, STO; Propst, Wayne, DFA; Wendy.trevisani@gmail.com; zshandler@nmdoj.gov; Brunner, Terry; Justin.Horwitz; Randall.Cherry@nmlegis.gov; Torres, Ismael

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Good Afternoon,

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Affidavit of Publication

STATE OF NEW MEXICO } SS
COUNTY OF BERNALILLO }

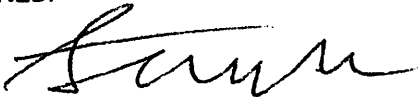
Ad Cost: \$293.46
Ad Number: 283710
Account Number: 1007612
Classification: GOVERNMENT LEGALS

I, Steve Yoder, the undersigned, Legal Representative of the Albuquerque Journal, on oath, state that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, chapter 167, Session Laws of 1937, and payment of fees has been made of assessed and a copy of which is hereto attached, was published in said publication in the daily edition, 1 time on the following date:

September 9, 2025

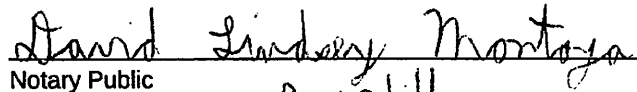
That said newspaper was regularly issued and circulated on those dates.

SIGNED:



Legal Representative

Subscribed to and sworn to me this 22th day of October 2025.



Notary Public

County Bernalillo

ID#: 1140229

My commission expires: 04-26-2027

STATE OF NEW MEXICO
NOTARY PUBLIC
DAVID LINDSEY MONTOYA
COMMISSION NUMBER 1140229
EXPIRATION DATE 04-26-2027

RODEY LAW FIRM
ATTN: ACCOUNTING
PO BOX 1888
ALBUQUERQUE, NM 87103



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Journal: September 9, 2025.

TITLE 2 PUBLIC FINANCE
CHAPTER 61 STATE INDEBTEDNESS AND SECURITIES
PART 2 DEDICATION OF A PORTION OF THE STATE'S GROSS RECEIPTS TAX
INCREMENT FOR METROPOLITAN REDEVELOPMENT

2.61.2.1 ISSUING AGENCY: State Board of Finance.

[2.61.2.1 NMAC - N, 12/23/2025]

2.61.2.2 SCOPE: Metropolitan redevelopment districts formed pursuant to the Metropolitan Redevelopment Code with respect to the state's dedication of a portion of its gross receipts tax increment.

[2.61.2.2 NMAC - N, 12/23/2025]

2.61.2.3 STATUTORY AUTHORITY: These regulations are promulgated pursuant to authority granted in Subsection E of Section 6-1-1 and Subsection D of Section 3-60A-21 NMSA 1978.

[2.61.2.3 NMAC - N, 12/23/2025]

2.61.2.4 DURATION: Permanent.

[2.61.2.4 NMAC - N, 12/23/2025]

2.61.2.5 EFFECTIVE DATE: December 23, 2025, unless a later date is cited at the end of a section.

[2.61.2.5 NMAC - N, 12/23/2025]

2.61.2.6 OBJECTIVE: To establish rules and regulations governing the dedication of a portion of the state's gross receipts tax increment provided for by the Metropolitan Redevelopment Code (Sections 3-60A-1 through 3-60A-49 NMSA 1978); to provide guidance as to board evaluation of district requests by defining terms setting forth the bases upon which the required findings are to be made, and outlining the methodological framework to be used; to set forth procedures for submittals of applications for a dedication; and to establish reporting requirements.

[2.61.2.6 NMAC - N, 12/23/2025]

2.61.2.7 DEFINITIONS: As used in these rules:

A. **"Blighted area"** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

B. **"Board"** means the State Board of Finance.

C. **"Bonds"** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

D. **"Economic analysis study"** means an economic analysis that evaluates the economic feasibility of a project, including the analysis of costs, benefits, and projected economic impacts, prepared by a qualified independent professional or consultant approved by the board. An economic analysis study must include tables and charts generated from tools such as IMPLAN, REMI, and ESRI, a straightforward narrative of how data from the United States Census Bureau, United States Bureau of Labor Statistics, and other sources to substantiate the analysis, and an appendix with methodology details, including tools and data sources utilized, limitations of the analysis, and the following:

(1) An analysis and narrative detailing projected local business impacts, property value trends, infrastructure needs/utilization, and community effects, including:

(a) **The Local Business Impacts segment**, which must: (i) assess the proposed redevelopment's projected impacts on existing businesses, including projections of new customer generation, projections of ancillary and complementary business creations, and projected effects on the existing business tax base; and (ii) include estimates of projected revenue changes for small and large businesses within the redevelopment area.

(b) **The Property Value Trends segment**, which must: (i) analyze projected impacts on existing property values and expected property value trends over the projected twenty-year tax increment procedure period described by Subsection C of Section 3-60A-21 NMSA 1978; (ii) discuss the proposed redevelopment and expected property value trends and implications for residential and commercial landowners; and (iii) discuss the proposed redevelopment's mitigation of the negative impacts of blight within the area.

(c) **The Infrastructure Utilization segment**, which must evaluate the proposed

redevelopment's impact on existing infrastructure (e.g., transportation, utilities, etc.), identify public and/or private infrastructure gaps and required upgrades, and determine projected costs of public infrastructure creation or upgrades necessary to meet identified public infrastructure gaps; and

(d) **The Community Effects segment**, which must: (i) discuss any anticipated displacement of residents or businesses, including mitigation strategies for minimizing adverse outcomes; and (ii) describe the proposed redevelopment's mitigation or reduction of crime in the metropolitan redevelopment area or surrounding area, including any design elements, partnerships, or programming intended to improve public safety.

(2) An analysis detailing projected multiplier effects (direct, indirect, and induced effects) of the proposed redevelopment, as well as projections for job retention, creation, workforce development, and economic mobility within the area. Additionally, the analysis must include the following:

(a) **The Projected Multiplier Effects segment**, which must: (i) quantify and measure the change in economic activity between current economic conditions and the quantifiable changes as a result of the proposed redevelopment; (ii) provide a detailed economic output analysis of direct and indirect effects within the metropolitan redevelopment area, with temporary construction activity effects identified separately; (iii) provide a detailed analysis of the proposed redevelopment's induced economic effects, in particular the estimated increases in household income and spending from newly created jobs; (iv) discuss the spillover benefits to neighboring communities, including enhanced regional connectivity or other projected improvements to neighboring communities; and (v) include a "but for" analysis demonstrating that the proposed project would not occur at the same scale, quality, or timeline without public support. The analysis should present a comparison of outcomes with and without applicant receiving a dedication of a portion of the state gross receipts tax increment, using reasonable assumptions.

(b) **The Discussion of Job Creation segment**, which must: (i) clearly identify the estimated economic base jobs created by the proposed redevelopment, including projections for indirect and induced employment effects in surrounding areas; (ii) provide a list of jobs classified at the three-digit level of the most recent NAICS, including employment and salary projections by industry (also as classified at the three-digit level of the most recent NAICS) in the proposed Metropolitan Redevelopment Area by calendar year; and (iii) identify whether the jobs are temporary (i.e., construction) or permanent employment and whether the jobs are full-time or part-time. To the extent that it is reasonably possible, the segment should include information on health benefits for jobs in each category, market impact, anticipated regional and in-state competition.

(c) **The Workforce Development segment**, which must: (i) identify workforce development initiatives included or recommended for the proposed redevelopment; (ii) provide detailed plans for collaboration with state and/or local training programs, community colleges, or similar institutions to prepare residents for new job opportunities; and (iii) recommend anticipated efforts required to prioritize hiring from within the local community, particularly for underserved populations.

(d) **The Economic Mobility segment**, which must: (i) provide a projected 20-year assessment of how the proposed redevelopment will contribute to sustainable employment growth within the area, such as attracting industries that offer career advancement; and (ii) explain how the proposed redevelopment will create pathways for upward economic mobility through education, skills training, and entrepreneurship support.

(3) The anticipated net revenue impact on the state and applicable local government general funds, calculated as follows:

(a) The estimated sum of all general fund revenues generated by economic activity within the metropolitan redevelopment area by type of revenue (e.g., gross receipts tax from goods and services provided to New Mexico businesses, personal income tax, etc.), less: (i) the estimated sum of all general fund costs to the state associated with the provision of services to individuals and businesses (e.g., public schools); (ii) the estimated amount of tax incentives provided to promote economic development within the metropolitan redevelopment area under current law; (iii) the amount of the state gross receipts tax increment requested for the metropolitan redevelopment area; and (iv) the total amount of capital outlay appropriated for use in the metropolitan redevelopment area under current law.

(b) The net revenue impact on the state general fund must be expressed in constant dollar terms; and

(c) The net present value of general fund revenues less general fund costs over the 20-year or such other applicable maturity period for the bonds. A discount rate equal to five percent shall be used in the calculation.

E. **"Economic base job"** means employment within the metropolitan redevelopment area with an employer engaged primarily in creating goods and services that are exported out of the state.

F. **"Financing plan"** means a plan outlining the sources and uses of funds available from revenue or

debt for the proposed redevelopment, detailing how the proposed redevelopment will be financed. A financing plan must include a description of the following:

- (1) The metropolitan redevelopment area's proposed plan for financing all or part of the public improvements and other actions required to facilitate the economic gains and mitigate any adverse effects identified in the Economic analysis study. The plan must identify whether the metropolitan redevelopment area proposes to use gross receipts tax increment bonds or property tax revenues or both, including information supporting why gross receipts tax increment financing is needed for the proposed redevelopment and/or the economic advantage of using property tax revenue;
- (2) The total estimated annual gross receipts tax increment to be generated by the proposed redevelopment and the portion of that gross receipts tax increment to be allocated during the period necessary to repay any bonds, as defined under these rules, issued pursuant to the redevelopment;
- (3) The total estimated annual property tax increment to be generated by the project and the portion of that property tax increment to be allocated during the time necessary to complete the payment of the project;
- (4) The anticipated structure and terms for gross receipts tax increment bonds, including:
 - (a) Maturity date and estimated interest rates;
 - (b) A pro-forma for all bonds to be issued for the redevelopment; and
 - (c) Projected coverage ratios for all bonds issued for the redevelopment.
- (5) Tabular data table showing cash flow projections of revenues from past and present property tax dedication approved and expenditures in the metropolitan redevelopment area;
- (6) Any proposed use of gross receipts tax increment revenues or property tax increment revenues other than to secure the payment of bonds;
- (7) The source of funding for services, activities, grants, and payments, other than in connection with the construction or acquisition of public infrastructure and facilities;
- (8) Potential and identified additional sources of funding to complete the proposed redevelopment;
- (9) A description of the source of funding for any private improvements and development, including the amount, type, and source of private investment and commitments to the redevelopment, and a corresponding financing plan; and
- (10) A description of the accounting practices, in accordance with generally accepted governmental accounting and auditing standards, to be undertaken to track and monitor revenues deposited into the metropolitan redevelopment fund.

G. "Governing body" means the city council or city commission of a city, the board of trustees or council of a town or village or the board of county commissioners of a county.

H. "Housing supply study" means a scientific study providing a statistical description of the housing supply in the community prepared by a qualified independent professional or consultant approved by the board, which includes the number of private and public units in existence or under construction, the annual rate of turnover of the various types of housing, the range of rents and sale prices, estimates of the number of persons residing in the metropolitan redevelopment area, and the number of families and individuals at risk of being displaced by redevelopment and also includes:

- (1) An estimate of the total demand for housing in the metropolitan redevelopment area and surrounding areas, with the estimated capacity of private and public housing available to families and individuals displaced by the proposed redevelopment; and
- (2) A detailed description of how redevelopment will impact low-income communities, minority groups, and other marginalized populations in the metropolitan redevelopment area.

I. "Local government" has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

J. "Market absorption study" means a study that evaluates the market demand for real property and components comprising the metropolitan redevelopment area and the rate at which the market can absorb the new supply, supported by detailed demographic and socioeconomic data for the metropolitan redevelopment area, prepared by a qualified independent professional or consultant approved by the board and including the following information:

- (1) Any blighted area(s), the severity of the blight, inclusive of a comparison analysis to other adjacent areas or comparable communities, and information on how the proposed redevelopment anticipates rehabilitating currently identified slum or blighted areas and preventing future slum or blight in the metropolitan redevelopment area;

(2) A population analysis, as defined in this Section 7; and

(3) A housing supply study, as defined in this Section 7.

K. **“Metropolitan redevelopment area”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

L. **“Metropolitan redevelopment plan”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

M. **“Metropolitan redevelopment project”** and **“project”** have the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

N. **“NAICS”** means the North American Industry Classification System.

O. **“Operating plan”** means a detailed plan from the local government identifying a clear operational strategy, including roles and responsibilities of the management team, and the operational procedures to be followed for day-to-day operations of the proposed redevelopment, including management, staffing, and operational procedures. Additionally, the operating plan must identify the following:

(1) Whether the governing body or another entity will provide oversight for the metropolitan redevelopment project;

(2) The method and metrics the oversight entity will utilize to determine compliance with and delivery of the redevelopment’s goals;

(3) A detailed depiction of how decisions will be made for activities, metropolitan redevelopment projects, and other day-to-day operational requirements; and

(4) Where the local government delegates its powers in whole or in part to a metropolitan redevelopment entity or other agency or party, a description of the delegated powers, and the ordinance, resolution, or other document evidencing such delegation, must be provided.

P. **“Population analysis”** means a breakdown of the current population of the metropolitan redevelopment area by age, income level, employment status, and educational attainment, that identifies market size, labor availability, and potential customer base and also includes the following information for the metropolitan redevelopment area and surrounding areas:

(1) The projected number of residential (single-family and multi-family) units and the square footage of property type to be built by calendar year;

(2) The projected average price per square foot or by unit by type to be built per calendar year; and

(3) The market supply (or availability) and the value of each property type in the metropolitan redevelopment area and surrounding area(s), with reference to other planned development in the surrounding area(s).

Q. **“Slum area”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

R. **“State gross receipts tax increment”** means the value of the gross receipts tax imposed pursuant to Section 7-9-4 NMSA 1978 and sourced to the metropolitan redevelopment area in excess of the same gross receipts taxes sourced to the metropolitan redevelopment area in the base year, calculated in compliance with Subsection B of Section 3-60A-21 NMSA 1978, as amended.

S. **“Substantial change”** means any material modification to a metropolitan redevelopment plan that would:

(1) Require the local government to hold a public hearing in advance of approving such a change, as required by Section 3-60A-9 NMSA 1978;

(2) Alter the boundary of the metropolitan redevelopment area; and/or

(3) Provide a measurable impact on the projected outcomes for the market absorption study, operating plan, financing plan, economic analysis study, or housing supply study, including in the application.

T. **“Tax increment law”** means Sections 3-60A-19 through 3-60A-24 NMSA 1978, as amended, which is a part of the Metropolitan Redevelopment Code.

[2.61.2.7 NMAC - N, 12/23/2025]

2.61.2.8 APPLICATION ELEMENTS:

A. **Contents of application:** A local government requesting a dedication of a portion of the state gross receipts tax increment shall submit an application to the board that includes:

(1) A table of contents identifying all documents, studies, plans, images, and information, and, as practicable, following the order set forth in this Section 8;

(2) An executive summary of the local government’s application;

(3) A comprehensive summary of the administrative and legislative history of the designation of the metropolitan redevelopment area, local approval of the metropolitan redevelopment plan, and any amendment or modification to either, including, but not limited to a description of any property tax increment dedications identifying the date of dedication, as well as a timeline, detailing all approvals, public hearings, and notices associated with the metropolitan redevelopment area and the metropolitan redevelopment plan;

(4) A copy of the resolution of the governing body making a finding of necessity to address one or more slum area(s) or blighted area(s) existing in the local government's jurisdiction;

(5) A copy of the resolution of the governing body determining that a specific area is a slum area or a blighted area or a combination thereof and designating such area as appropriate for a metropolitan redevelopment project, along with the affidavits of publication for the notices of public hearing related to the issue of the adoption of the resolution and a written hearing record or meeting minutes from the public hearing;

(6) A copy of the resolution of the governing body electing to use the procedures set forth in the tax increment law, effective January 1, 2025, for funding metropolitan redevelopment projects;

(7) A copy of the resolution of the governing body making necessary findings and approving the metropolitan redevelopment plan for the metropolitan redevelopment area and a written hearing record or meeting minutes from the hearing held by the governing body or the local government's planning commission relating to the proposed adoption of the metropolitan redevelopment plan, along with the affidavits of publication for the notice of public hearing and proof of mailing to the owners of real property in the metropolitan redevelopment area;

(8) A copy of any resolution adopted by the governing body following the approval of a metropolitan redevelopment plan for the metropolitan redevelopment area, which approves a substantial change to the metropolitan redevelopment plan, if applicable;

(9) A copy of the resolution of the governing body of any local government, within which the metropolitan redevelopment area is located, agreeing to dedicate up to seventy-five percent of a gross receipts tax increment and, if applicable, property tax increment of those entities;

(10) A copy of the metropolitan redevelopment plan containing a provision that a portion of a gross receipts tax increment may be dedicated for the purpose of funding a metropolitan redevelopment project for a period of up to 20 years in compliance with the tax increment law;

(11) A map depicting the geographic boundaries of the metropolitan redevelopment area;

(12) A map identifying the public and private ownership status of the property located within the metropolitan redevelopment area;

(13) A map identifying the current zoning of the property located within the metropolitan redevelopment area and a general description of the current land uses in the metropolitan redevelopment area;

(14) A description of the metrics used by the local government in designating the metropolitan redevelopment area as a slum area, a blighted area, or a combination thereof in connection with its preparation of the metropolitan redevelopment plan. If the metropolitan redevelopment area was established earlier than five years prior to the date of the application, the description must identify the current metrics established and measured by the local government for determining that the area remains a slum area, a blighted area, or a combination thereof;

(15) A description of the activities undertaken by the local government and its accomplishments in addressing slum and/or blight since the designation of the metropolitan redevelopment area;

(16) A description of the project to be undertaken by the local government and supported by gross receipts tax increment financing, in compliance with the metropolitan redevelopment plan. The description of the project shall include:

(a) A general description of the local government's plan to carry out a project for the metropolitan redevelopment area as a whole or plans for specific areas within the metropolitan redevelopment area;

(b) A summary of how the project is designed to eliminate slums or blighted areas in the metropolitan redevelopment area and how the project conforms to the approved metropolitan redevelopment plan;

(c) A description and map identifying the proposed changes in zoning and land use for the metropolitan redevelopment area resulting from the project;

(d) A detailed description of the types of public infrastructure and facilities to be included in the project, including the estimated construction or acquisition costs of the public infrastructure and facilities, projection of working capital needs, including funds necessary for repair and replacement of infrastructure, and the annual operation and maintenance costs of the public infrastructure, as well as any projected sources of funding;

- (e) A detailed description of the types of private improvements and development to be included in the project;
- (f) A map illustrating both existing and planned public and private infrastructure and development resulting from the project;
- (g) A proposed project schedule for commencement and completion of the public infrastructure and the private development, inclusive of major milestones, which must align with the pro-forma included in the financing plan; and
- (h) A detailed description of any services, activities, grants, and payments, other than in connection with the construction or acquisition of public infrastructure and facilities, planned to be delivered as part of the project and the anticipated source of funding.
- (17) An operating plan, as defined in Section 7;
- (18) A financing plan, as defined in Section 7;
- (19) A market absorption study, as defined in Section 7;
- (20) An economic analysis study, as defined in Section 7; and
- (21) A housing supply study, as defined in Section 7.

[2.61.2.8 NMAC - N, 12/23/2025]

2.61.2.9 APPLICATION TIMELINE AND SUBMITTAL:

A. Pre-application conferences: Prior to initiating the preparation of an application, a local government is encouraged to schedule a “pre-application conference” to discuss the metropolitan redevelopment plan and proposed project to be undertaken with state gross receipts tax increment financing with board staff and the economic analysis unit of the Department of Finance and Administration, as well as consultants and/or professionals proposed to be utilized by the local government.

B. Requirements:

- (1) Any application for the dedication of a portion of the state gross receipts tax increment shall be considered by the board at its regular meeting in December of each year;
- (2) Complete applications must be submitted no later than the preceding July 1 for consideration at the board’s December meeting;
- (3) All required materials must be submitted electronically, and tables must be submitted as Microsoft Excel files with access to all data, including assumptions and formulae;
- (4) If a governing body has not adopted a resolution pledging a portion of its gross receipts tax increment or its property tax increment, or both, by the deadline for submission of the application, that resolution shall be provided immediately upon its adoption and, if the adoption does not occur prior to the meeting at which the board is to consider the application, the board may take any action it deems appropriate, such as imposing a condition requiring such dedication or deferring action until a dedication is made;
- (5) In addition to the requirements of paragraphs (1) through (4) above, the board may require informational presentations at a meeting prior to the meeting at which the application is to be considered. The board may also require the submission of supplemental information during its review process; and
- (6) All information submitted to the board pursuant to this Section 9 will be available for public inspection, unless otherwise provided by law.

C. Concurrent submittal: In addition to submitting the application to the board, additional copies of an application must be submitted to the Department of Finance and Administration, Economic Analysis Unit; the New Mexico Finance Authority; the Taxation and Revenue Department, Office of the Secretary; and the Legislative Finance Committee’s staff at their respective offices.

[2.61.2.9 NMAC – N, 12/23/2025]

2.61.2.10 APPLICATION REVIEW:

A. Basis of evaluation and use of consultants: The board will evaluate each application proposing a dedication of state gross receipts tax increment within a metropolitan redevelopment area as a whole and evaluate each metropolitan redevelopment area on a stand-alone basis. The board will utilize the services of the Department of Finance and Administration’s Economic Analysis Unit and may seek the assistance of an economic consultant to evaluate each application. The local government must fully comply with any request to submit any additional data that may be helpful for use in its review of the application.

B. Evaluation methodology: The Department of Finance and Administration’s Economic Analysis Unit or any of the board’s economic consultants will use the following methodology in evaluating each application:

- (1) Validation of any economic impact models using standard economic impact tools;

(2) Determination of the viability of the metropolitan redevelopment plan under the following scenarios;

- (a) The dedication of the requested state gross receipts tax increment is approved;
- (b) The dedication of the requested state gross receipts tax increment is not approved;
- (c) The dedication of some portion of the requested state gross receipts tax increment is approved; and
- (d) Under staff-requested assumptions about economic factors.

(3) Evaluation of the submitted application, recognizing other economic development efforts by other economic development entities, including other metropolitan redevelopment areas;

(4) Assessment of impact on surrounding communities and non-participating governments;

(5) Determination of the ratio of public to private capital contributions and the ratio of state contributions compared to local contributions; and

(6) Validation of the finance plan, economic analysis study, market absorption study, operating plan, and/or housing supply study; the board may seek input from New Mexico Finance Authority staff regarding interest rates, coverage ratios, and other bond financing features to ensure that they are reasonable and appropriate.

[2.61.2.10 NMAC - N, 12/23/2025]

2.42.2.11 BOARD APPROVAL: EFFECTIVE DATE, CONDITIONS, AND DURATION:

A. Effective date: The board's approval of any dedication of the state gross receipts tax increment for metropolitan redevelopment shall be effective as provided in Sections 3-60A-23 and 3-60A-49 NMSA 1978, as amended.

B. Conditional approval: Dedications of up to seventy-five percent of the state gross receipts tax increment made by the board for metropolitan redevelopment shall be conditioned upon the requirements set forth at Subsection C of Section 3-60A-23 NMSA 1978, and be otherwise consistent therewith.

C. Subsequent changes: Any proposed substantial change to the metropolitan redevelopment plan after the board has made a dedication must be reported to the board pursuant to Subsection E of 2.61.2.12 NMAC and will require advanced board approval of such substantial change for proceeds from the sale of any bonds or notes to be applied to the purposes set forth in such modified metropolitan redevelopment plan.

D. Expiration of dedication: A dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment shall expire in accordance with Subsection C of Section 3-60A-21 NMSA 1978, as amended, once all bonds secured in whole or in part by the state gross receipts tax increment are fully paid-off, or as otherwise stated in these rules.

[2.61.2.11 NMAC - N, 12/23/2025]

2.61.2.12 REPORTING REQUIREMENTS:

A. Bond issuance: Within 14 business days after a local government issues any bonds, the local government shall advise the board by letter of the date of issuance, the interest rate, and the total aggregate amount of each issue.

B. Annual reporting: On or before September 1 of each year following the issuance of any bonds, and until the bonds are fully paid-off, a local government that has received a dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment shall provide to the board employment reports, as available, setting forth in reasonable detail the numbers and types of jobs created within the metropolitan redevelopment area on a full-time equivalent basis during the preceding 12-month period and the availability of workforce housing.

C. Supplemental reporting: Within thirty days of submitting any report or data required by the governing body, the New Mexico Finance Authority, the legislature, or any legislative committee, the metropolitan redevelopment area shall transmit copies of these reports or data to the board and the Economic Analysis Unit of the Department of Finance and Administration.

D. Substantial change and progress reporting: By September 1 of each year, a local government that has an unexpired dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment will submit a report describing any substantial change to the metropolitan redevelopment area or the metropolitan redevelopment plan, as well as any project described therein, that may have occurred since board approval of such dedication. In addition, the local government shall provide information concerning the infrastructure build-out, jobs created, employers, revenues and expenses, total bonds outstanding, new bond

issuances, bond incurrences, or material contracts for construction or other services in support of the metropolitan redevelopment plan, and a status report of the metropolitan redevelopment area's achievements with respect to public facilities and community benefits, such as the provision of schools and workforce housing in the metropolitan redevelopment area, and any other information the applicant believes may be helpful to the board occurring over the prior 12 months.

E. Periodic reporting: In addition to all requirements set forth above, a local government must report from time to time any substantial change to the metropolitan redevelopment plan, as well as any project described therein, that is proposed to occur following the board's approval of a resolution dedicating a portion of the state gross receipts tax increment to the board.

F. Application and duration of reporting requirements: Sections A through E of 2.61.2.12 NMAC apply to any local government that has received a dedication of the state gross receipts tax increment for metropolitan redevelopment until the applicable metropolitan redevelopment area is no longer designated as appropriate for a metropolitan redevelopment project or the board's approval of the increment has expired.
[2.61.2.12 NMAC - N, 12/23/2025]

2.61.2.13 WAIVER: The board, in its sole and absolute discretion, may waive any requirements set forth in these rules unless such waiver would be contrary to the Metropolitan Redevelopment Code, or waiver would impair the board's ability to satisfy its obligations under Subsection C of Section 3-60A-23 NMSA 1978.
[2.61.2.13 NMAC - N, 12/23/2025]

2.61.2.14 EFFECT OF PUBLICATION: All sections shall be effective upon publication in the *New Mexico Register*.
[2.61.2.14 NMAC - N, 12/23/2025]

HISTORY OF 2.61.2 NMAC: [RESERVED]

TITLE 2 PUBLIC FINANCE
CHAPTER 61 STATE INDEBTEDNESS AND SECURITIES
PART 3 DEDICATION OF A PORTION OF THE STATE'S GROSS RECEIPTS TAX
INCREMENT

2.61.3.1 ISSUING AGENCY: State Board of Finance, 181 Bataan Memorial Building, Santa Fe, NM.
[2.61.3.1 NMAC - N, 10/15/2008]

2.61.3.2 SCOPE: Tax increment development districts formed pursuant to the Tax Increment for Development Act with respect to the state's dedication of a portion of its gross receipts tax increment.
[2.61.3.2 NMAC - N, 10/15/2008]

2.61.3.3 STATUTORY AUTHORITY: Section 5-15-2 (A) NMSA 1978 states that the purpose of the Tax Increment for Development Act is to create a mechanism for providing gross receipts tax financing and property tax financing for public infrastructure for the purpose of supporting economic development and job creation. Section 5-15-15 (F) NMSA 1978 provides that the state board of finance, upon review of the applicable tax increment development plan, may find that dedication of a portion of the gross receipts tax increment for the purpose of securing gross receipts tax increment bonds is reasonable and in the best interest of the state and that the use of the state gross receipts tax is likely to stimulate the creation of jobs, economic opportunities and general revenue for the state through the addition of new businesses to the state and the expansion of existing businesses within the state. Section 5-15-15 (F) NMSA 1978 limits the dedication to not more than seventy-five percent (75%) of the gross receipts tax increment attributable to the imposition of the state gross receipts tax within the district. Section 5-15-25.2 NMSA 1978 states that the state board of finance may approve the revision of the base year used to determine a district's gross receipts tax increment once during the lifetime of the district, if the revised year is a calendar year that is completed, if no gross receipts tax increment bonds attributable to the district have been issued, if there is no unresolved objection to the revision by the developer or by a local government that has dedicated a tax increment to the district, and upon a finding that the revision is reasonable and in the best interest of the state.
[2.61.3.3 NMAC - N, 10/15/2008; A, 7/31/2014]

2.61.3.4 DURATION: Permanent.
[2.61.3.4 NMAC - N, 10/15/2008]

2.61.3.5 EFFECTIVE DATE: October 15, 2008, unless a later date is cited at the end of a section.
[2.61.3.5 NMAC - N, 10/15/2008]

2.61.3.6 OBJECTIVE: To establish rules and regulations governing the dedication of a portion of the state's gross receipts tax increment provided for by the Tax Increment for Development Act (Sections 5-15-1 through 5-15-28 NMSA 1978); to provide guidance as to board evaluation of district requests by defining terms setting forth the bases upon which the required findings are to be made, and outlining the methodological framework to be used; to set forth procedures for submittals of applications for a dedication; and to establish reporting requirements.
[2.61.3.6 NMAC - N, 10/15/2008]

2.61.3.7 DEFINITIONS:

A. "Act" means the Tax Increment for Development Act, NMSA 1978, Sections 5-15-1 through 5-15-28 (2006), as it may be amended.

B. "Application" means the submittal by the district, or, if the district is not yet formed, the owners of at least fifty percent (50%) of real property located within the boundaries of the area proposed for inclusion within the district, containing the information and materials required by this rule seeking a dedication by the board of a portion of the state's increment or approval of a revised base year.

C. "Base gross receipts taxes" means:

(1) the total amount of gross receipts taxes collected within a district, as estimated by the governing body that adopted a resolution to form that district, in consultation with the taxation and revenue department, in the calendar year preceding the formation of the district or, in the case of a district with a revised base year approved by the board, the calendar year approved by the board, when an area is added to an existing district, the amount of gross receipts taxes collected in the calendar year preceding the effective date of the modification of

the tax increment development plan and designated by the governing body to be available as part of the gross receipts tax increment; and

(2) any amount of gross receipts taxes that would have been collected in such year if any applicable additional gross receipts taxes imposed after that year had been imposed in that year.

D. "Board" means the state board of finance.

E. "Bonds" means the gross receipts tax increment bonds for which a portion of the state's increment is to be pledged.

F. "Developer" means the owner or developer who has entered into an agreement pursuant to subsection A of section 5-15-4 NMSA 1978 with the governing body that formed a district or the owner's or developer's successors or assigns.

G. "Direct job" or "direct effect" means employment, economic output and personal income attributable to economic activity within the boundaries of a district. A direct job may include an economic base job, an indirect job or an induced job if these jobs or this economic activity occurs within the boundaries of a district.

H. "District" means a tax increment development district formed pursuant to the act for the purposes of carrying out projects.

I. "District board" means a board formed in accordance with the provisions of the act to govern a district.

J. "Economic base job" means employment within the district with an employer engaged primarily in creating goods and services that are exported out of the state.

K. "Economic output" means the contribution to gross domestic product by state as measured by the bureau of economic analysis of the U.S. department of commerce. At a minimum, economic output is the sum of wages and salaries paid to workers in the district, profits of firms engaged in economic activity in the district, and interest and dividends paid to investors on loans and investments in the district.

L. "Governing body" means the city council or city commission of a city, the board of trustees or council of a town or village or the board of county commissioners of a county.

M. "Gross receipts tax increment" means the gross receipts taxes collected within a district in excess of the base gross receipts taxes collected for the duration of the existence of a district and distributed to the district in the same manner as distributions are made under the provisions of the Tax Administration Act [7-1-1 NMSA 1978].

N. "Improvement district" means a district composed of all or a portion of a district wherein a property tax has been imposed pursuant to the provisions of 3-33-2E NMSA 1978.

O. "Indirect job" or "indirect effect" means employment, economic output and personal income attributable to economic activity of suppliers to economic base businesses located within the district. These indirect jobs or activity may be located within or outside the district.

P. "Induced job" or "induced effect" means employment, economic output and personal income attributable to household spending by employees of all companies directly or indirectly affected by the project. These indirect jobs or effects may be located within or outside the district.

Q. "Project" means a tax increment development project, which means activities undertaken within a tax increment development area to enhance the sustainability of the local, regional or statewide economy; to support the creation of jobs, schools and workforce housing; and to generate tax revenue for the provision of public improvements and may include:

(1) acquisition of land within a designated tax increment development area or a portion of that tax increment development area;

(2) demolition and removal of buildings and improvements and installation, construction or reconstruction of streets, utilities, parks, playgrounds and improvements necessary to carry out the objectives of the act;

(3) installation, construction or reconstruction of streets, water utilities, sewer utilities, parks, playgrounds and other public improvements necessary to carry out the objectives of the act;

(4) disposition of property acquired or held by a district as part of the undertaking of a project at the fair market value of such property for uses in accordance with the act;

(5) payments for professional services contracts necessary to implement a tax increment development plan or project;

(6) borrowing to purchase land, buildings or infrastructure in an amount not to exceed the revenue stream that may be derived from the gross receipts tax increment or the property tax increment estimated to be received by a district; and

(7) grants for public improvements essential to the location or expansion of a business.

R. "Public improvements" means on-site improvements and off-site improvements that directly or indirectly benefit a district or facilitate development within a tax increment development area and that are dedicated to the governing body in which the district lies. Public improvements include:

- (1) sanitary sewage systems, including collection, transport, treatment, dispersal, effluent use and discharge;
- (2) drainage and flood control systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge;
- (3) water systems for domestic, commercial, office, hotel or motel, industrial, irrigation, municipal or fire protection purposes, including production, collection, storage, treatment, transport, delivery, connection and dispersal;
- (4) highways, streets, roadways, bridges, crossing structures and parking facilities, including all areas for vehicular use for travel, ingress, egress and parking;
- (5) trails and areas for pedestrian, equestrian, bicycle or other non-motor vehicle use for travel, ingress, egress and parking;
- (6) pedestrian and transit facilities, parks, recreational facilities and open space areas for the use of members of the public for entertainment, assembly and recreation;
- (7) landscaping, including earthworks, structures, plants, trees and related water delivery systems;
- (8) public buildings, public safety facilities and fire protection and police facilities;
- (9) electrical generation, transmission and distribution facilities;
- (10) natural gas distribution facilities;
- (11) lighting systems;
- (12) cable or other telecommunications lines and related equipment;
- (13) traffic control systems and devices, including signals, controls, markings and signage;
- (14) school sites and facilities with the consent of the governing board of the public school district for which the facility is to be acquired, constructed or renovated;
- (15) library and other public educational or cultural facilities;
- (16) equipment, vehicles, furnishings and other personal property related to the items listed in this subsection;
- (17) inspection, construction management, planning and program management and other professional services costs incidental to the project;
- (18) workforce housing; and
- (19) any other improvement that the governing body determines to be for the use or benefit of the public.

S. "State's increment" means the state's portion of the gross receipts tax increment.

T. "Sustainable development" means land and other development that achieves sustainable economic and social goals in ways that can be supported for the long term by conserving resources, protecting the environment and ensuring human health and welfare using mixed-use, pedestrian-oriented, multimodal land use planning.

U. "Workforce housing" means decent, safe and sanitary dwellings, apartments, single-family dwellings or other living accommodations that are affordable for persons or families earning less than eighty percent (80%) of the median income within the county in which the project is located; provided that an owner-occupied housing unit is affordable to a household if the expected sales price is reasonably anticipated to result in monthly housing costs that do not exceed thirty-three percent (33%) of the household's gross monthly income; provided that:

- (1) determination of mortgage amounts and payments are to be based on down payment rates and interest rates generally available to lower- and moderate-income households; and
- (2) a renter-occupied housing unit is affordable to a household if the unit's monthly housing costs, including rent and basic utility and energy costs, do not exceed thirty-three percent (33%) of the household's gross monthly income.

[2.61.3.7 NMAC - N, 10/15/2008; A, 7/31/2014]

2.61.3.8 BASES FOR DEDICATION OF A PORTION OF THE STATE'S INCREMENT AND

REVISION OF BASE YEAR: In determining whether it can make the findings required for dedication of up to seventy-five percent (75%) of the state's increment and what percentage of the state's increment may be dedicated or for approval of the revision of a district's base year the board will:

A. evaluate whether the project can occur in substantially the same form if the state's increment is not obtained or, in the case of a request for approval of a revised base year, if the base year is not revised;

- B.** determine that the following additional criteria are met:
- (1) the project is expected to have a positive net revenue impact on the state general fund over a period of time approximately equal to the life of the bonds when calculated as described in this rule;
 - (2) the project is expected to generate new jobs and economic opportunities;
 - (3) the project incorporates adequate planning and resource allocation for workforce housing and schools;
 - (4) the portion of the state's increment requested is reasonable and fully justified by the analysis; and
 - (5) the developer has a proven record for success with similar developments; and
- C.** consider these additional factors as part of the determination whether the use of the state's increment is reasonable and in the best interest of the state:
- (1) the type of development (e.g. greenfield, revitalization, or within a recognized public policy priority);
 - (2) the anticipated increase in general fund tax revenue and employment within the district as a result of companies moving into the state (companies new to New Mexico);
 - (3) the anticipated increase in general fund tax revenue and employment within the district as a result of growth of firms currently doing business in New Mexico;
 - (4) the attributes of employment generated within the district, the nature of the industry, and benefits to the community and the state;
 - (5) the ratio of local government to state government contribution, expressed both in terms of absolute dollars contributed toward infrastructure and in terms of the relative percentage of available gross receipts and property tax revenues dedicated to bond repayment;
 - (6) the impacts on surrounding or non-participating government entities;
 - (7) the ratio of private to public investment;
 - (8) the use of innovative planning and development techniques;
 - (9) the application of environmentally protective technologies, energy and water efficiencies and sustainable development elements in the project, including all residential, commercial, industrial and government structures;
 - (10) the maximum maturity of the bonds is reasonable and fully justified by the analysis;
 - (11) the availability of water and water rights to support the planned community;
 - (12) the proposed governance structure of the district, including the composition of the board and the method of selection; and
 - (13) the provision of community facilities, such as senior centers, and non traditional housing to address various social needs such as homelessness and domestic violence and other community benefits.
- [2.61.3.8 NMAC - N, 10/15/2008; A, 7/31/2014]

2.61.3.9 APPLICATION SUBMITTAL, PROCESSING, EVALUATION METHODOLOGY, AND EFFECTIVE DATE AND DURATION OF DEDICATION:

- A.** Contents of application. A district requesting a dedication of a portion of the state's increment or the revision of its base year shall submit an application that includes:
- (1) a conceptual site plan for the project;
 - (2) the tax increment development plan approved by the governing body that includes:
 - (a) a map depicting the geographical boundaries of the area proposed for inclusion within the district; this map should indicate any existing infrastructure and residential, commercial and industrial structures and development;
 - (b) the estimated time necessary to complete the project;
 - (c) a description and the estimated cost of all public improvements proposed for the project;
 - (d) whether it is proposed to use gross receipts increment bonds or property tax increment bonds or both to finance all or part of the public improvements;
 - (e) the estimated annual gross receipts tax increment to be generated by the project and the portion of that gross receipts tax increment to be allocated during the time necessary to complete the payment of the project;
 - (f) the estimated annual property tax increment to be generated by the project and the portion of that property tax increment to be allocated during the time necessary to complete the payment of the project;

- (g) the general proposed land uses for the project;
- (h) the number of jobs expected to be created by the project classified at the three digit level of the most recent North American industry classification system (NAICS), and separated into full-time and part time jobs;
- (i) the amount and characteristics of workforce housing expected to be created by the project;
- (j) the location and characteristics of public school facilities expected to be created, improved, rehabilitated or constructed by the project;
- (k) a description of innovative planning techniques, including mixed-use transit-oriented development, traditional neighborhood design or sustainable development techniques, that are deemed by the governing body to be beneficial and that will be incorporated into the project; and
- (l) the amount and type of private investment in each project;
- (3) information on the availability of other public and private funds for the project, including:
 - (a) whether it is proposed to finance any portion of the infrastructure using the provisions of Section 5-15-13 NMSA 1978, which permits the property owners within a district to impose a property tax rate of up to five dollars (\$5.00) per one thousand dollars (\$1,000) of net taxable value for a period of up to four years; and
 - (b) whether it is proposed to establish an improvement district and finance any portion of the infrastructure using the provisions of Sections 3-33-1 through - 43 NMSA 1978, as they may be amended, and whether the bonds sold through this mechanism conform to the limit of twenty-five percent of total property value established in Section 3-33-14 NMSA 1978;
- (4) an economic development plan, including an industrial cluster analysis if appropriate, for attracting businesses to the district;
- (5) market feasibility study that includes:
 - (a) the number of residential (single family and multi-family) units and the square footage of commercial, retail and industrial space to be built by calendar year;
 - (b) the average price per square foot or by unit by type;
 - (c) the market supply (or availability) and the value of each property type in the area and surrounding areas with reference to any other planned development in the surrounding areas; and
 - (d) market demand (or absorption rates) for each property type in the area and surrounding areas with reference to any other planned development in the surrounding areas;
- (6) economic analysis to include:
 - (a) employment and salary projections by industry as classified at the three digit level of the most recent North American industry classification system (NAICS) in the district by calendar year, whether the jobs are temporary (i.e., construction) or permanent employment, and whether the jobs are full-time or part-time;
 - (b) population projections by calendar year;
 - (c) housing unit projections and type by calendar year;
 - (d) economic output from direct and indirect impacts within the district with temporary construction activity listed separately; separate listing of economic base employment within the district, indirect and induced employment within the district and in surrounding areas is optional, but encouraged;
 - (e) the anticipated net revenue impact on the state general fund shall be calculated as follows:
 - (i) the sum of all general fund revenues generated by economic activity within the district by type of revenue (e.g. gross receipts tax from retail sales, gross receipts tax from services provided to New Mexico businesses, personal income tax, etc.) less: 1) the sum of all general fund costs to the state associated with the provision of services to individuals and businesses (e.g. public schools); 2) the estimated amount of tax incentives provided to promote economic development within the district under current law; 3) the amount of the state's increment requested by the district; and 4) the total amount of capital outlay appropriated for use in the district under current law;
 - (ii) the net revenue impact on the state general fund must be expressed in constant dollar terms; and
 - (iii) the net present value of general fund revenues less general fund costs over the life of the bonds shall be submitted; a discount rate equal to five percent shall be used in this calculation;

(7) letter from governing body verifying its ability to pay for operations and maintenance of public infrastructure created by the district and provide basic services such as law enforcement and public health and safety within the district;

(8) a detailed timeline of project completion, including public infrastructure expenditures;

(9) a financing plan to include:

(a) information supporting why tax increment financing is needed;

(b) debt structure and terms, including maturity and estimated interest rates;

(c) pro-forma for all bonds to be issued for the project (including property tax

increment bonds, if proposed); and

(d) projected coverage ratios for all bonds;

(10) developer information to include:

(a) organizational chart;

(b) experience in developing similar projects and utilizing tax increment financing;

(c) audited financial statements for the past three years; and

(d) identify past and pending administrative actions and litigation in which the

developer is involved that could impact the current financial viability of the developer; briefly describe the nature of the proceedings and current status or final result;

(11) any other information regarding the economic benefits to the project's community and to the state or which the district believes will aid the board in considering the request for the dedication;

(12) enacted resolution of governing body approving the plan;

(13) enacted resolution of governing body forming the district;

(14) enacted resolution of each governing body dedicating a portion of its share of the applicable tax increments;

(15) approved master development agreement with governing body;

(16) form of board resolution approving the dedication of a portion of the state's increment;

and

(17) in addition to the submission requirements above, for requests for the approval of a revised base year:

(a) a detailed project history including a summary of past appearances before the board, legislative efforts related to the project, and activity to date in the district;

(b) a written summary of the reasons why rebasing is requested and stating the revised base year requested; and

(c) a certification of the district that the district's base year has never been revised and that no gross receipts tax increment bonds attributable to the district have been issued;

(d) tabular or verbal comparison of the information provided pursuant to Paragraphs (2) through (6), (8) and (9) of this Subsection at the time a revised base year is requested versus at the time the dedication of a portion of the state's increment was initially approved, with explanations of any substantive changes;

(e) a copy of the resolution adopted by the district declaring the district's intent to revise its base year;

(f) a copy of all comments on the intent to revise the base year received from the taxation and revenue department, the developer and the local governments that have dedicated a tax increment to the district; and

(g) any other related documentation.

B. Timeline and submittal requirements. Any application for dedication of a portion of the state's increment or approval of a revised base year shall be considered by the board at its regular meeting in December or July of each year. Except as provided in this paragraph for applications for the approval of a revised base year, complete applications must be submitted no later than the preceding January 1 for consideration at the board's July meeting, or by July 1 for consideration at the board's December meeting. For applications for a revised base year, the submission requirements of Subparagraphs (e), (f) and (g) of Paragraph (17) of Subsection A of 2.61.3.9 NMAC must be received no more than 45 days after a district's adoption of a resolution declaring the intent to revise its base year. All required materials must be submitted electronically and tables must be submitted as Microsoft Excel files with access to all data, including assumptions and formulae. If a district has not been formed by the submittal deadline, please submit all of the documents listed in Paragraphs (1) through (12) and (16) of Subsection A of 2.61.3.9 NMAC in the initial application, and provide Paragraphs (13), (14) and (15) of Subsection A within five calendar days of adoption or 21 calendar days prior to the meeting at which the board is to consider the application, whichever occurs first. If a governing body has not adopted a resolution pledging a portion of its gross receipts tax

increment or its property tax increment or both by this deadline, that resolution shall be provided immediately upon its adoption and, if the adoption does not occur prior to the meeting at which the board is to consider the application, the board may take any action it deems appropriate, such as imposing a condition requiring such dedication or deferring action until a dedication is made. In addition, the board may require informational presentations at a meeting prior to the meeting at which the application is to be considered. Upon request, the board, in its discretion, may waive provision of any information otherwise required by this rule provided that the requesting party can demonstrate that other documents that are provided are equivalent to or satisfy the rationale for submitting the information and that the state's interest will continue to be sufficiently protected.

(1) In addition to submitting an application to the board, additional copies of an application must be submitted to the department of finance and administration economic analysis unit, the New Mexico finance authority, the taxation and revenue department office of the secretary, and legislative finance committee staff at their respective offices. The board may require the submission of supplemental information during its review process. All information submitted pursuant to this rule will be publicly available.

(2) Prior to initiating the preparation of an application, a developer is encouraged to schedule a "pre-application" conference to discuss the project and proposed methodology with board staff and the economic analysis unit of the department of finance and administration.

(3) The board, in its discretion, may waive certain requirements included in the rule when the application demonstrates why it is in the best interest of the state to do so.

C. Staff methodology. The board will evaluate the project as a whole and evaluate each district on a stand alone basis. The board will utilize the services of the department of finance and administration economic analysis unit and may seek the assistance of an independent economic consultant to evaluate each request. The district is encouraged to submit any additional data that may be helpful for use in this review. The department of finance and administration economic analysis unit or any independent economic consultant will use the following methodology in evaluating each request:

- (1) validation of any economic impact models using standard economic impact tools;
- (2) determination of the viability of the project under the following scenarios:
 - (a) requested tax increment is approved;
 - (b) requested tax increment is not approved;
 - (c) some portion of the requested tax increment is approved or increment for less than all districts if multi-district project;
 - (d) under different assumptions about the relocation of existing businesses within New Mexico, and economic factors such as inflation and economic growth.
- (3) evaluation of the project recognizing other economic development efforts by other economic development entities including other districts;
- (4) assessment of impact on surrounding communities and non-participating governments;
- (5) determination of the ratio of public to private capital contributions and the ratio of state contributions compared to local contributions;
- (6) validation of the finance plan; the board will seek input from New Mexico finance authority staff regarding interest rates, coverage ratios and other bond financing features to ensure that they are reasonable and appropriate; and
- (7) in the case of applications for approval of a revised base year, review of public comments received from the taxation and revenue department, the department of finance and administration, the developer and the local governments that have dedicated a tax increment to the district following the district's adoption of a resolution indicating the district's intent to revise its base year.

D. Board approval, effective date and duration.

(1) The board's approval of the dedication of a portion of the state's increment or of a revised base year shall be effective January 1 or July 1 following board action. The board may condition its dedication on the approval by the legislature of the issuance of bonds. In that case, the dedication shall be effective on the January 1 or July 1 following legislative and, if required, department of finance and administration approval of the bonds, whichever date next succeeds the last approval to be obtained.

(2) Dedications which require legislative approval of bonds and bonds requiring department of finance and administration approval must be approved within four years of the board's approval of the dedication unless the district requests and receives approval of an extension of time from the board prior to the expiration of the four year period. For dedications approved by the board prior to July 15, 2010, an extension may be requested from the board on or before its December 2014 meeting. Any request for extension of dedication shall specify the requested extension period, include a description of efforts to receive legislative, and, if required, department of

finance and administration approval of the bonds, and provide updated economic and financial information about the district and the project that is sufficient to allow the board to make a finding that approval of the extension of dedication is in the best interest of the state.

(3) Any substantive change to the tax increment development plan after a dedication has been made must be reported to the board pursuant to Subsection E of 2.61.3.10 NMAC and will require board approval, without which the board's approval of the dedication shall expire.

(4) A dedication shall expire upon full payment or early defeasance of the bonds in full.
[2.61.3.9 NMAC - N, 10/15/2008; A, 7/31/2014; A, 6/27/2017]

2.61.3.10 REPORTING REQUIREMENTS:

A. Within fourteen (14) business days after a district issues any bonds, the district shall advise the board by letter of the date of issuance, the interest rate, and the total aggregate amount of each issue.

B. On or before June 1 of each year following the issuance of the bonds until bonds are fully defeased, a district that has received a dedication of a portion of the state's increment shall provide to the board employment reports, as available, setting forth in reasonable detail the numbers and types of jobs created within the district on a full-time equivalent basis during the preceding twelve (12) month period and the availability of workforce housing.

C. Within thirty (30) days of submitting any report or data required by the governing body, the New Mexico finance authority, the legislature, or any legislative committee, the district shall transmit copies of these reports or data to the board and the economic analysis unit of the department of finance and administration.

D. By November 1 of each year, a district that has an unexpired dedication of a portion of the state's gross receipts tax increment will submit a written report describing updates on the district, including but not limited to any changes to the plan that have occurred since board approval of the dedication of a portion of the state's increment, information on the infrastructure build-out, jobs created, employers, revenues and expenses, total debt outstanding, a status report of the district's achievements with respect to public facilities and community benefits, such as the provision of schools and workforce housing in the district, and any other information the applicant believes may be useful for the board.

E. A district must report any substantive changes to the plan to the board that occur after the dedication of a portion of the state's increment.

F. Subsections A through E of 2.61.3.10 NMAC apply to all districts that have received the state's gross receipts tax increment since the adoption of the Tax Increment for Finance Act in 2006 until the district is dissolved or the board's approval of the increment has expired.

[2.61.3.10 NMAC - N, 10/15/2008; A, 7/31/2014]

HISTORY OF 2.61.3 NMAC: [RESERVED]

Leach, Ashley, DFA

From: Harry Relkin <hrelkin@relkinlawfirm.com>
Sent: Wednesday, October 15, 2025 1:21 PM
To: Leach, Ashley, DFA
Cc: thompson.consulting@gmail.com; 'Larry Horan'
Subject: [EXTERNAL] SBOF Proposed Rule 2.61.2 NMAC, Metropolitan Redevelopment Act TIF implementation - Public Comments
Attachments: MRA_TIF_SBOF_Reg Summary.pdf; - MRA TIF SBOF Reg LAI Comments.pdf

You don't often get email from hrelkin@relkinlawfirm.com. [Learn why this is important](#)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Sec./Director Leach,

Thank you for your time today. As I mentioned, I am submitting the attached Public Comments on behalf Lamda Alpha International, Zia Chapter (New Mexico) lai.org who, for its present project, is working on the Albuquerque Downtown MRA. However, we believe our comments as attached, with their higher level "summary", are relevant to all of the state's MRAs. We greatly appreciate your and the Board's willingness to listen and consider our thoughts and suggestions. If I can answer any questions in this regard or if you think further discussion is warranted at this time, please do not hesitate to contact me.

Harry

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Summary of MRA TIF and SBOF Proposed Regulation (October 6, 2025)

I. Background: Distinguishing MRA and TIDA Frameworks

The Metropolitan Redevelopment Act (MRA) and the Tax Increment for Development Act (TIDA) share the tool of tax increment financing (TIF), but with fundamentally different legislative intents and applications:

- MRA is a local government-driven framework designed to eliminate blight and slum conditions in urban areas. It promotes public-private cooperation, improves health, safety and general welfare of the residents health and safety, increases property values, and reduces redevelopment financing barriers.
- TIDA is a private developer-driven tool created to incentivize large-scale economic development projects of regional or statewide significance, primarily in greenfield areas. It reimburses developers for public infrastructure costs and aims to grow the state's economic base and revenues.

Key Contrasts:

- MRA focuses on local municipal urban renewal and redevelopment, with state participation is structured to support local plans.
- TIDA focuses on job creation, base economic industries, and ROI to the state general fund.
- MRA (as amended with enhanced TIF in 2024) allows inclusion of state's share of gross receipts tax (GRT) increments to strengthen local redevelopment financing, but only when bonds are issued.
- TIDA relies heavily on state GRT increments and positions the SBOF as a proactive manager of statewide economic development initiatives.
- MRA is a public finance tool administered by local governing bodies to address a broad range of public needs focused on metropolitan redevelopment
- TIDA is a public finance tool administered by a special TIDA board to promote private investment in large-scale economic development efforts

II. 2024 Amendments to the MRA

The 2024 legislative changes expanded the MRA's financing powers with respect to TIF:

- Authorized state GRT increment (local & state share) as part of redevelopment projects, supplementing property tax increments.
- Enabled revenue bonds supported by both local property tax increment and state GRT

increment.

- Allowed use of TIF increments not just for infrastructure but also for programs and incentives, including public safety enhancements and gap financing for private investment.
- Emphasized that the state's role is not tied to direct ROI but rather to the public purpose of relieving slum and blight.

This broadened scope bridges the gap between MRA and TIDA in terms of potential revenue sources, but preserves the MRA's redevelopment-focused intent.

III. SBOF's Role Under Each Act

Under MRA:

- SBOF must approve use of the state's share of GRT increment.
- Oversight should be limited to reviewing whether a local government's MRA TIF Plan complies with law and protects fiscal stability, especially if long-term ("prospective") bonds are used.
- For sponge bonds (short-term, pay-as-you-go), there is no risk to state revenue, and review should focus on compliance, not growth metrics.

Under TIDA:

- SBOF is a central decision-maker with broad discretion.
- Oversees and approves projects directly tied to job creation, ROI, and industry attraction.
- Functions as a state-level economic development steward to ensure long-term fiscal benefits.

Comparative Role:

- MRA = limited gatekeeping, focused on local redevelopment goals.
- TIDA = proactive management, focused on state-led growth.

IV. Problems with the Proposed SBOF Regulation

The proposed regulation, modeled after TIDA requirements, conflates MRA and TIDA frameworks, undermining legislative intent.

- Imposes requirements not found in the MRA statute (e.g., proving base economic job creation).
- Risks deterring local governments—especially small, rural communities—from applying for MRA TIF due to excessive costs (\$250–300K per application).
- Confuses whether applications should cover entire redevelopment areas or individual projects.
- Thwarts the Legislature's explicit goal of redeveloping slum and blighted areas, which may not always generate immediate economic ROI.

V. Recommended Solutions

A revised regulation should recognize the dual role of SBOF: safeguarding state revenue while implementing legislative intent. The following adjustments are proposed:

1. If no long-term bonding is anticipated:

- SBOF review should be confined to statutory compliance of the MRA TIF Plan, without requiring proof of statewide GRT growth or protection of future state revenues.
- Sponge bond use of the state's GRT increment should be approved if consistent with local redevelopment plans.

2. If long-term bonding is anticipated:

- SBOF should apply a more rigorous review, evaluating impacts on state fiscal stability and requiring more detailed application materials.
- Local governments should return to SBOF for approval if Plan changes introduce prospective long-term bonding.

This tiered review approach ensures that small-scale redevelopment efforts are not unduly burdened, while larger projects with potential fiscal impacts receive appropriate scrutiny.

VI. Conclusion

The 2024 MRA TIF amendment empowers local governments with expanded financing tools for blight remediation, while maintaining state oversight limited to fiscal safeguards.

- MRA TIF = redevelopment, local control, limited state oversight.
- TIDA TIF = statewide growth, proactive SBOF management, ROI-driven.

The proposed SBOF regulation, by applying TIDA-like standards to MRA projects, misaligns with legislative intent and risks undermining redevelopment efforts across New Mexico. A revised, differentiated regulatory approach is essential to preserve the distinct purposes of both acts and to support successful urban revitalization statewide.

MRA/TIF SBOF PROPOSED REGULATION

(Issue/Problems: SBOF Proposed Reg. policy is similar to policy for TIDD and not Metropolitan Redevelopment using TIF

TIDD is Private Sector applicant vs. Local Government

&

TIDD is limited to re-imbursement to private developer for public infrastructure vs. public sector driven redevelopment of a blighted urban area

I. Metropolitan Redevelopment Act (MRA or MRAct – Original Purposes and Intent (Public Local Government Oriented Process)

- **Primary statutory purpose**
 - Remedy conditions of slum and blight within municipalities
 - Facilitate redevelopment of deteriorated or underutilized urban areas
 - Encourage private sector investment through public-private cooperation
- **Policy rationale**
 - Promote health, safety, and welfare
 - Restore economic vitality and property values in distressed districts which constitute an economic or social burden
 - Reduce barriers to redevelopment financing
- **Government Roles**
 - State: State GRT increment through SBOF (should only apply for long-term prospective bonding)
 - Local Government: Determination of need and use of increments - Direct control, administration through Local Governing Body

II. 2024 Amendment to the MRA – Legislative Intent

- **Authorization of expanded TIF tool**
 - Inclusion of state gross receipts tax (GRT) increment in financing packages
 - Allows municipalities to leverage broader revenue streams beyond property tax
- **Legislative objectives**
 - Strengthen redevelopment capacity in urban/metropolitan areas
 - Provide state participation to incentivize purpose of the Act NOT necessarily increasing state GRT receipts although
 - If successful, the state, regardless of its % of dedication of increment would collect more GRT than without the successful redevelopment of underperforming (blighted or slum) areas
 - Enable issuance of revenue bonds supported by both local property tax increment and GRT increment
- **Mandates and restrictions (as indicated in statute)**
 - Role of State Board of Finance in approving participation
 - Safeguards ensuring best opportunity for successful projects which align with state policy favoring redevelopment of blighted or slum areas regardless of direct return on investment

- Limitation that state's increment participation requires bond issuance (not pure "pay-as-you-go")
 - **Policy emphasis**
 - Balance between local redevelopment needs and state fiscal oversight
 - Fiscal oversight can be accomplished by review of the statutory required MRA Plan including TIF analysis
 - Legislature has determined that local redevelopment of these areas IS in the state's interest beyond any direct increase in GRT for the state
 - Consistent with the purpose of relieving blight and slum, the Legislature has allowed use of both the property tax increment and GRT increment (as limited by the statutory 75%), including the state's share of GRT Increment for broad purposes that not only include publicly infrastructure but also "programs" which could include public safety enhancements, and direct incentives for private investment in these areas such as "gap financing."
-

III. Tax Increment for Development Act (TIDA) – Purpose and Intent (Private Developer Oriented Process)

- **Primary statutory purpose**
 - Facilitate economic development projects of regional/state significance (infrastructure, large-scale commercial/industrial projects) – only can be used for publicly dedicated infrastructure
 - **Policy rationale**
 - Attract new industries and expand state's economic base
 - Finance infrastructure for greenfield or underdeveloped areas
 - Encourage private sector investment in large projects that might not occur otherwise by reimbursing for publicly dedicated infrastructure
 - **Key features**
 - "But for" justification
 - Broader project eligibility than MRA
 - Designed as a proactive economic development tool, not limited to slum/blight remediation
 - Reliance on state tax increments as funding source in order to create more state GRT revenue as well as create base economic jobs thus increasing income tax revenue for the state
 - **Government Roles**
 - State: Direct control over use of State GRT (bond approval; performance, i.e. job metrics)
 - Local Government: Direct control over Local PT & GRT (bond approval; performance, i.e. developer reimbursements)
-

IV. Comparative Analysis – MRA (with 2024 Amendment) vs. TIDA

- **Common elements**
 - Both rely on tax increment financing as a tool to leverage future tax revenues for present redevelopment/economic development and/or pay-go via "sponge bonds" (local property

- tax increment can be used via “pay-go” without “sponge bond” issuance but not the state’s share of GRT
 - Both require significant public–private partnerships
 - **Distinguishing factors**
 - **MRA (even as amended):**
 - Rooted in redevelopment of blighted/ under performing urban areas
 - Local/municipal focus with state participation
 - Includes physical, economic & social considerations to address blight
 - State GRT increment allowed but tied to bond issuance – “sponge or “long term”
 - **TIDA:**
 - Broader, statewide economic development purpose
 - Public infrastructure focus to address economic development objectives
 - Structured to directly harness state tax revenues for economic competitiveness
 - **Legislative intent divergence**
 - MRA: primarily urban renewal with an expanded financing mechanism
 - TIDA: primarily economic development and growth strategy at a regional/state scale
-

V. Conclusion

- Summary of how the 2024 amendment bridges the gap between MRA and TIDA by broadening available financing while still tethering redevelopment projects to urban revitalization goals
 - Policy takeaway:
 - MRA (post-2024) = redevelopment + expanded financing tool with state partnership
 - TIDA = economic development engine beyond redevelopment context – primarily greenfield and only for publicly owned infrastructure
-

VI. Comparative Roles of NMSBOF in approving the grant of a % of the state’s share of GRT regarding MRA/TIF vs. TID

VII. Metropolitan Redevelopment Act (MRA) – State Board of Finance Role

- **Authorization Context**
 - Historically local/municipal redevelopment tool focused on slum/blight elimination.
 - 2024 amendment broadened scope by allowing inclusion of state gross receipts tax increment.
- **Role of SBOF**
 - Must approve use of the state’s gross receipts tax increment.
 - Reviews financial feasibility of proposed projects
 - Can be done by reviewing local governments’ statutorily required MRA TIF Plan.
 - If long term bonds based upon estimates of future GRT are used then ensure alignment with state debt policy and fiscal stability – should not be an element of revenue if only property tax “prospective bonds/long term” or only sponge bonds are in the MRA TIF Plan

- If there are significant changes in the plan which would include anticipation of “prospective bond/long term” issuance
 - If a project intends on using “prospective/long term” bonds pledging the state’s share of the GRT increment then on a project by project basis that question should be brought back to the SBOF facing more rigorous analysis regarding the potential impact to state fiscal stability and revenue
- **Legislative Intent**
 - Legislature intended to give local governments expanded financial capacity.
 - SBOF’s gatekeeping role ensures projects deliver genuine public benefit as opposed to emphasis on future state GRT revenue

VII. Tax Increment for Development Act (TIDA) – State Board of Finance Role

- **Authorization Context**
 - Enacted to promote large-scale economic development projects with statewide or regional impact (beyond blight remediation) – primarily used for ‘greenfield development.’
 - Focused on public infrastructure, industry attraction, and job creation.
- **Role of SBOF**
 - Directly administers state participation in TIF districts.
 - Approves and oversees projects using state tax increments (often GRT or other state revenue streams).
 - Greater discretion than under the MRA because projects are typically initiated with the expectation of substantial state involvement AND direct ROI to the state general fund.
- **Mandates & Restrictions**
 - SBOF may impose conditions to ensure long-term fiscal benefits to the state.
 - Evaluates projected return on investment, job creation, and statewide economic impacts.
- **Legislative Intent**
 - Legislature intended to create a proactive economic development tool for major projects.
 - SBOF positioned as a centralized fiscal steward to align TIF with statewide growth objectives.
 - Emphasis on state-driven initiatives rather than local redevelopment.

IX. Comparative Analysis – SBOF under MRA vs. TIDA

- **Scope of Oversight**
 - MRA: SBOF approval is conditional and limited—only when state tax increments are pledged – should be to evaluate the soundness of local governments’ MRA TIF plans to achieve the LOCAL governments’ redevelopment goals for blighted or slum areas.
 - TIDA: SBOF is an active central player in all projects, with broad discretion.
- **Legislative Intent Contrast**
 - MRA: Redevelopment-focused; SBOF acts as a check on local governments to assure the MRA TIF Plan satisfies the statutory requirements and not as an increase state revenue tool.
 - TIDA: Economic development-focused; SBOF functions as a driver and facilitator of statewide projects – protect state future revenues.

- **Policy Rationale**
 - MRA: Ensure redevelopment projects do not pledge future state revenues without safeguards
 - Note – sponge bond issuance poses NO risk of future state revenue.
 - TIDA: Ensure state revenues are strategically invested in projects that expand the state's economic base.
-

X Conclusion

- The State Board of Finance serves distinct roles under the two acts:
 - MRA (2024 amendment): A limited gatekeeping and oversight function, ensuring responsible use of state increments for urban redevelopment not requiring the increasing of state revenues.
 - Again, increasing state revenues would be a result of increment due to redevelopment but not the intent of the MRA TIF amendment
 - TIDA: A proactive managerial and strategic role, central to advancing large-scale economic development projects and increasing state revenue.
- The contrast reflects different legislative intents:
 - MRA = Local redevelopment with limited state safeguard.
 - TIDA = State-led economic growth with strong SBOF leadership.

XI – Proposed SBOF Regulation conflates the TIF component of the MRA with TIDA and therefore, fails to recognize the significantly different legislative intents as well as its directed respective roles

- SBOF should understand and appreciate that the applicant for the use of the state's share of the GRT increment are subdivisions of the state and not direct reimbursement to the private sector
 - It is conservatively estimated that the cost to local governments to make application (potentially, small rural communities in dire need of redeveloping blighted or slum areas) would be \$250-300K – a sum that will act as a barrier to application which will severely deter the implementation of the statutory goals of MRA TIF
 - The proposed Regulation imposes many requirements that are not imbedded nor implied by the MRA TIF plan requirements as per the MRAct thus thwarting the intent of the Legislature and will impair the desired redevelopment of blighted and slum areas throughout the state.
- The proposed Regulation has requirements such as “how many base economic jobs” will be created which while certainly a desirable thing, not the real goals of the MRAct
- The proposed Regulation is confusing in that it is not clear if an application can cover the entire MRArea or does each project have to be reviewed

XII – Suggested Solutions

- Recognizing SBOF's important but dual role of implementing the legislative intent of the MRA TIF amendment while protecting the state's future GRT revenue a proposed Regulation that:
 - If the MRA TIF Plan (as statutorily required – if TIF is to be used then specifies with economic analysis and public benefit must be contained in the local government approved MRA Plan) does not anticipate within the MRArea at this time the use of “prospective/long-term bonding” pledging the state's share of the GRT increment, then the SBOF reviews should be confined to assure that the MRA Plan using the state's share of

the GRT via sponge bonds only complies with the requirements of the act – not require “proof” of general state growth of GRT or protection of future state GRT revenues – it is not necessary nor required by the statute

- IF the MRA TIF Plan does anticipate use of “prospective/long-term bonding” pledging the state’s share of the GRT then a more rigorous review considering state fiscal plans and protection are justified
 - The Act requires the local government to return to the SBOF with any significant changes to the Plan & therefore,
 - If project by project the local government likely in conjunction with a private sector developer, would have to return to the SBOF if they desired to “long-term bond” a project and at that time the local government could impose the burden of an application with a more rigorous review of implications to the state’s future revenue could be imposed
 - Summary of Recommended revised SBOF Regulation – If the MRA TIF Plan does not at that time to utilize the state’s share of GRT increment to support “prospective, long-term” bonds, the SBOF review should be confined to assure statutory compliance regarding the MRA PLAN (including & focusing on the TIF element) component of the MRA statute BUT if/when on a project by project basis it does include the intent to immediately use the state’s share of the GRT for long-term bonding then the more TIDA like analysis can be applied.
-



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October 15, 2025

Subject: Official Comments on Proposed Rule 2.61.2 NMAC

Members of the State Board of Finance:

On behalf of the Legislative Finance Committee's professional staff, I am pleased to submit the following comments in strong support of the proposed 2.61.2 NMAC, "Dedication of a Portion of the State's Gross Receipts Tax Increment for Metropolitan Redevelopment." These comments reflect the expertise and responsibilities of the committee's fiscal and economic staff in evaluating policies with potential impacts on the state's general fund and overall economic investments. They are offered in the spirit of shared technical and fiscal management expertise and do not represent the views or formal position of the Legislative Finance Committee as an elected body.

The proposed rule provides a sound and methodical framework for evaluating requests to dedicate a portion of the state's gross receipts tax increment to local metropolitan redevelopment projects. The rule's analytical rigor, reporting requirements, and procedural safeguards are consistent with prudent fiscal management and necessary to ensure that state participation in local redevelopment efforts advances public benefit while protecting state revenues.

In addition to expressing strong support for the proposed rule, this comment also seeks the addition or amendment of four areas. The following numerical list reflects a summary of the suggested changes with associated reasoning or justifications. Following this letter is an appendix detailing the suggested changes with in-text redline recommendations and commentary.

1. Strengthening Analytical Rigor in Economic and Financial Studies

Recommended additions to Section 2.61.2.7 (Definitions – Economic Analysis Study) and Section 2.61.2.7(F) (Financing Plan) include explicit requirements for downside



stress testing of revenues and establishment of baseline performance indicators for jobs, housing, and infrastructure against which annual reporting can be measured. These changes ensure the state can validate the reasonableness of revenue projections and assess fiscal risk before authorizing participation. Without these requirements, the board cannot reliably evaluate project sustainability or the sufficiency of state contributions.

2. Clarifying Effective Dates and Sunsets for Non-Bonded Projects

To ensure administrative consistency with the Taxation and Revenue Department's schedule for changes to GRT rates and distributions and to prevent indefinite reservation of state revenue capacity, the rule should specify dedications become effective on July 1 following board approval and a tax dedication lapse if no bonds are issued within four years unless renewed accordingly and with updated analysis.

3. Limiting and Documenting Waiver Authority

The waiver authority in Section 2.61.2.13 should be limited to procedural requirements, with any waiver accompanied by written findings confirming that the state's fiscal interests remain protected. This refinement enhances transparency and ensures analytical standards are applied consistently across projects with specific waivers related to burden and unique to each application.

4. Ensuring Equitable State and Local Participation

To maintain shared fiscal responsibility, the rule should include language stating that the state's dedication of a gross receipts tax increment shall not exceed the amount contributed by local governments. This ensures that local entities retain proportional financial commitment and aligns metropolitan redevelopment participation rules with established tax increment development district practices.

In closing, the proposed rule represents a prudent and comprehensive approach to governing state participation in metropolitan redevelopment financing. By adopting the rule with these enhancements, the State Board of Finance will maintain the state's fiscal discipline, promote evidence-based decision-making, and safeguard the state's general fund while supporting equitable and effective redevelopment outcomes across New Mexico.

Accordingly, these comments express strong support for the adoption of 2.61.2 NMAC and recommend modifications to Sections 2.61.2.7, 2.61.2.11, 2.61.2.13, and the addition of a local-matching requirement.

Respectfully submitted,

Ismael Torres
Chief Economist
Legislative Finance Committee
State of New Mexico

Appendix: Proposed Redline and Commentary on 2.61.2 NMAC

This appendix accompanies the official comment letter submitted by LFC staff. Additions are underlined; deletions are struck through. Each section is followed by commentary explaining the rationale and fiscal or policy effect. These comments are offered by staff of the Legislative Finance Committee in their analytical and fiscal management capacity, not as a formal position of the committee itself.

Section 2.61.2.7 – Definitions: Economic Analysis Study

Insert at the end of the Economic Analysis Study definition:

“...and establish baseline performance indicators for jobs, housing, and infrastructure against which future reporting will be measured.”

Add within Subsection (F) ‘Financing Plan’:

“(8) The total revenues generated and ability to meet bond payments given downside stress-testing of revenues under at least two adverse scenarios that reflects specific land-use impacts of adverse general economic downturns or adverse development outcome scenarios.”

Commentary: These additions ensure projects include a rigorous fiscal assessment and explicit scenario analysis. They allow the board and DFA to understand how bond obligations perform under stress and establish baseline data for ongoing performance measurement.

Section 2.61.2.11 – Board Approval

Insert new Subsection C:

“C. Effective date: Any dedication of the state gross receipts tax increment shall become effective on July 1, in accordance with Taxation and Revenue rate change schedules per 3-60A-21.B immediately following the date of board approval.”

Insert new Subsection F:

“F. Sunset for non-bonded projects: If no bonds are issued within four years of board approval, the state dedication shall lapse unless renewed upon updated application and analysis consistent with 3-60A-23.B and 3-60A-23.C.”

Commentary: These insertions provide clear timing and expiration rules. They prevent indefinite reservation of state revenues and ensure projects advance within the defined statutory window, aligning MRA rules with relevant statute.

Section 2.61.2.13 – Waiver

Revise to read:

~~“The board, in its sole and absolute discretion, may waive any requirements set forth in these rules unless such waiver would be contrary to the Metropolitan Redevelopment Code Code or waiver would impair~~ The board, in its discretion, may waive requirements included in these rules when the application demonstrates why it is in the best interest of the state to do so provided that the requesting party can demonstrate the need for a waiver and that other documents that are provided are equivalent to or satisfy the rationale for submitting the information and that the state’s interest will continue to be sufficiently protected and only if such waiver does not impair the board’s ability to satisfy its obligations under Subsection C of Section 3-60A-23 NMSA 1978.”

Commentary: The modification limits waiver authority to those applicants in need of administrative burden relief and requires findings of protection of the state’s interest, in alignment with the requirements set forth in other Board of Finance rules (TIDD). This maintains flexibility while ensuring analytical and fiscal standards cannot be waived without justification.

New Provision – Local Match Requirement

Insert new language within the general approval or financing sections:

“The state’s gross receipts and property tax increment dedications shall not exceed the portion or amount of gross receipts tax increment or property tax increment dedicated by local governments.”

Commentary: This addition promotes equity between state and local contributions, ensuring local governments maintain meaningful fiscal responsibility and aligning MRA practices with TIDD precedents that have been of demonstrated legislative interest.

Leach, Ashley, DFA

From: Christopher Tapia <chris.tapia@hhandr.com>
Sent: Friday, October 17, 2025 11:48 AM
To: Leach, Ashley, DFA
Cc: James M. Long; Suzanne Lubar; Michael Pattengale; Adrian Perez
Subject: [EXTERNAL] Heritage Hotels and Resorts Comments on Proposed Rule 2.61.2 NMAC
Attachments: TIF Comment Letter.pdf

Follow Up Flag: Follow up
Flag Status: Completed

You don't often get email from chris.tapia@hhandr.com. [Learn why this is important](#)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Ms. Leach,

Attached please find our comments on Proposed Rule 2.61.2 NMAC, Dedication of a Portion of the State's Gross Receipts Tax Increment for Metropolitan Redevelopment. **Please confirm receipt of this email.**

Thank you.

Christopher Tapia
Corporate Director of Finance



Heritage Hotels & Resorts





October 17, 2025

Ashley Leach
Director
State Board of Finance
Department of Finance & Administration
181 Bataan Memorial Building
407 Galisteo Street
Santa Fe, NM 87501
505-629-9745
Ashley.Leach@dfa.nm.gov

VIA ELECTRONIC MAIL

Dear Ms. Leach,

The Heritage Companies are committed to partnering with local governments to foster development and redevelopment across New Mexico. We have a history of using economic development tools to support projects such as the Sawmill District in Albuquerque, an emergent area offering housing, artist studios, retail space, and support for small local businesses. We appreciate the Legislature's recognition of the need to further investment in our communities through the dedication of a portion of state gross receipts tax increment to metropolitan redevelopment areas and offer the following comments to the proposed rule, entitled Dedication of a Portion of the State's Gross Receipts Tax Increment For Metropolitan Redevelopment (the "Rule"), for your consideration:

- **Reduce Administrative Burden:** The cumbersome and costly nature of the application requirements contained in the proposed Rule may prove onerous to local governments and delay the deployment of much needed capital into underserved areas. We suggest simplifying the application process by encouraging, rather than requiring, market absorption, housing supply, and economic analysis studies. A tiered approach to application analysis, based on community and/or project size, also may allow redevelopment funds to flow to local governments and the community more expeditiously. We would be pleased to participate in the application process, providing expertise and resources to local government staff charged under the proposed Rule with commissioning costly independent consultants. Collaboration between local governments and developers would enhance application quality and catalyze private investment in metropolitan redevelopment projects.

- **Facilitate Timely Access to Capital:** The proposed Rule requires applications to be submitted to the State Board of Finance by July 1 for consideration at its December meeting. Limiting consideration of proposed projects to once a year may delay planning and preparation for redevelopment that could otherwise begin during the review period in advance of a legislative session. We suggest shortening the application review period to three months and accepting applications on a rolling basis to expedite redevelopment efforts. The ability to use state gross receipts tax increment on a pay-as-you go basis, in combination with local government gross receipts and property tax increment funds, also would increase access to capital for important redevelopment projects in a timely manner. As it stands, whether state gross receipts tax can be used on a pay as you go basis remains unclear. The earliest a project or projects likely could be considered by the Legislature and funds deployed to support redevelopment and implement the 2023 amendments to the Metropolitan Redevelopment Code will be 2027 or later.
- **Effectuate Legislative Intent:** The primary intent of the Metropolitan Redevelopment Code is to prepare blighted areas for economic activity and enable redevelopment. Both vertical and horizontal infrastructure are imperative to improving conditions in blighted areas in preparation for housing installation and job creation. We ask that the Rule specifically: recognize the use of dedicated state gross receipts tax increment for financing vertical infrastructure in areas where horizontal infrastructure, such as road, water, and sewer improvements, have been constructed; and prioritize the use of state gross receipts tax increment for both public and private redevelopment projects benefitting the public good.

Thank you for the opportunity to contribute to the refinement of the Rule. Please do not hesitate to reach out if you would like to have further discussions regarding the proposed Rule and its implementation.

Sincerely,



Jim Long
Founder and CEO
Heritage Companies
201 Third Street NW, Suite 1150
Albuquerque, NM 87102
505-998-5450
jlong@hhandr.com



New Mexico
Department of Finance
and Administration

407 Galisteo St,
Santa Fe, NM 87501
(505) 827-4985

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

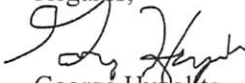
DFA requests that the Board establish guidelines for applying inflation only to undedicated balances in state tax increment allocations. This ensures that these balances increase with inflation until the infrastructure projects in metropolitan redevelopment area plans are completed and dedicated. This 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



CITY OF ALBUQUERQUE

Tim Keller, Mayor



October 17, 2025

State Board of Finance
Ashley Leach, Director
Department of Finance & Administration
181 Bataan Memorial Building
407 Galisteo Street
Santa Fe, NM 87501

State Board of Finance members,

The Metropolitan Redevelopment Agency (MRA) is the department authorized by the Albuquerque City Council to undertake metropolitan redevelopment activities under the State's Metropolitan Redevelopment Code (§§ 3-60A-1 et al NMSA 1978). As such, we are also the agency responsible for establishing and administering the "Tax Increment Law" (§ 3-60A-1 through -24 NMSA 1978) within Metropolitan Redevelopment (MR) Areas. It is in this capacity that we, as an Agency, are submitting comments regarding the ["PROPOSED 2.61.2 NMAC Dedication of a Portion of the State's Gross Receipts Tax Increment for Metropolitan Redevelopment"](#) published by the State Department of Finance and Administration on September 9, 2025 (herein "Rules" or "Rulemaking").

The City of Albuquerque's Metropolitan Redevelopment program has been in place for over 45 years. Throughout that time, we remained steadfast in our determination to meet the state's statutory directive to eliminate slum and blighted areas, and promote the economic and commercial development for community health, safety, welfare, convenience, and prosperity. The City of Albuquerque has 20 designated MR Areas. What makes MR Areas unique is that we are able to go beyond traditional municipal redevelopment techniques based solely on infrastructure deployment and move toward direct investment in private and commercial development. The City of Albuquerque uses our powers in a wide variety of ways, including: to fund boutique grant programs for storefront rehabilitation; provide direct, "closing fund" incentives to private housing developers; and forge public/private partnerships that involve custom-tailored financing arrangements. We deploy these funds competitively across MR Areas to have the broadest reach and the greatest impact to the worthiest projects.

In general terms, the proposed Rules ignore the wide range of redevelopment activities allowed by the Metropolitan Redevelopment Code and the clear intention of the Tax Increment Law to



allow Tax Increment Financing (herein “TIF” or “TIFs”) to be established at a district-level, as opposed to a project-by-project basis. This hypothesis is supported by the replacement of the term “financing” with “funding” and “project” with “metropolitan redevelopment area” throughout the Tax Increment Law. The term “financing” generally refers to the application of financial resources to a particular project, while the term “funding” allows TIF as a financial tool to be used throughout an entire metropolitan redevelopment area (see [Tax Increment Law ANNOTATIONS](#)). The proposed Rules also seem to conflate the “Redevelopment Bonding Law” (§ 3-60A-26 through -46 NMSA 1978), which is a long-established practice for individual redevelopment projects, with the criteria in the Tax Increment Law, which requires that goals of the MR Area be met when using State-allocated TIF. The statute further allows the revenue from TIF to secure any bonds issued for metropolitan redevelopment activities (§3-60A-23 through -23.1 and §3-60A-49). However, the proposed Rules apply a narrow approach in the interpretation of the definitions, creating confusion and misalignment with the Redevelopment Code, referring only to single development projects and not to other redevelopment activities that are allowed to be undertaken by the governing body in the effort to eliminate blight. In summary, the proposed Rules lack a procedure for recognizing TIF programs and accessing funds at the district level, which is clearly allowed by the broader interpretation of the Tax Increment Law.

In the specific circumstance of the definition of “Metropolitan redevelopment project” or “project” in Section 2.61.2.7.M (DEFINITIONS) of the proposed Rulemaking, it is stated that these shall “have the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended,” which would include all “activities and undertakings designed to eliminate slums or blighted areas,” (§ 3-60A-4-G NMSA 1978). However, only the much narrower definition of a “project” provided by the Metropolitan Redevelopment Code’s “Redevelopment Bonding Law” seems to be represented in the proposed rules, ignoring other redevelopment activities allowed by the Metropolitan Redevelopment Code and the Tax Increment Law. The application criteria set forth do not account for the full array of activities considered as “metropolitan redevelopment activity,” and conferred under § 3-60A-10 (Powers of Local Government), including but not limited to loans, grants, investments, and other financial tools to rehabilitate an area designated as blighted that may be used in a district-wide TIF approach. The aforementioned activities are TIF programs that are projects in and of themselves in the Redevelopment Code. Therefore, we suggest that both the definition of “Metropolitan redevelopment project” and the application criteria should be amended to reflect *all* the redevelopment activities allowed by the Metropolitan Redevelopment Code, and contemplated in a Metropolitan Redevelopment Area Plan across an entire “district” or area designated for TIF, which may include rehabilitation programs, as well as specific redevelopment projects.

As currently written, the Rules proposed require a twenty-one-part Application to the State Board of Finance. The application materials include two (2) plans with a total of fifteen (15) sections, and three (3) additional studies with a total of eight (8) sections and at least eighteen (18) individual parts. These plans and studies are required in addition to the Metropolitan Redevelopment Area Boundary/Blight Study and the Metropolitan Redevelopment Area Plan already required by the Metropolitan Redevelopment Code, and are also to be included in the

application materials to the State Board of Finance. Not only are the application materials excessively onerous and costly, but they are also most likely not applicable to many of the projects and programs that will be proposed by jurisdictions hoping to implement TIF across the state. Furthermore, many of the studies required have duplicative sections. For example, the required "Market absorption study" includes a "Housing supply study," which is also a stand-alone document required in the application. Additionally, both of the aforementioned studies must contain all or part of the "Population analysis," another standalone requirement. The application materials are convoluted and go beyond even the most comprehensive requirements of other similar districts, including Tax Increment Development Districts (TIDDs) (see: NMAC #2.61.3). Finally, the Rules only allow applications to be submitted once a year on July 1, which not only creates a barrier to accessing the state portion of GRT, but also does not align with the Department of Taxation and Revenue procedures for establishing the baseline. When Albuquerque led the charge for the passage of the TIF law, supporters insisted that the TIF program be accessible to communities of all sizes across the state and not be so onerous that they would effectively be ineligible to participate due to lack of resources and undue bureaucratic burden.

We suggest that the structure of the application and supplemental materials required should accurately and adequately reflect the existing requirements under the Metropolitan Redevelopment Code for the establishment of MR Areas and provide flexibility for considering the use of TIF for the various types of redevelopment activities that may be undertaken by a local jurisdiction with redevelopment powers. These redevelopment activities may include individual projects, but also include financing tools and economic development programs, such as small business loans and grants or reimbursement programs, that encourage private-sector activities that meet the goals of the redevelopment plan in any given area. Because MR Areas are typically located within the heart of cities and towns, the scope and scale of projects are generally constrained by the size of infill lots, forcing smaller projects, which is much different than the typical TIDD.

Furthermore, redevelopment activities and programs funded through agencies such as Albuquerque's MRA generate a more equitable distribution of funds. Allowing redevelopment programs to be potentialized through TIF will amplify the benefits of the use of gross receipts tax (GRT) increment financing for the broader community through greater local business impact and the ability to fund more programs that will minimize potential displacement effects of redevelopment activities.

MRA respectfully submits this public comment letter, followed by an alternative proposal to the proposed rules and the Redline of the original proposed Rules, guided by expert opinions from third-party consultants (also attached), and requests that the State Board of Finance reconsider its approach to the Rules guiding TIF in MR Areas. The final Rules adopted by the State should reflect the needs of all communities across New Mexico, hoping to access this financial tool to revitalize their communities, and align themselves to the purpose of the Metropolitan Redevelopment Code.

Sincerely,

A handwritten signature in blue ink that reads "Terry Brunner". The signature is fluid and cursive, with the first name "Terry" and last name "Brunner" clearly distinguishable.

Terry Brunner

Interim Director, Metropolitan Redevelopment Agency
City of Albuquerque

Attachments:

SB Friedman Memo on State GRT Dedication Proposal

ABQ MRA's alternative proposal for 2.62.2-State Dedication of GRT

ABQ MRA's Redline of 2.62.2-State Dedication of GRT

MEMO

To: Terry Brunner, Albuquerque Metropolitan Redevelopment Agency
(505) 768-3000, terrybrunner@cabq.gov

From: Ranadip Bose, SB Friedman Development Advisors
(312) 384-2407, rbose@sbfriedman.com

Date: September 29, 2025

RE: Proposed Rule 2.61.2 NMAC – Response

Introduction and Purpose

Recent amendments to the New Mexico Metropolitan Redevelopment Act strengthened the State's tax increment financing (TIF) mechanism, allowing designated Metropolitan Redevelopment Areas to capture a portion of incremental property tax and gross receipts tax (GRT) revenues over a 20-year period. The New Mexico State Board of Finance (SBOF) recently proposed the adoption of Proposed Rule 2.61.2 NMAC, Dedication of a Portion of the State's Gross Receipts Tax Increment for Metropolitan Redevelopment (Proposed Rule). The purpose of the Proposed Rule is to establish requirements, procedures, and criteria for:

- Implementing the dedication of state GRT increment for purpose of funding a metropolitan redevelopment plan; and
- Determining the amount of the state GRT increment to be dedicated to a metropolitan redevelopment plan.

The Proposed Rule details the process by which municipalities would request the use of the state GRT increment to help support a metropolitan redevelopment plan. It describes 21 distinct application requirements to be submitted to SBOF, establishes the timeline, and outlines the methodology for SBOF's review of such a request. It also sets ongoing reporting requirements for any municipality or county for which SBOF has approved a state GRT increment dedication.

SB Friedman Development Advisors, LLC (SB Friedman) was engaged by the City of Albuquerque Metropolitan Redevelopment Agency to review the Proposed Rule and evaluate potential challenges facing New Mexico municipalities related to the application requirements. The memo also outlines suggested modifications to the proposed application requirements that would help address the challenges and enable municipalities to submit appropriate application materials for state review and consideration.

Challenges of the Proposed Rule

SB Friedman recognizes the need for SBOF to develop procedures by which it can review requests for the use of state GRT increment and determine if granting those requests is reasonable and in the best interest of the state. When municipalities establish TIF districts, they should demonstrate the plan for revitalizing the district, the proposed use of TIF funds to implement the plans, and the need for state participation in funding. While the Proposed Rule aims to obtain application materials from municipalities, the application requirements listed in the Proposed Rule create some challenges:

- 1) The Proposed Rule is overly tailored towards specific development projects;
- 2) The application requirements are not tailored to how TIF is likely to be used in many metropolitan redevelopment areas; and
- 3) The application requirements are highly onerous to municipalities, and are likely to reduce the uptake of TIF, which could otherwise be a powerful tool in addressing slum and blight conditions in metropolitan redevelopment areas.

Each of these challenges are discussed in greater detail below.

1) The Proposed Rule language is overly tailored towards specific development projects

The State Metropolitan Redevelopment Code defines "project" broadly as:

"an activity, undertaking or series of activities or undertakings designed to eliminate slums or blighted areas in areas designated as metropolitan redevelopment areas and ... conforms to an approved plan for the area for slum clearance and redevelopment, rehabilitation and conservation" (NM Stat § 3-60A-4 (2024)).

While this definition is broad, much of the language in the Proposed Rule seems to imply larger, master-planned projects, similar to those catalyzed by Tax Increment Development Districts (TIDDs). Many TIDDs in New Mexico have been on greenfield sites lacking infrastructure, and where development has been carried out by a single master developer. The Proposed Rule application requirements align with a similar conception of a TIF "project".

However, this implied conception of a "project" doesn't capture how and where TIF would more frequently be used. Unlike TIDDs, most metropolitan redevelopment areas throughout New Mexico are within urban districts, such as downtowns or commercial corridors. These areas are more likely to have a large and diverse set of property owners, who likewise have different plans and goals. Some may want to improve their property, others may want to sell theirs to a developer, while others may not have any interest in changes to their property.

The Proposed Rule language outlines eight different application elements under item 16 of Application Elements (2.61.2.8) that are very specific to an individual project and as such not suitable for larger areas that may see several development projects over a 20-year span. In a district-level TIF, both the development program and timeline of individual projects are highly uncertain. This is due not only to the diversity of ownership, but also due to challenging market conditions. TIFs must be located within existing metropolitan redevelopment areas, which must exhibit various "slum" or "blight" conditions. Due to the presence of these factors that qualify the area as a metropolitan redevelopment area, there is generally slower growth and fewer projects delivered by the market in these areas.

Therefore, the application materials requested for district level TIFs should be broader and focus on outlining district level activities and the need for state GRT to fund those activities.

2) The application requirements are not tailored to how TIF is likely to be used in a district

Because the Proposed Rule does not address the core issues in district-level TIFs (as outlined under 1), the requirements of an application to SBOF appear not to align with how TIF is likely to be used in larger area districts. The application requirements in the Proposed Rule ask for, among other things, a proposed development schedule with major milestones, analyses related to the projected multiplier effects, and a description of the funding sources for private improvements. These requirements might make sense for a typical TIDD master planned project, where the infrastructure improvements and private development are understood from the outset. In a district-level TIF, both are much more uncertain.

As municipalities seek to revitalize areas in district-level TIFs, there are likely to be three primary categories of TIF expenditure:

- **Public Infrastructure:** Strategic public infrastructure improvements are often needed to modernize service levels or catalyze private investment within districts. Public investments in urban districts could vary widely ranging from modest investments such as sidewalk improvements and streetscaping, to replacing antiquated water/sewer lines, to larger investments in new trails, signature parks and plazas. Municipalities tend to identify new investments based on planning studies that solicit input from the community and local stakeholders. While it is possible to estimate costs and rough phasing of such investments, they are likely to be preliminary and planning level estimates. Efforts to quantify their economic impact upfront or assessing operation and maintenance costs of investments that may be planned over a twenty-year period are unlikely to be feasible or accurate.
- **Policy-driven Programs:** Municipalities across the country employ TIF-funded grant or loan programs to spur economic development within TIF districts. These programs (i.e., small business development, façade improvement, home repair, etc.) generally disburse funds in the form of grants or loans. TIF-funded programs set objective eligibility requirements and cap grant assistance based on the features of the proposed project. Typically, these programs receive municipal approval for an initial budget allocation. Then, a municipal department facilitates the program by reviewing applications, approving proposed projects, and managing the disbursement of funds. But until a program is established and funded, it is difficult to predict the number, type or location of applicants, let alone awards.
- **Gap Financing for Private Development:** Finally, TIF can be used as a form of gap financing for private development projects that would not be feasible “but for” the assistance. It is critical that projects requesting public assistance demonstrate their need for assistance, so that public resources are used fairly and judiciously. However, these “but for” analyses and financial reviews are better handled at the municipal level. Most urban districts will seek to have multiple private development projects over a 20-year span. Therefore, it would be more feasible to outline sites susceptible to change and assign an allocation of funds to support gap financing than for SBOF to evaluate each hypothetical project up front.

The application materials that SBOF requests and reviews should be more tailored to how the municipality intends to use TIF funds, recognizing that it is difficult to predict specific project details such as economic impact, or sources and uses upfront.

3) The application requirements in the Proposed Rule are highly onerous to municipalities

The application requirements, while well intentioned, are so extensive as to be onerous to municipalities. The Proposed Rule lays out 21 distinct application requirements to be submitted to SBOF. Many of the application requirements are duplicative with existing planning work, such as blight findings for a metropolitan redevelopment area and the adopted plan for the area. It would be less onerous if municipalities could leverage existing documents such as the blight study, metropolitan redevelopment area plan, and an implementation plan. The purpose of these documents should be to: demonstrate existing slum and blight conditions within the area; describe the redevelopment vision for the district; and, outline the projected TIF revenues and proposed uses of those revenues.

Meanwhile, some of the other requirements seem to depart from the stated purpose of metropolitan redevelopment. The intent of the Metropolitan Redevelopment Code is:

"to authorize local governments to ... promote industry and develop trade or other economic activity ... to mitigate the serious threat of extensive unemployment in a metropolitan redevelopment area and to secure and maintain a balanced and stable economy in an area declared to be a slum or blighted area" (NM Stat § 3-60A-3 (2024)).

Application requirements like the housing supply study, population analysis, and portions of the economic analysis do not seem to relate to this purpose, though some may be warranted in specific situations (see the "Additional considerations" section below).

SB Friedman is a consulting firm that specializes in economic, fiscal and planning analyses. We frequently prepare studies and plans similar to those outlined in the Proposed Rule for municipal clients. Based on our experience, the cost to a municipality of engaging a qualified independent professional or consultant to prepare the financing plan, market absorption study, economic analysis study, housing supply study, and population analysis together would cost hundreds of thousands of dollars. In addition to cost, preparing a complete application to SBOF would likely require significant public sector staff time. Therefore, preparing an application would represent a significant challenge for all municipalities in New Mexico, but particularly smaller communities with less funding and staff capacity.

Suggested Modification to the Proposed Rule

There is a legitimate question on how SBOF should determine whether to participate in TIF and the extent of its participation. As mentioned, we agree with the need for procedures by which SBOF can review requests for the use of state GRT increment and determine if granting requests is reasonable and in the best interest of the state. Municipalities should be required to demonstrate the purpose and public benefit of their request for state GRT increment, including why economic development would not occur but for the contribution of state GRT increment. However, the application materials should be tailored to align with the district context, municipal goals, and level of state participation requested. We suggest streamlining and modifying application requirements based on the type of district and the specific metropolitan redevelopment goals.

TIF districts encompassing larger areas such as a downtown or neighborhood

When the proposed TIF district encompasses an existing urban district, like a downtown or commercial corridor, we suggest that SBOF request materials more tailored to the way TIF is likely to be used. Materials might include:

- **Existing planning documents.** Existing planning analyses, including the documentation of slum or blight conditions, and an approved metropolitan redevelopment area plan should be included.

- **TIF action plan.** A TIF action plan should include a 20-year projection of TIF revenues including local participation rates and the requested state participation. It should clearly describe how TIF revenues will be used to address the slum or blight conditions present in the area. Some municipalities may choose to prepare a TIF action plan as part of a local approval process and before submitting an application for state participation.
- **TIF budget.** A TIF budget would show the anticipated uses of projected TIF revenues. It should identify specific projects where possible. Otherwise, it can show anticipated funding amounts associated with different categories of TIF spending (infrastructure, grant programs, and gap financing)
- **"But for" justification.** Linking to the TIF action plan, the application should explain why the types of projects outlined in the TIF action plan and budget would not occur "but for" the inclusion of state GRT increment. It should explain why State participation in the TIF is necessary to achieve the goals for the metropolitan redevelopment area.

TIF districts focused on a specific real estate development project

For TIF districts proposed to support a specific real estate development project, a different set of application materials may be more suitable. We recommend that SBOF evaluate the following:

- **Existing planning documents.** Existing planning analyses, including the documentation of slum or blight conditions, and an approved metropolitan redevelopment area plan should be included.
- **Project description.** When the real estate development program is already known, this should be included. SBOF can choose to calibrate its participation based on the size of the project, location and the requested state participation.
- **Financial gap analysis.** This analysis would demonstrate that the project would not occur "but for" public assistance, and show SBOF the need for state resources.
- **Incremental revenue projections.** Projections should show projected tax revenues going to the State and local agency in the scenario that the State participates in the TIF, as well as if the State does not participate. The projections should show revenues over the life of the TIF, and in the five years after the expiration of the district in both scenarios.
- **Fiscal and economic impact analysis.** Related to the incremental revenue projections, the application should estimate the potential fiscal impact to State and the multiplier impact in terms of construction period and permanent jobs and economic activity.
- **Anticipated financing structure.** The application should note whether projects costs (e.g., infrastructure costs, gap financing, etc.) are to be paid or reimbursed through a Pay-Go structure or through bonds.

Additional considerations

In addition to the baseline information outlined above, extra documentation may be warranted. We recommend that SBOF only request documents that directly relate to the goals of the project or district. For example, if a municipality aims to use TIF to help redevelop existing housing with affordable rents, an evaluation of potential displacement would be important to include. However, a municipality that intends to use TIF to improve existing infrastructure should not be subject to the same application requirements. Any documentation submitted as part of a request for state participation in a TIF district should directly support that specific request.

SBOF could also consider modifying application requirements based on the scale of the district or project. Large districts and high-value projects that are expected to capture significant state GRT increment should have higher scrutiny. SBOF could request more materials, or greater detail, if the projected state participation exceeds a certain dollar threshold.

Other states, such as Michigan, require that projects meet a minimum level of private investment, which is scaled based on the size of the municipality in which the project is located. Conversely, smaller districts or projects that expect to capture a smaller amount of state GRT increment should not be required to provide the same documentation.

Conclusions

Based on our review of the application requirements outlined in the Proposed Rule, we've identified several potential challenges facing municipalities:

- 1) The Proposed Rule is overly tailored towards specific development projects;
- 2) The application requirements are not tailored to how TIF is likely to be used in many metropolitan redevelopment areas; and
- 3) The application requirements are highly onerous to municipalities, and are likely to reduce the uptake of TIF, which could otherwise be a powerful tool in addressing slum and blight conditions in metropolitan redevelopment areas.

We recognize the need for SBOF to develop procedures by which it can review requests for the use of state GRT increment. However, given the challenges described above, we suggest streamlining and modifying application requirements based on the type of district and the specific metropolitan redevelopment goals.

Appendix | SB Friedman's TIF Experience

Our firm has core expertise in the use of TIF to facilitate high-quality development, redevelopment and infrastructure projects. Since the conception of our firm, we have advised both public and private sector clients on TIF issues, ranging from conducting eligibility studies to providing support in the TIF application and negotiation process.

ELIGIBILITY STUDIES, PLANS AND AMENDMENTS

Our firm has led the establishment of over 75 TIF districts in multiple states under multiple statutes, and has also assisted communities in making "major" and "minor" amendments to existing TIF districts. Depending on the specific state TIF statutory requirements and local community policies, these services have included conducting detailed assessments of physical conditions on a parcel-by-parcel, building-by-building basis to establish eligibility and preparing redevelopment plans. These designation processes have also generally included economic evaluations of the proposed TIF area based on trends in property valuation, vacancy rates, building obsolescence and others. In addition, we have managed the public consensus-building process for TIF districts prior to their adoption. Finally, we routinely perform up-front TIF capacity analyses to help clients determine how much investment a proposed TIF may be able to support.

REVENUE PROJECTIONS

Our firm has prepared TIF cash flow projections for hundreds of districts and projects covering residential, retail, office, research, industrial, hotel, parking, sports facility and other land uses. These projections are based on the incremental values to be added by specific development projects as well as general changes in property value in the district as a whole. Our firm takes a rigorous approach to projecting future TIF revenues based on comparable property research, detailed understanding of local assessment methodology, and studies of trends in tax rates, property appreciation and other relevant indices. Our projections are routinely used in the sizing of revenue and TIF-backed general obligation bonds, as well as privately placed TIF revenue notes.

TIF APPLICATION SERVICES

SB Friedman has assisted many developers through the TIF application and negotiation process. This includes review/presentation of project financials (including project costs, revenues and profit levels), estimate of project-specific and TIF-wide incremental taxes, and preparation of the formal application for TIF assistance. Our presentations clearly articulate the need and rationale for TIF assistance, as well as the appropriate structure for the assistance. We also provide ongoing support for our clients after submittal of the TIF application, as needed, to assist in bringing the deal to full agreement and closing.

NEGOTIATION SUPPORT/TERM SHEET

The main goal in TIF negotiation is to strike a business agreement that is clear, fair and complete. Often, this agreement is best captured in a term sheet that serves as the backbone of the final legal TIF agreement between the municipality and applicant. SB Friedman has assisted clients in crafting term sheets for TIF grants and loans, as well as negotiating an appropriate TIF financing package. We provide analytical support to help clients articulate their case, as well as rigorous term sheet drafting to ensure that the business terms are clear, concise and complete.

TIF ADMINISTRATION AND COMPLIANCE

We have experience in assisting communities with such "nuts and bolts" TIF issues as: Annual Joint Review Board and state reporting support, tracking district revenues over time, reviewing delinquency/collection rates, reviewing parcel lists to ensure accurate revenue capture, reviewing and certifying TIF-eligible costs, estimating the impact of pending appeals, and tracking/projecting assessment ratios, equalizers and tax rates.

TITLE 2 PUBLIC FINANCE
CHAPTER 61 STATE INDEBTEDNESS AND SECURITIES
PART 2 DEDICATION OF A PORTION OF THE STATE'S GROSS RECEIPTS TAX
INCREMENT FOR METROPOLITAN REDEVELOPMENT

2.61.2.1 ISSUING AGENCY: State Board of Finance.
[2.61.2.1 NMAC - N, 12/23/2025]

2.61.2.2 SCOPE: Metropolitan redevelopment districts formed pursuant to the Metropolitan
Redevelopment Code with respect to the state's dedication of a portion of its gross receipts tax increment. [2.61.2.2
NMAC - N, 12/23/2025]

2.61.2.3 STATUTORY AUTHORITY: These regulations are promulgated pursuant to authority granted
in Subsection E of Section 6-1-1 and Subsection D of Section 3-60A-21 NMSA 1978. [2.61.2.3 NMAC - N,
12/23/2025]

2.61.2.4 DURATION: Permanent.
[2.61.2.4 NMAC - N, 12/23/2025]

2.61.2.5 EFFECTIVE DATE: December 23, 2025, unless a later date is cited at the end of a section.
[2.61.2.5 NMAC - N, 12/23/2025]

2.61.2.6 OBJECTIVE: To establish rules and regulations governing the dedication of a portion of the
state's gross receipts tax increment provided for by the Metropolitan Redevelopment Code (Sections 3-60A-1
through 3-60A-49 NMSA 1978); to provide guidance as to board evaluation of district requests by defining terms
setting forth the bases upon which the required findings are to be made, and outlining the methodological framework
to be used; to set forth procedures for submittals of applications for a dedication; and to establish reporting
requirements.
[2.61.2.6 NMAC - N, 12/23/2025]

2.61.2.7 DEFINITIONS: As used in these rules:

- A. "Base gross receipts taxes"** means (1) the total amount of gross receipts taxes collected within a tax
increment development district, as estimated by the governing body that adopted a resolution to form that
district, in consultation with the taxation and revenue department, in the calendar year preceding the
formation of the tax increment financing district or, when an area is added to an existing district, the
amount of gross receipts taxes collected in the calendar year preceding the effective date of the
modification of the tax increment development plan and designated by the governing body to be available
as part of the gross receipts tax increment; and (2) any amount of gross receipts taxes that would have been
collected in such year if any applicable additional gross receipts taxes imposed after that year had been
imposed in that year;
- B. "Blighted area"** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as
amended.
- C. "Blight study"** means an analysis and description of the metrics used by the local government in
designating the metropolitan redevelopment area as a slum area, a blighted area, or a combination thereof in
connection with its designation of the metropolitan redevelopment area and the preparation of the
metropolitan redevelopment plan.
- D. "Board"** means the State Board of Finance.
- E. "Bonds"** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.
- F. "Developer"** means the person, individual, corporation, association, partnership, limited liability
corporation or other legal entity who has entered into a development agreement with the governing body
that formed the TIF.

G. “Economic base job” means employment within the metropolitan redevelopment area with an employer engaged primarily in creating goods and services that are exported out of the state.

H. “Financing plan” means a plan outlining the sources and uses of funds available from revenue or debt for the proposed redevelopment, detailing how the proposed redevelopment will be financed. A financing plan must include a description of the following:

(1) The developer’s proposed plan for financing all or part of the public improvements and other actions required to facilitate the economic gains and mitigate any adverse effects identified in the TIF plan. The plan must identify whether the developer proposes to use gross receipts tax increment bonds or property tax revenues or both, including information supporting why gross receipts tax increment financing is needed for the proposed redevelopment and/or the economic advantage of using property tax revenue;

(2) The total estimated annual gross receipts tax increment to be generated by the proposed redevelopment and the portion of that gross receipts tax increment to be allocated during the period necessary to repay any bonds, as defined under these rules, issued pursuant to the redevelopment;

(3) The total estimated annual property tax increment to be generated by the project and the portion of that property tax increment to be allocated during the time necessary to complete the payment of the project;

(4) The anticipated structure and terms for gross receipts tax increment bonds, including:

(a) Maturity date and estimated interest rates;

(b) A pro-forma for all bonds to be issued for the redevelopment; and

(c) Projected coverage ratios for all bonds issued for the redevelopment.

(5) Tabular data table showing cash flow projections of revenues from past and present property tax dedication approved and expenditures in the metropolitan redevelopment area;

(6) Any proposed use of gross receipts tax increment revenues or property tax increment revenues other than to secure the payment of bonds;

(7) The source of funding for services, activities, grants, and payments, other than in connection with the construction or acquisition of public infrastructure and facilities;

(8) Potential and identified additional sources of funding to complete the proposed redevelopment;

(9) A description of the source of funding for any private improvements and development, including the amount, type, and source of private investment and commitments to the redevelopment, and a corresponding financing plan; and

(10) A description of the accounting practices, in accordance with generally accepted governmental accounting and auditing standards, to be undertaken to track and monitor revenues deposited into the metropolitan redevelopment fund.

I. “Governing body” means the city council or city commission of a city, the board of trustees or council of a town or village or the board of county commissioners of a county.

J. “Local government” has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

K. “Metropolitan redevelopment area” has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

L. “Metropolitan redevelopment plan” has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

M. “Metropolitan redevelopment project” and **“project”** have the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended, including any activity, undertaking, or series of activities or undertakings allowed in the code.

N. “NAICS” means the North American Industry Classification System.

O. “Operating plan” means a detailed plan from the local government identifying a clear operational strategy for the designated TIF area or areas, responsible local government entity including management, staffing, and administrative and operational procedures, with organizational and flow charts. Additionally, the operating plan must identify the following:

(1) Whether the governing body or another entity will provide oversight for the metropolitan redevelopment area TIF;

- (2) A detailed depiction of how decisions will be made for activities, metropolitan redevelopment projects, and other day-to-day operational requirements; and
- (3) Where the local government delegates its powers in whole or in part to a metropolitan redevelopment entity or other agency or party, a description of the delegated powers, and the ordinance, resolution, or other document evidencing such delegation, must be provided.
- P. **“Slum area”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.
- Q. **“State gross receipts tax increment”** means the value of the gross receipts tax imposed pursuant to Section 7-9-4 NMSA 1978 and sourced to the metropolitan redevelopment area in excess of the same gross receipts taxes sourced to the metropolitan redevelopment area in the base year, calculated in compliance with Subsection B of Section 3-60A-21 NMSA 1978, as amended.
- R. **“Substantial change”** means any material modification to a metropolitan redevelopment plan that would:
- (1) Require the local government to hold a public hearing in advance of approving such a change, as required by Section 3-60A-9 NMSA 1978;
 - (2) Alter the boundary of the metropolitan redevelopment area; and/or
 - (3) Provide a measurable impact on the projected outcomes for the market absorption study, operating plan, financing plan, economic analysis study, or housing supply study, including in the application.
- S. **“Tax increment law”** means Sections 3-60A-19 through 3-60A-24 NMSA 1978, as amended, which is a part of the Metropolitan Redevelopment Code.
- T. **“TIF plan”** means a document that describes the conditions of the area designated for use of TIF and the redevelopment activities or projects that the local government plans to undertake to alleviate the conditions causing it to be designated as “slum” or “blighted” in accordance with the metropolitan redevelopment code. The TIF plan may be presented as a chapter or chapters in a metropolitan redevelopment plan or other relevant planning study undertaken in the defined metropolitan redevelopment area or as stand-alone document accompanying the metropolitan redevelopment plan, with supporting materials and analysis in appendices, as necessary. The TIF plan may be prepared by a qualified professional employed or contracted by the local governing body or consultant approved by the board. All TIF plans, shall include the following analysis or studies, at a minimum:
- (1) **“Existing Conditions Analysis”** means a description of the conditions of blight, the severity of the blight, including an explanation and analysis of the metrics used to make the determination that the remediation of slum or blighted areas with local government intervention necessary, and including;
 - (a) A description and map identifying the existing zoning and land uses in the metropolitan redevelopment area and proposed zoning and land uses, if changes are proposed. A description and map illustrating both existing and planned public infrastructure and development in the area.
 - (b) **“Population analysis”** meaning a breakdown of the current population of the metropolitan redevelopment area by age, income level, employment status, and educational attainment, that identifies, in general terms, market size, labor availability.
 - (c) **“Market Study”** shall describe in general terms the existing conditions and potential residential, commercial, and employment demand in the area. The residential market study shall include units in existence or known to be under construction, including average rents, as well as price per square foot and a demand analysis and projections divided by rent and ownership, as well as federally recognized income brackets for the area, i.e. both existing “affordable” and “market rate” The commercial market study shall include existing conditions analysis of commercial space available by use, vacancy rates and price per square foot and demand segment shall include, projections of future commercial activity and real estate need by sectors. Employment demand, shall include analysis and projections of job demand by sector.
 - (2) **“TIF Activities”** section meaning general description of the redevelopment activities or undertakings proposed by the local government and supported by gross receipts tax increment financing, in compliance with the metropolitan redevelopment plan, which shall include:

- (a) A general description of the activities or undertakings proposed by the local government's plan to carry out for the metropolitan redevelopment area as a whole or plans for specific areas within the metropolitan redevelopment area. Examples of activities include grant programs for small businesses, workforce development programs; revolving loan funds; financing programs for commercial or residential projects.
 - (b) A detailed description of the types of public infrastructure and facilities to be included in the TIF activities independently by the local government, if available, including the estimated construction or acquisition costs of the public infrastructure and facilities, including funds necessary for repair and replacement of infrastructure, and the annual operation and maintenance costs of the public infrastructure, as well as any projected sources of funding;
 - (c) A summary of how the project is designed to eliminate slum or blighted areas in the metropolitan redevelopment area and how the project conforms to the approved metropolitan redevelopment plan;
 - (d) A detailed description of how redevelopment activities will impact low-income communities, minority groups, and other underserved populations in the metropolitan redevelopment area, with a specific discussion of how displacement will be mitigated, if a direct result of the proposed development.
- (3) A "TIF Implementation and Tracking" section means a description of the method and metrics the oversight entity will utilize to determine compliance with and delivery of the redevelopment goals, providing a description of the metrics to be tracked and the frequency, including:
- (a) A description and justification of the request for use of a portion of the state gross receipts tax increment.
 - (b) The baseline gross receipts taxes analysis and projections, as defined herein.
 - (c) A description of the defined measures used to evaluate the effectiveness and progress of the TIF activities undertaken, which shall measure advancement of the adopted goals of the TIF plan and the metropolitan redevelopment plan.
 - (d) A reporting plan, including the type and frequency of all reporting to the local governing body and the state to track progress toward established performance metrics as described in the TIF activities section of the TIF plan and metropolitan redevelopment plan goals.

[2.61.2.7 NMAC - N, 12/23/2025]

2.61.2.8 APPLICATION ELEMENTS:

A. Contents of application: A local government requesting a dedication of a portion of the state gross receipts tax increment shall submit an application to the board that includes:

- (1) A table of contents identifying all documents, studies, plans, images, and information, and, as practicable, following the order set forth in this Section 8;
- (2) An executive summary of the local government's application;
- (3) A comprehensive summary of the administrative and legislative history of the designation of the metropolitan redevelopment area, local approval of the metropolitan redevelopment plan, and any amendment or modification to either, including, but not limited to a description of any property tax increment dedications identifying the date of dedication, as well as a timeline, detailing all approvals, public hearings, and notices associated with the metropolitan redevelopment area and the metropolitan redevelopment plan;
- (4) A copy of the resolution of the governing body making a finding of necessity to address one or more slum area(s) or blighted area(s) existing in the local government's jurisdiction;
- (5) A copy of the resolution of the governing body determining that a specific area is a slum area or a blighted area or a combination thereof and designating such area as appropriate for a metropolitan redevelopment project, along with the affidavits of publication for the notices of public hearing related to the issue of the adoption of the resolution and a written hearing record or meeting minutes from the public hearing;

- (6) A copy of the resolution of the governing body electing to use the procedures set forth in the tax increment law, effective January 1, 2025, for funding metropolitan redevelopment projects;
 - (7) A copy of the resolution of the governing body making necessary findings and approving the metropolitan redevelopment plan for the metropolitan redevelopment area and a written hearing record or meeting minutes from the hearing held by the governing body or the local government's planning commission relating to the proposed adoption of the metropolitan redevelopment plan, along with the affidavits of publication for the notice of public hearing and proof of mailing to the owners of real property in the metropolitan redevelopment area;
 - (8) A copy of any resolution adopted by the governing body following the approval of a metropolitan redevelopment plan for the metropolitan redevelopment area, which approves a substantial change to the metropolitan redevelopment plan, if applicable;
 - (9) A copy of the resolution of the governing body of any local government, within which the metropolitan redevelopment area is located, agreeing to dedicate up to seventy-five percent of a gross receipts tax increment and, if applicable, property tax increment of those entities;
 - (10) A copy of the blight study undertaken by the governing body to justify the designation of the area as suitable for metropolitan redevelopment activities.
 - (11) A copy of the metropolitan redevelopment plan containing a provision that a portion of a gross receipts tax increment may be dedicated for the purpose of funding a metropolitan redevelopment project for a period of up to 20 years in compliance with the tax increment law;
 - (12) A map depicting the geographic boundaries of the metropolitan redevelopment area and TIF area, should the boundaries be different;
 - (13) A copy of the operating plan, as defined in Section 7;
 - (14) A copy of the TIF plan, as defined in Section 7;
 - (15) A copy of the financing plan, as defined in Section 7, when the TIF project under consideration by the board is proposed by a developer.
- [2.61.2.8 NMAC - N, 12/23/2025]

2.61.2.9 APPLICATION TIMELINE AND SUBMITTAL:

- A. **Pre-application conferences:** Prior to initiating the preparation of an application, a local government is encouraged to schedule a "pre-application conference" to discuss the metropolitan redevelopment plan and proposed project to be undertaken with state gross receipts tax increment financing with board staff and the economic analysis unit of the Department of Finance and Administration, as well as consultants and/or professionals proposed to be utilized by the local government.
- B. **Requirements:**
 - (1) Any application for the dedication of a portion of the state gross receipts tax increment shall be considered by the board at its regular meeting in December of each year;
 - (2) Complete applications must be submitted no later than 60 days preceding any regularly-scheduled meeting of the board;
 - (3) All required materials must be submitted electronically, and Microsoft Excel files, when submitted, must allow access to all data, including assumptions and formulae;
 - (4) If a governing body has not adopted a resolution pledging a portion of its gross receipts tax increment or its property tax increment, or both, by the deadline for submission of the application, that resolution shall be provided immediately upon its adoption and, if the adoption does not occur prior to the meeting at which the board is to consider the application, the board may take any action it deems appropriate, such as imposing a condition requiring such dedication or deferring action until a dedication is made;
 - (5) In addition to the requirements of paragraphs (1) through (4) above, the board may require informational presentations at a meeting prior to the meeting at which the application is to be considered. The board may also require the submission of supplemental information during its review process; and
 - (6) All information submitted to the board pursuant to this Section 9 will be available for public inspection, unless otherwise provided by law.
- C. **Concurrent submittal:** In addition to submitting the application to the board, additional copies of an application must be submitted to the Department of Finance and Administration, Economic Analysis Unit;

the New Mexico Finance Authority; the Taxation and Revenue Department, Office of the Secretary; and the Legislative Finance Committee's staff at their respective offices.

[2.61.2.9 NMAC – N, 12/23/2025]

2.61.2.10 APPLICATION REVIEW:

A. **Basis of evaluation and use of consultants:** The board will evaluate each application proposing a dedication of state gross receipts tax increment within a metropolitan redevelopment area as a whole and evaluate each metropolitan redevelopment area on a stand-alone basis. The board will utilize the services of the Department of Finance and Administration's Economic Analysis Unit and may seek the assistance of an economic consultant to evaluate each application. The local government must fully comply with any request to submit any additional data that may be helpful for use in its review of the application.

B. **Evaluation methodology:** The Department of Finance and Administration's Economic Analysis Unit or any of the board's economic consultants will use the following methodology in evaluating each application:

- (1) Validation of any economic impact models using standard economic impact tools;
- (2) Determination of the viability of the metropolitan redevelopment plan under the

following scenarios;

(a) The dedication of the requested state gross receipts tax increment is approved;
(b) The dedication of the requested state gross receipts tax increment is not approved;

(c) The dedication of some portion of the requested state gross receipts tax increment is approved; and

(d) Under staff-requested assumptions about economic factors.
(3) Evaluation of the submitted application, recognizing other economic development efforts by other economic development entities, including other metropolitan redevelopment areas;
(4) Assessment of impact on surrounding communities and non-participating governments;
(5) Determination of the ratio of public to private capital contributions and the ratio of state contributions compared to local contributions; and
(6) Validation of the TIF plan and finance plan, when required; the board may seek input from New Mexico Finance Authority staff regarding interest rates, coverage ratios, and other bond financing features to ensure that they are reasonable and appropriate.

[2.61.2.10 NMAC - N, 12/23/2025]

2.42.2.11 BOARD APPROVAL: EFFECTIVE DATE, CONDITIONS, AND DURATION:

A. **Effective date:** The board's approval of any dedication of the state gross receipts tax increment for metropolitan redevelopment shall be effective as provided in Sections 3-60A-23 and 3-60A-49 NMSA 1978, as amended.

B. **Conditional approval:** Dedications of up to seventy-five percent of the state gross receipts tax increment made by the board for metropolitan redevelopment shall be conditioned upon the requirements set forth at Subsection C of Section 3-60A-23 NMSA 1978, and be otherwise consistent therewith.

C. **Subsequent changes:** Any proposed substantial change to the metropolitan redevelopment plan after the board has made a dedication must be reported to the board pursuant to Subsection E of 2.61.2.12 NMAC and will require advanced board approval of such substantial change for proceeds from the sale of any bonds or notes to be applied to the purposes set forth in such modified metropolitan redevelopment plan.

D. **Expiration of dedication:** A dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment shall expire in accordance with Subsection C of Section 3-60A-21 NMSA 1978, as amended, once all bonds secured in whole or in part by the state gross receipts tax increment are fully paid-off, or as otherwise stated in these rules.

[2.61.2.11 NMAC - N, 12/23/2025]

2.61.2.12 REPORTING REQUIREMENTS:

- A. **Bond issuance:** Within 14 business days after a local government issues any bonds, the local government shall advise the board by letter of the date of issuance, the interest rate, and the total aggregate amount of each issue.
- B. **Annual reporting:** On or before September 1 of each year following the issuance of any bonds, and until the bonds are fully paid-off, a local government that has received a dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment shall provide to the board the following reports from the preceding 12-month period, if available: employment reports, including numbers and types of jobs created within the metropolitan redevelopment area on a full-time equivalent basis, the number of new housing units created, the total square footage of commercial space activated or constructed, and the total amount of private investment leveraged by TIF fund disbursements. .
- C. **Supplemental reporting:** Within thirty days of submitting any report or data required by the governing body, the New Mexico Finance Authority, the legislature, or any legislative committee, the metropolitan redevelopment area shall transmit copies of these reports or data to the board and the Economic Analysis Unit of the Department of Finance and Administration.
- D. **Substantial change and progress reporting:** By September 1 of each year, a local government that has an unexpired dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment will submit a report describing any substantial change to the metropolitan redevelopment area or the metropolitan redevelopment plan, as well as any project described therein, that may have occurred since board approval of such dedication. In addition, the local government shall provide a status report of the metropolitan redevelopment area's achievements over the prior 12 months.
- E. **Periodic reporting:** In addition to all requirements set forth above, a local government must report from time to time any substantial change to the metropolitan redevelopment plan, as well as any project described therein, that is proposed to occur following the board's approval of a resolution dedicating a portion of the state gross receipts tax increment to the board.
- F. **Application and duration of reporting requirements:** Sections A through E of 2.61.2.12 NMAC apply to any local government that has received a dedication of the state gross receipts tax increment for metropolitan redevelopment until the applicable metropolitan redevelopment area is no longer designated as appropriate for a metropolitan redevelopment project or the board's approval of the increment has expired. [2.61.2.12 NMAC - N, 12/23/2025]

2.61.2.13 WAIVER: The board, in its sole and absolute discretion, may waive any requirements set forth in these rules unless such waiver would be contrary to the Metropolitan Redevelopment Code, or waiver would impair the board's ability to satisfy its obligations under Subsection C of Section 3-60A-23 NMSA 1978. [2.61.2.13 NMAC - N, 12/23/2025]

2.61.2.14 EFFECT OF PUBLICATION: All sections shall be effective upon publication in the *New Mexico Register*. [2.61.2.14 NMAC - N, 12/23/2025]

HISTORY OF 2.61.2 NMAC: [RESERVED]

TITLE 2 PUBLIC FINANCE
CHAPTER 61 STATE INDEBTEDNESS AND SECURITIES
PART 2 DEDICATION OF A PORTION OF THE STATE'S GROSS RECEIPTS TAX
INCREMENT FOR METROPOLITAN REDEVELOPMENT

2.61.2.1 ISSUING AGENCY: State Board of Finance.
[2.61.2.1 NMAC - N, 12/23/2025]

2.61.2.2 SCOPE: Metropolitan redevelopment districts formed pursuant to the Metropolitan Redevelopment Code with respect to the state's dedication of a portion of its gross receipts tax increment. [2.61.2.2 NMAC - N, 12/23/2025]

2.61.2.3 STATUTORY AUTHORITY: These regulations are promulgated pursuant to authority granted in Subsection E of Section 6-1-1 and Subsection D of Section 3-60A-21 NMSA 1978. [2.61.2.3 NMAC - N, 12/23/2025]

2.61.2.4 DURATION: Permanent.
[2.61.2.4 NMAC - N, 12/23/2025]

2.61.2.5 EFFECTIVE DATE: December 23, 2025, unless a later date is cited at the end of a section.
[2.61.2.5 NMAC - N, 12/23/2025]

2.61.2.6 OBJECTIVE: To establish rules and regulations governing the dedication of a portion of the state's gross receipts tax increment provided for by the Metropolitan Redevelopment Code (Sections 3-60A-1 through 3-60A-49 NMSA 1978); to provide guidance as to board evaluation of district requests by defining terms setting forth the bases upon which the required findings are to be made, and outlining the methodological framework to be used; to set forth procedures for submittals of applications for a dedication; and to establish reporting requirements.
[2.61.2.6 NMAC - N, 12/23/2025]

2.61.2.7 DEFINITIONS: As used in these rules:

A. "Base gross receipts taxes" means (1) the total amount of gross receipts taxes collected within a tax increment development district, as estimated by the governing body that adopted a resolution to form that district, in consultation with the taxation and revenue department, in the calendar year preceding the formation of the tax increment financing district or, when an area is added to an existing district, the amount of gross receipts taxes collected in the calendar year preceding the effective date of the modification of the tax increment development plan and designated by the governing body to be available as part of the gross receipts tax increment; and (2) any amount of gross receipts taxes that would have been collected in such year if any applicable additional gross receipts taxes imposed after that year had been imposed in that year;

B. "Blighted area" has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

A.C. "Blight study" means an analysis and description of the metrics used by the local government in designating the metropolitan redevelopment area as a slum area, a blighted area, or a combination thereof in connection with its designation of the metropolitan redevelopment area and the preparation of the metropolitan redevelopment plan.

B.D. "Board" means the State Board of Finance.

E. "Bonds" has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

C.F. "Developer" means the person, individual, corporation, association, partnership, limited liability corporation or other legal entity who has entered into a development agreement with the governing body that formed the TIF.

D. —“Economic analysis study” means an economic analysis that evaluates the economic feasibility of a project, including the analysis of costs, benefits, and projected economic impacts, prepared by a qualified independent professional or consultant approved by the board. An economic analysis study must include tables and charts generated from tools such as IMPLAN, REMI, and ESRI, a straightforward narrative of how data from the United States Census Bureau, United States Bureau of Labor Statistics, and other sources to substantiate the analysis, and an appendix with methodology details, including tools and data sources utilized, limitations of the analysis, and the following:

(1) —An analysis and narrative detailing projected local business impacts, property value trends, infrastructure needs/utilization, and community effects, including:

(a) —**The Local Business Impacts segment**, which must: (i) assess the proposed redevelopment’s projected impacts on existing businesses, including projections of new customer generation, projections of ancillary and complementary business creations, and projected effects on the existing business tax base; and (ii) include estimates of projected revenue changes for small and large businesses within the redevelopment area.

(b) —**The Property Value Trends segment**, which must: (i) analyze projected impacts on existing property values and expected property value trends over the projected twenty-year tax increment procedure period described by Subsection C of Section 3-60A-21 NMSA 1978; (ii) discuss the proposed redevelopment and expected property value trends and implications for residential and commercial landowners; and (iii) discuss the proposed redevelopment’s mitigation of the negative impacts of blight within the area.

(c) —**The Infrastructure Utilization segment**, which must evaluate the proposed redevelopment’s impact on existing infrastructure (e.g., transportation, utilities, etc.); identify public and/or private infrastructure gaps and required upgrades, and determine projected costs of public infrastructure creation or upgrades necessary to meet identified public infrastructure gaps; and

(d) —**The Community Effects segment**, which must: (i) discuss any anticipated displacement of residents or businesses, including mitigation strategies for minimizing adverse outcomes; and (ii) describe the proposed redevelopment’s mitigation or reduction of crime in the metropolitan redevelopment area or surrounding area, including any design elements, partnerships, or programming intended to improve public safety.

(2) —An analysis detailing projected multiplier effects (direct, indirect, and induced effects) of the proposed redevelopment, as well as projections for job retention, creation, workforce development, and economic mobility within the area. Additionally, the analysis must include the following:

(a) —**The Projected Multiplier Effects segment**, which must: (i) quantify and measure the change in economic activity between current economic conditions and the quantifiable changes as a result of the proposed redevelopment; (ii) provide a detailed economic output analysis of direct and indirect effects within the metropolitan redevelopment area, with temporary construction activity effects identified separately; (iii) provide a detailed analysis of the proposed redevelopment’s induced economic effects, in particular the estimated increases in household income and spending from newly created jobs; (iv) discuss the spillover benefits to neighboring communities, including enhanced regional connectivity or other projected improvements to neighboring communities; and (v) include a “but for” analysis demonstrating that the proposed project would not occur at the same scale, quality, or timeline without public support. The analysis should present a comparison of outcomes with and without applicant receiving a dedication of a portion of the state gross receipts tax increment, using reasonable assumptions.

(b) —**The Discussion of Job Creation segment**, which must: (i) clearly identify the estimated economic base jobs created by the proposed redevelopment, including projections for indirect and induced employment effects in surrounding areas; (ii) provide a list of jobs classified at the three-digit level of the most recent NAICS, including employment and salary projections by industry (also as classified at the three-digit level of the most recent NAICS) in the proposed Metropolitan Redevelopment Area by calendar year; and (iii) identify whether the jobs are temporary (i.e., construction) or permanent employment and whether the jobs are full-time or part-time. To the extent that it is reasonably possible, the segment should include information on health benefits for jobs in each category, market impact, anticipated regional and in-state competition.

- (e) ~~The Workforce Development segment, which must: (i) identify workforce development initiatives included or recommended for the proposed redevelopment; (ii) provide detailed plans for collaboration with state and/or local training programs, community colleges, or similar institutions to prepare residents for new job opportunities; and (iii) recommend anticipated efforts required to prioritize hiring from within the local community, particularly for underserved populations.~~
- (d) ~~The Economic Mobility segment, which must: (i) provide a projected 20-year assessment of how the proposed redevelopment will contribute to sustainable employment growth within the area, such as attracting industries that offer career advancement; and (ii) explain how the proposed redevelopment will create pathways for upward economic mobility through education, skills training, and entrepreneurship support.~~
- (3) ~~The anticipated net revenue impact on the state and applicable local government general funds, calculated as follows:~~
 - (a) ~~The estimated sum of all general fund revenues generated by economic activity within the metropolitan redevelopment area by type of revenue (e.g., gross receipts tax from goods and services provided to New Mexico businesses, personal income tax, etc.), less: (i) the estimated sum of all general fund costs to the state associated with the provision of services to individuals and businesses (e.g., public schools); (ii) the estimated amount of tax incentives provided to promote economic development within the metropolitan redevelopment area under current law; (iii) the amount of the state gross receipts tax increment requested for the metropolitan redevelopment area; and (iv) the total amount of capital outlay appropriated for use in the metropolitan redevelopment area under current law.~~
 - (b) ~~The net revenue impact on the state general fund must be expressed in constant dollar terms; and~~
 - (c) ~~The net present value of general fund revenues less general fund costs over the 20-year or such other applicable maturity period for the bonds. A discount rate equal to five percent shall be used in the calculation.~~

E.G. ~~“Economic base job”~~ means employment within the metropolitan redevelopment area with an employer engaged primarily in creating goods and services that are exported out of the state.

F.H. ~~“Financing plan”~~ means a plan outlining the sources and uses of funds available from revenue or debt for the proposed redevelopment, detailing how the proposed redevelopment will be financed. A financing plan must include a description of the following:

- (1) The ~~developer’s metropolitan redevelopment area’s~~ proposed plan for financing all or part of the public improvements and other actions required to facilitate the economic gains and mitigate any adverse effects identified in the ~~Economic analysis study TIF plan~~. The plan must identify whether the ~~metropolitan redevelopment area developer~~ proposes to use gross receipts tax increment bonds or property tax revenues or both, including information supporting why gross receipts tax increment financing is needed for the proposed redevelopment and/or the economic advantage of using property tax revenue;
- (2) The total estimated annual gross receipts tax increment to be generated by the proposed redevelopment and the portion of that gross receipts tax increment to be allocated during the period necessary to repay any bonds, as defined under these rules, issued pursuant to the redevelopment;
- (3) The total estimated annual property tax increment to be generated by the project and the portion of that property tax increment to be allocated during the time necessary to complete the payment of the project;
- (4) The anticipated structure and terms for gross receipts tax increment bonds, including:
 - (a) Maturity date and estimated interest rates;
 - ~~(b)~~ ~~A pro-forma for all bonds to be issued for the redevelopment; and~~ ~~(e)~~
 - ~~(b)(c)~~ Projected coverage ratios for all bonds issued for the redevelopment.
- (5) Tabular data table showing cash flow projections of revenues from past and present property tax dedication approved and expenditures in the metropolitan redevelopment area;
- (6) Any proposed use of gross receipts tax increment revenues or property tax increment revenues other than to secure the payment of bonds;

- (7) The source of funding for services, activities, grants, and payments, other than in connection with the construction or acquisition of public infrastructure and facilities;
- (8) Potential and identified additional sources of funding to complete the proposed redevelopment;
- (9) A description of the source of funding for any private improvements and development, including the amount, type, and source of private investment and commitments to the redevelopment, and a corresponding financing plan; and
- (10) A description of the accounting practices, in accordance with generally accepted governmental accounting and auditing standards, to be undertaken to track and monitor revenues deposited into the metropolitan redevelopment fund.

G.I. **“Governing body”** means the city council or city commission of a city, the board of trustees or council of a town or village or the board of county commissioners of a county.

H. **“Housing supply study”** means a scientific study providing a statistical description of the housing supply in the community prepared by a qualified independent professional or consultant approved by the board, which includes the number of private and public units in existence or under construction, the annual rate of turnover of the various types of housing, the range of rents and sale prices, estimates of the number of persons residing in the metropolitan redevelopment area, and the number of families and individuals at risk of being displaced by redevelopment and also includes:

(1) An estimate of the total demand for housing in the metropolitan redevelopment area and surrounding areas, with the estimated capacity of private and public housing available to families and individuals displaced by the proposed redevelopment; and

(2) A detailed description of how redevelopment will impact low-income communities, minority groups, and other marginalized populations in the metropolitan redevelopment area.

I.J. **“Local government”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

J. **“Market absorption study”** means a study that evaluates the market demand for real property and components comprising the metropolitan redevelopment area and the rate at which the market can absorb the new supply, supported by detailed demographic and socioeconomic data for the metropolitan redevelopment area, prepared by a qualified independent professional or consultant approved by the board and including the following information:

(1) Any blighted area(s), the severity of the blight, inclusive of a comparison analysis to other adjacent areas or comparable communities, and information on how the proposed redevelopment anticipates rehabilitating currently identified slum or blighted areas and preventing future slum or blight in the metropolitan redevelopment area;

(2) A population analysis, as defined in this Section 7; and

(3) A housing supply study, as defined in this Section 7.

K. **“Metropolitan redevelopment area”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

L. **“Metropolitan redevelopment plan”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

M. **“Metropolitan redevelopment project”** and **“project”** have the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended, including any activity, undertaking, or series of activities or undertakings allowed in the code.

N. **“NAICS”** means the North American Industry Classification System.

O. **“Operating plan”** means a detailed plan from the local government identifying a clear operational strategy for the designated TIF area or areas, responsible local government entity including management, staffing, and administrative and operational procedures, with organizational and flow charts, including roles and responsibilities of the management team, and the operational procedures to be followed for day-to-day operations of the proposed redevelopment, including management, staffing, and operational procedures. Additionally, the operating plan must identify the following:

- (1) Whether the governing body or another entity will provide oversight for the metropolitan redevelopment ~~project~~area TIF;

(2) ~~The method and metrics the oversight entity will utilize to determine compliance with and delivery of the redevelopment's goals;~~

(3)(2) A detailed depiction of how decisions will be made for activities, metropolitan redevelopment projects, and other day-to-day operational requirements; and

(4)(3) Where the local government delegates its powers in whole or in part to a metropolitan redevelopment entity or other agency or party, a description of the delegated powers, and the ordinance, resolution, or other document evidencing such delegation, must be provided.

P. ~~"Population analysis" means a breakdown of the current population of the metropolitan redevelopment area by age, income level, employment status, and educational attainment, that identifies market size, labor availability, and potential customer base and also includes the following information for the metropolitan redevelopment area and surrounding areas:~~

(1) ~~The projected number of residential (single-family and multi-family) units and the square footage of property type to be built by calendar year;~~

(2) ~~The projected average price per square foot or by unit by type to be built per calendar year; and~~

(3) ~~The market supply (or availability) and the value of each property type in the metropolitan redevelopment area and surrounding area(s), with reference to other planned development in the surrounding area(s).~~

Q.P. "Slum area" has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

R.Q. "State gross receipts tax increment" means the value of the gross receipts tax imposed pursuant to Section 7-9-4 NMSA 1978 and sourced to the metropolitan redevelopment area in excess of the same gross receipts taxes sourced to the metropolitan redevelopment area in the base year, calculated in compliance with Subsection B of Section 3-60A-21 NMSA 1978, as amended.

S.R. "Substantial change" means any material modification to a metropolitan redevelopment plan that would:

- (1) Require the local government to hold a public hearing in advance of approving such a change, as required by Section 3-60A-9 NMSA 1978;
- (2) Alter the boundary of the metropolitan redevelopment area; and/or
- (3) Provide a measurable impact on the projected outcomes for the market absorption study, operating plan, financing plan, economic analysis study, or housing supply study, including in the application.

S. "Tax increment law" means Sections 3-60A-19 through 3-60A-24 NMSA 1978, as amended, which is a part of the Metropolitan Redevelopment Code.

T. "TIF plan" means a document that describes the conditions of the area designated for use of TIF and the redevelopment activities or projects that the local government plans to undertake to alleviate the conditions causing it to be designated at "slum" or "blighted" in accordance with the metropolitan redevelopment code. The TIF plan may be presented as a chapter or chapters in a metropolitan redevelopment plan or other relevant planning study undertaking in the defined metropolitan redevelopment area or as stand-alone document accompanying the metropolitan redevelopment plan, with supporting materials and analysis in appendices, as necessary. The TIF plan may be prepared by a qualified professional employed or contracted by the local governing body or consultant approved by the board. All TIF plans, shall include the following analysis or studies, at a minimum:

(1) "Existing Conditions Analysis" means a description of the conditions of blight, the severity of the blight, including an explanation and analysis of the metrics used to make the determination that the remediation of slum or blighted areas with local government intervention necessary, and including:

(a) A description and map identifying the existing zoning and land uses in the metropolitan redevelopment area and proposed zoning and land uses, if changes are proposed. A description and map illustrating both existing and planned public infrastructure and development in the area.

- (b) “Population analysis” meaning a breakdown of the current population of the metropolitan redevelopment area by age, income level, employment status, and educational attainment, that identifies, in general terms, market size, labor availability.
- (c) “Market Study” shall describe in general terms the existing conditions and potential residential, commercial, and employment demand in the area. The residential market study shall include units in existence or known to be under construction, including average rents, as well as price per square foot and a demand analysis and projections divided by rent and ownership, as well as federally recognized income brackets for the area, i.e. both existing “affordable” and “market rate” The commercial market study shall include existing conditions analysis of commercial space available by use, vacancy rates and price per square foot and demand segment shall include, projections of future commercial activity and real estate need by sectors. Employment demand, shall include analysis and projections of job demand by sector.
- (2) “TIF Activities” section meaning general description of the redevelopment activities or undertakings proposed by the local government and supported by gross receipts tax increment financing, in compliance with the metropolitan redevelopment plan, which shall include:
 - (a) A general description of the activities or undertakings proposed by the local government’s plan to carry out for the metropolitan redevelopment area as a whole or plans for specific areas within the metropolitan redevelopment area. Examples of activities include grant programs for small businesses, workforce development programs; revolving loan funds; financing programs for commercial or residential projects.
 - (b) A detailed description of the types of public infrastructure and facilities to be included in the TIF activities independently by the local government, if available, including the estimated construction or acquisition costs of the public infrastructure and facilities, including funds necessary for repair and replacement of infrastructure, and the annual operation and maintenance costs of the public infrastructure, as well as any projected sources of funding;
 - (c) A summary of how the project is designed to eliminate slum or blighted areas in the metropolitan redevelopment area and how the project conforms to the approved metropolitan redevelopment plan;
 - (d) A detailed description of how redevelopment activities will impact low-income communities, minority groups, and other underserved populations in the metropolitan redevelopment area, with a specific discussion of how displacement will be mitigated, if a direct result of the proposed development.
- (3) A “TIF Implementation and Tracking” section means a description of the method and metrics the oversight entity will utilize to determine compliance with and delivery of the redevelopment goals, providing a description of the metrics to be tracked and the frequency, including:
 - (a) A description and justification of the request for use of a portion of the state gross receipts tax increment.
 - (b) The baseline gross receipts taxes analysis and projections, as defined herein.
 - (c) A description of the defined measures used to evaluate the effectiveness and progress of the TIF activities undertaken, which shall measure advancement of the adopted goals of the TIF plan and the metropolitan redevelopment plan.
 - (d) A reporting plan, including the type and frequency of all reporting to the local governing body and the state to track progress toward established performance metrics as described in the TIF activities section of the TIF plan and metropolitan redevelopment plan goals.

[2.61.2.7 NMAC - N, 12/23/2025]

2.61.2.8 APPLICATION ELEMENTS:

A. Contents of application: A local government requesting a dedication of a portion of the state gross receipts tax increment shall submit an application to the board that includes:

- (1) A table of contents identifying all documents, studies, plans, images, and information, and, as practicable, following the order set forth in this Section 8;
- (2) An executive summary of the local government's application;
- (3) A comprehensive summary of the administrative and legislative history of the designation of the metropolitan redevelopment area, local approval of the metropolitan redevelopment plan, and any amendment or modification to either, including, but not limited to a description of any property tax increment dedications identifying the date of dedication, as well as a timeline, detailing all approvals, public hearings, and notices associated with the metropolitan redevelopment area and the metropolitan redevelopment plan;
- (4) A copy of the resolution of the governing body making a finding of necessity to address one or more slum area(s) or blighted area(s) existing in the local government's jurisdiction;
- (5) A copy of the resolution of the governing body determining that a specific area is a slum area or a blighted area or a combination thereof and designating such area as appropriate for a metropolitan redevelopment project, along with the affidavits of publication for the notices of public hearing related to the issue of the adoption of the resolution and a written hearing record or meeting minutes from the public hearing;
- (6) A copy of the resolution of the governing body electing to use the procedures set forth in the tax increment law, effective January 1, 2025, for funding metropolitan redevelopment projects;
- (7) A copy of the resolution of the governing body making necessary findings and approving the metropolitan redevelopment plan for the metropolitan redevelopment area and a written hearing record or meeting minutes from the hearing held by the governing body or the local government's planning commission relating to the proposed adoption of the metropolitan redevelopment plan, along with the affidavits of publication for the notice of public hearing and proof of mailing to the owners of real property in the metropolitan redevelopment area;
- (8) A copy of any resolution adopted by the governing body following the approval of a metropolitan redevelopment plan for the metropolitan redevelopment area, which approves a substantial change to the metropolitan redevelopment plan, if applicable;
- (9) A copy of the resolution of the governing body of any local government, within which the metropolitan redevelopment area is located, agreeing to dedicate up to seventy-five percent of a gross receipts tax increment and, if applicable, property tax increment of those entities;
- (10) A copy of the blight study undertaken by the governing body to justify the designation of the area as suitable for metropolitan redevelopment activities.
- ~~(10)(11)~~ A copy of the metropolitan redevelopment plan containing a provision that a portion of a gross receipts tax increment may be dedicated for the purpose of funding a metropolitan redevelopment project for a period of up to 20 years in compliance with the tax increment law;
- ~~(11)(12)~~ A map depicting the geographic boundaries of the metropolitan redevelopment area and TIF area, should the boundaries be different;
- ~~(12)~~ A map identifying the public and private ownership status of the property located within the metropolitan redevelopment area;
- ~~(13)~~ A map identifying the current zoning of the property located within the metropolitan redevelopment area and a general description of the current land uses in the metropolitan redevelopment area;
- ~~(14)~~ A description of the metrics used by the local government in designating the metropolitan redevelopment area as a slum area, a blighted area, or a combination thereof in connection with its preparation of the metropolitan redevelopment plan. If the metropolitan redevelopment area was established earlier than five years prior to the date of the application, the description must identify the current metrics established and measured by the local government for determining that the area remains a slum area, a blighted area, or a combination thereof;
- ~~(15)~~ A description of the activities undertaken by the local government and its accomplishments in addressing slum and/or blight since the designation of the metropolitan redevelopment area;
- ~~(16)~~ A description of the project to be undertaken by the local government and supported by gross receipts tax increment financing, in compliance with the metropolitan redevelopment plan. The description of the project shall include:

(a) ~~— A general description of the local government's plan to carry out a project for the metropolitan redevelopment area as a whole or plans for specific areas within the metropolitan redevelopment area;~~

(b) ~~— A summary of how the project is designed to eliminate slums or blighted areas in the metropolitan redevelopment area and how the project conforms to the approved metropolitan redevelopment plan;~~

(c) ~~— A description and map identifying the proposed changes in zoning and land use for the metropolitan redevelopment area resulting from the project;~~

(d) ~~— A detailed description of the types of public infrastructure and facilities to be included in the project, including the estimated construction or acquisition costs of the public infrastructure and facilities, projection of working capital needs, including funds necessary for repair and replacement of infrastructure, and the annual operation and maintenance costs of the public infrastructure, as well as any projected sources of funding;~~

(e) ~~— A detailed description of the types of private improvements and development to be included in the project;~~

(f) ~~— A map illustrating both existing and planned public and private infrastructure and development resulting from the project;~~

(g) ~~— A proposed project schedule for commencement and completion of the public infrastructure and the private development, inclusive of major milestones, which must align with the proforma included in the financing plan; and~~

(h) ~~— A detailed description of any services, activities, grants, and payments, other than in connection with the construction or acquisition of public infrastructure and facilities, planned to be delivered as part of the project and the anticipated source of funding.~~

~~(13) A copy of the An~~ operating plan, as defined in Section 7;

~~(17)(14) A copy of the TIF plan, as defined in Section 7;~~

~~(18)(15) A copy of the A~~ financing plan, as defined in Section 7, when the TIF project under consideration by the board is proposed by a developer;

~~(19) A market absorption study, as defined in Section 7;~~

~~(20) An economic analysis study, as defined in Section 7; and~~

~~(21) A housing supply study, as defined in Section 7.~~

[2.61.2.8 NMAC - N, 12/23/2025]

2.61.2.9 APPLICATION TIMELINE AND SUBMITTAL:

A. **Pre-application conferences:** Prior to initiating the preparation of an application, a local government is encouraged to schedule a "pre-application conference" to discuss the metropolitan redevelopment plan and proposed project to be undertaken with state gross receipts tax increment financing with board staff and the economic analysis unit of the Department of Finance and Administration, as well as consultants and/or professionals proposed to be utilized by the local government.

B. **Requirements:**

(1) Any application for the dedication of a portion of the state gross receipts tax increment shall be considered by the board at its regular meeting in December of each year;

(2) Complete applications must be submitted no later than ~~the 60 days~~ preceding any regularly-scheduled meeting of the board's December meeting;

(3) All required materials must be submitted electronically, and ~~tables must be submitted as~~ Microsoft Excel files, when submitted, must allow with access to all data, including assumptions and formulae;

(4) If a governing body has not adopted a resolution pledging a portion of its gross receipts tax increment or its property tax increment, or both, by the deadline for submission of the application, that resolution shall be provided immediately upon its adoption and, if the adoption does not occur prior to the meeting at which the board is to consider the application, the board may take any action it deems appropriate, such as imposing a condition requiring such dedication or deferring action until a dedication is made;

(5) In addition to the requirements of paragraphs (1) through (4) above, the board may require informational presentations at a meeting prior to the meeting at which the application is to be considered. The board may also require the submission of supplemental information during its review process; and

(6) All information submitted to the board pursuant to this Section 9 will be available for public inspection, unless otherwise provided by law.

C. **Concurrent submittal:** In addition to submitting the application to the board, additional copies of an application must be submitted to the Department of Finance and Administration, Economic Analysis Unit; the New Mexico Finance Authority; the Taxation and Revenue Department, Office of the Secretary; and the Legislative Finance Committee's staff at their respective offices.

[2.61.2.9 NMAC – N, 12/23/2025]

2.61.2.10 APPLICATION REVIEW:

A. **Basis of evaluation and use of consultants:** The board will evaluate each application proposing a dedication of state gross receipts tax increment within a metropolitan redevelopment area as a whole and evaluate each metropolitan redevelopment area on a stand-alone basis. The board will utilize the services of the Department of Finance and Administration's Economic Analysis Unit and may seek the assistance of an economic consultant to evaluate each application. The local government must fully comply with any request to submit any additional data that may be helpful for use in its review of the application.

B. **Evaluation methodology:** The Department of Finance and Administration's Economic Analysis Unit or any of the board's economic consultants will use the following methodology in evaluating each application:

- (1) Validation of any economic impact models using standard economic impact tools;
- (2) Determination of the viability of the metropolitan redevelopment plan under the

following scenarios;

(a) The dedication of the requested state gross receipts tax increment is approved;
(b) The dedication of the requested state gross receipts tax increment is not approved;

(c) The dedication of some portion of the requested state gross receipts tax increment is approved; and

- (d) Under staff-requested assumptions about economic factors.
- (3) Evaluation of the submitted application, recognizing other economic development efforts by other economic development entities, including other metropolitan redevelopment areas;
- (4) Assessment of impact on surrounding communities and non-participating governments;
- (5) Determination of the ratio of public to private capital contributions and the ratio of state contributions compared to local contributions; and

(6) Validation of the ~~TIF plan and finance plan, when required economic analysis study, market absorption study, operating plan, and/or housing supply study~~; the board may seek input from New Mexico Finance Authority staff regarding interest rates, coverage ratios, and other bond financing features to ensure that they are reasonable and appropriate.

[2.61.2.10 NMAC - N, 12/23/2025]

2.42.2.11 BOARD APPROVAL: EFFECTIVE DATE, CONDITIONS, AND DURATION:

A. **Effective date:** The board's approval of any dedication of the state gross receipts tax increment for metropolitan redevelopment shall be effective as provided in Sections 3-60A-23 and 3-60A-49 NMSA 1978, as amended.

B. **Conditional approval:** Dedications of up to seventy-five percent of the state gross receipts tax increment made by the board for metropolitan redevelopment shall be conditioned upon the requirements set forth at Subsection C of Section 3-60A-23 NMSA 1978, and be otherwise consistent therewith.

C. **Subsequent changes:** Any proposed substantial change to the metropolitan redevelopment plan after the board has made a dedication must be reported to the board pursuant to Subsection E of 2.61.2.12 NMAC and will require advanced board approval of such substantial change for proceeds from the sale of any bonds or notes to be applied to the purposes set forth in such modified metropolitan redevelopment plan.

D. **Expiration of dedication:** A dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment shall expire in accordance with Subsection C of Section 3-60A-21 NMSA 1978, as amended, once all bonds secured in whole or in part by the state gross receipts tax increment are fully paid-off, or as otherwise stated in these rules.

[2.61.2.11 NMAC - N, 12/23/2025]

2.61.2.12 REPORTING REQUIREMENTS:

- A. **Bond issuance:** Within 14 business days after a local government issues any bonds, the local government shall advise the board by letter of the date of issuance, the interest rate, and the total aggregate amount of each issue.
- B. **Annual reporting:** On or before September 1 of each year following the issuance of any bonds, and until the bonds are fully paid-off, a local government that has received a dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment shall provide to the board- ~~the following reports from the preceding 12-month period, if available:~~ employment reports, ~~as available, setting forth in reasonable detail the including~~ numbers and types of jobs created within the metropolitan redevelopment area on a full-time equivalent basis, ~~the number of new housing units created, the total square footage of commercial space activated or constructed, and the total amount of private investment leveraged by TIF fund disbursements, during the preceding 12-month period and the availability of workforce housing.~~
- C. **Supplemental reporting:** Within thirty days of submitting any report or data required by the governing body, the New Mexico Finance Authority, the legislature, or any legislative committee, the metropolitan redevelopment area shall transmit copies of these reports or data to the board and the Economic Analysis Unit of the Department of Finance and Administration.
- D. **Substantial change and progress reporting:** By September 1 of each year, a local government that has an unexpired dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment will submit a report describing any substantial change to the metropolitan redevelopment area or the metropolitan redevelopment plan, as well as any project described therein, that may have occurred since board approval of such dedication. In addition, the local government shall provide- ~~a status report of the metropolitan redevelopment area's achievements information concerning the infrastructure build-out, jobs created, employers, revenues and expenses, total bonds outstanding, new bond issuances, bond incurrences, or material contracts for construction or other services in support of the metropolitan redevelopment plan, and a status report of the metropolitan redevelopment area's achievements with respect to public facilities and community benefits, such as the provision of schools and workforce housing in the metropolitan redevelopment area, and any other information the applicant believes may be helpful to the board occurring over the prior 12 months.~~
- E. **Periodic reporting:** In addition to all requirements set forth above, a local government must report from time to time any substantial change to the metropolitan redevelopment plan, as well as any project described therein, that is proposed to occur following the board's approval of a resolution dedicating a portion of the state gross receipts tax increment to the board.
- F. **Application and duration of reporting requirements:** Sections A through E of 2.61.2.12 NMAC apply to any local government that has received a dedication of the state gross receipts tax increment for metropolitan redevelopment until the applicable metropolitan redevelopment area is no longer designated as appropriate for a metropolitan redevelopment project or the board's approval of the increment has expired.

[2.61.2.12 NMAC - N, 12/23/2025]

2.61.2.13 **WAIVER:** The board, in its sole and absolute discretion, may waive any requirements set forth in these rules unless such waiver would be contrary to the Metropolitan Redevelopment Code, or waiver would impair the board's ability to satisfy its obligations under Subsection C of Section 3-60A-23 NMSA 1978. [2.61.2.13 NMAC - N, 12/23/2025]

2.61.2.14 **EFFECT OF PUBLICATION:** All sections shall be effective upon publication in the *New Mexico Register*.

[2.61.2.14 NMAC - N, 12/23/2025]

HISTORY OF 2.61.2 NMAC: [RESERVED]

From: [Marcos A. Gonzales](#)
To: [Leach, Ashley, DFA](#); [Trujillo, Marcos B, DFA](#)
Cc: [Carolyn J. Tobias](#); [Sweeney, Jill](#); [Gutierrez Writtenberry, Camila](#); [Julie A. Baca](#); [Ragin, Shirley](#); [Marah deMeule](#)
Subject: [EXTERNAL] Dedication of a Portion of the State's Gross Receipts Tax Increment For Metropolitan Redevelopment
Date: Friday, October 17, 2025 4:01:17 PM
Attachments: [MRA Rule Redline 10.17.25.pdf](#)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good afternoon, Ashley and Marcos,

Bernalillo County appreciates the opportunity to comment on the proposed rule titled the "Dedication of a Portion of the State's Gross Receipts Tax Increment For Metropolitan Redevelopment" (the Rule). The availability of state gross receipts tax increment for redevelopment purposes will serve to increase the value of the Metropolitan Redevelopment Code as an economic development tool. The County looks forward to continuing to collaborate with the State and the City of Albuquerque on the revitalization of downtown and other blighted areas within the County's boundaries.

In summary, we suggest that the application process contained in the Rule be streamlined. The proposed application process is cumbersome and the requirement for independent studies will be cost prohibitive for many local governments. Allowing certain tangential studies to be optional and permitting qualified local government staff to prepare the application elements will create a more efficient and less costly application process while making available pertinent information necessary to determine the efficacy of the use of state gross receipts tax increment to reduce blight.

The limited application window also may create a barrier to and /or delay redevelopment efforts. We also suggest allowing applications to be submitted on by July 1 for consideration at the State Board of Finance meeting in December as well as on January 1 for consideration at the meeting in June so as not to delay redevelopment efforts that could otherwise begin during the review period.

Please find attached a redline of the Rule including certain proposed changes. We would welcome the opportunity to engage in further discussion regarding the Rule and seek clarity on questions such as whether:

- Each application is required to include all projects within a particular metropolitan redevelopment area (MRA);
- Applications can be submitted for a single project within an MRA or for multiple projects that do not cover the entire MRA;
- An application may contain a project list to be amended or supplemented from



time to time;

- The state gross receipts tax increment must be bonded against; and
- Similar issues relating to implementation of the Rule.

We look forward to continuing to engage in dialog as we strive to reduce blight and otherwise better our community. Also, I will be in attendance for Wednesday's hearing.

Thank you,

Marcos A. Gonzales
Executive Development Officer

Economic Development
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TITLE 2 PUBLIC FINANCE
CHAPTER 61 STATE INDEBTEDNESS AND SECURITIES
PART 2 DEDICATION OF A PORTION OF THE STATE'S GROSS RECEIPTS TAX
INCREMENT FOR METROPOLITAN REDEVELOPMENT

2.61.2.1 ISSUING AGENCY: State Board of Finance.
[2.61.2.1 NMAC - N, 12/23/2025]

2.61.2.2 SCOPE: Metropolitan redevelopment districts formed pursuant to the Metropolitan Redevelopment Code with respect to the state's dedication of a portion of its gross receipts tax increment.
[2.61.2.2 NMAC - N, 12/23/2025]

2.61.2.3 STATUTORY AUTHORITY: These regulations are promulgated pursuant to authority granted in Subsection E of Section 6-1-1 and Subsection D of Section 3-60A-21 NMSA 1978.
[2.61.2.3 NMAC - N, 12/23/2025]

2.61.2.4 DURATION: Permanent.
[2.61.2.4 NMAC - N, 12/23/2025]

2.61.2.5 EFFECTIVE DATE: December 23, 2025, unless a later date is cited at the end of a section.
[2.61.2.5 NMAC - N, 12/23/2025]

2.61.2.6 OBJECTIVE: To establish rules and regulations governing the dedication of a portion of the state's gross receipts tax increment provided for by the Metropolitan Redevelopment Code (Sections 3-60A-1 through 3-60A-49 NMSA 1978); to provide guidance as to board evaluation of district requests by defining terms setting forth the bases upon which the required findings are to be made, and outlining the methodological framework to be used; to set forth procedures for submittals of applications for a dedication; and to establish reporting requirements.
[2.61.2.6 NMAC - N, 12/23/2025]

2.61.2.7 DEFINITIONS: As used in these rules:

A. **"Blighted area"** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

B. **"Board"** means the State Board of Finance.

C. **"Bonds"** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

D. **"Economic analysis study"** means an economic analysis that evaluates the economic feasibility of a project, including the analysis of costs, benefits, and projected economic impacts, prepared by a qualified ~~independent~~ professional or consultant approved by the board. An economic analysis study must include tables and charts generated from tools such as IMPLAN, REMI, and ESRI, a straightforward narrative of how data from the United States Census Bureau, United States Bureau of Labor Statistics, and other sources to substantiate the analysis, and an appendix with methodology details, including tools and data sources utilized, limitations of the analysis, and the following:

(1) An analysis and narrative detailing projected local business impacts, property value trends, infrastructure needs/utilization, and community effects, including:

(a) **The Local Business Impacts segment**, which must: (i) assess the proposed redevelopment's projected impacts on existing businesses, including projections of new customer generation, projections of ancillary and complementary business creations, and projected effects on the existing business tax base; and (ii) include estimates of projected revenue changes for small and large businesses within the redevelopment area.

(b) **The Property Value Trends segment**, which must: (i) analyze projected impacts on existing property values and expected property value trends over the projected twenty-year tax increment procedure period described by Subsection C of Section 3-60A-21 NMSA 1978; (ii) discuss the proposed redevelopment and expected property value trends and implications for residential and commercial landowners; and (iii) discuss the proposed redevelopment's mitigation of the negative impacts of blight within the area.

(c) **The Infrastructure Utilization segment**, which must evaluate the proposed

redevelopment's impact on existing infrastructure (e.g., transportation, utilities, etc.), identify public and/or private infrastructure gaps and required upgrades, and determine projected costs of public infrastructure creation or upgrades necessary to meet identified public infrastructure gaps; and

(d) **The Community Effects segment**, which must: (i) discuss any anticipated displacement of residents or businesses, including mitigation strategies for minimizing adverse outcomes; and (ii) describe the proposed redevelopment's mitigation or reduction of crime in the metropolitan redevelopment area or surrounding area, including any design elements, partnerships, or programming intended to improve public safety.

(2) An analysis detailing projected multiplier effects (direct, indirect, and induced effects) of the proposed redevelopment, ~~as well as projections for job retention, creation, workforce development, and economic mobility within the area.~~ Additionally, the analysis must include the following:

(a) **The Projected Multiplier Effects segment**, which must: (i) quantify and measure the change in economic activity between current economic conditions and the quantifiable changes as a result of the proposed redevelopment; (ii) provide a detailed economic output analysis of direct and indirect effects within the metropolitan redevelopment area, with temporary construction activity effects identified separately; (iii) provide a detailed analysis of the proposed redevelopment's induced economic effects, in particular the estimated increases in household income ~~and spending from newly created jobs~~; (iv) discuss the spillover benefits to neighboring communities, including enhanced regional connectivity or other projected improvements to neighboring communities; and (v) include a "but for" analysis demonstrating that the proposed project would not occur at the same scale, quality, or timeline without public support. The analysis should present a comparison of outcomes with and without applicant receiving a dedication of a portion of the state gross receipts tax increment, using reasonable assumptions.

(b) ~~The Discussion of Job Creation segment, which must: (i) clearly identify the estimated economic base jobs created by the proposed redevelopment, including projections for indirect and induced employment effects in surrounding areas; (ii) provide a list of jobs classified at the three-digit level of the most recent NAICS, including employment and salary projections by industry (also as classified at the three-digit level of the most recent NAICS) in the proposed Metropolitan Redevelopment Area by calendar year; and (iii) identify whether the jobs are temporary (i.e., construction) or permanent employment and whether the jobs are full-time or part-time. To the extent that it is reasonably possible, the segment should include information on health benefits for jobs in each category, market impact, anticipated regional and in-state competition.~~

(c) **The Workforce Development segment**, which must: (i) identify workforce development initiatives included or recommended for the proposed redevelopment; (ii) provide detailed plans for collaboration with state and/or local training programs, community colleges, or similar institutions to prepare residents for new job opportunities; and (iii) recommend anticipated efforts required to prioritize hiring from within the local community, particularly for underserved populations.

(d) **The Economic Mobility segment**, which must: (i) provide a projected 20-year assessment of how the proposed redevelopment will contribute to sustainable employment growth within the area, such as attracting industries that offer career advancement; and (ii) explain how the proposed redevelopment will create pathways for upward economic mobility through education, skills training, and entrepreneurship support.

(3) The anticipated net revenue impact on the state and applicable local government general funds, calculated as follows:

(a) The estimated sum of all general fund revenues generated by economic activity within the metropolitan redevelopment area by type of revenue (e.g., gross receipts tax from goods and services provided to New Mexico businesses, personal income tax, etc.), less: (i) the estimated sum of all general fund costs to the state associated with the provision of services to individuals and businesses (e.g., public schools); (ii) the estimated amount of tax incentives provided to promote economic development within the metropolitan redevelopment area under current law; (iii) the amount of the state gross receipts tax increment requested for the metropolitan redevelopment area; and (iv) the total amount of capital outlay appropriated for use in the metropolitan redevelopment area under current law.

(b) The net revenue impact on the state general fund must be expressed in constant dollar terms; and

(c) The net present value of general fund revenues less general fund costs over the 20-year or such other applicable maturity period for the bonds. A discount rate equal to five percent shall be used in the calculation.

E. ~~"Economic base job" means employment within the metropolitan redevelopment area with an employer engaged primarily in creating goods and services that are exported out of the state.~~

F. **"Financing plan"** means a plan outlining the sources and uses of funds available from revenue or

debt for the proposed redevelopment, detailing how the proposed redevelopment will be financed. A financing plan must include a description of the following:

(1) The metropolitan redevelopment area's proposed plan for financing all or part of the public improvements and other actions required to facilitate the economic gains and mitigate any adverse effects identified in the Economic analysis study. The plan must identify whether the metropolitan redevelopment area proposes to use gross receipts tax increment bonds or property tax revenues or both, including information supporting why gross receipts tax increment financing is needed for the proposed redevelopment and/or the economic advantage of using property tax revenue;

(2) The total estimated annual gross receipts tax increment to be generated by the proposed redevelopment and the portion of that gross receipts tax increment to be allocated during the period necessary to repay any bonds, as defined under these rules, issued pursuant to the redevelopment;

(3) The total estimated annual property tax increment to be generated by the project and the portion of that property tax increment to be allocated during the time necessary to complete the payment of the project;

(4) The anticipated structure and terms for gross receipts tax increment bonds, including:

(a) Maturity date and estimated interest rates;

(b) A pro-forma for all bonds to be issued for the redevelopment; and

(c) Projected coverage ratios for all bonds issued for the redevelopment.

(5) Tabular data table showing cash flow projections of revenues from past and present property tax dedication approved and expenditures in the metropolitan redevelopment area;

(6) Any proposed use of gross receipts tax increment revenues or property tax increment revenues other than to secure the payment of bonds;

(7) The source of funding for services, activities, grants, and payments, other than in connection with the construction or acquisition of public infrastructure and facilities;

(8) Potential and identified additional sources of funding to complete the proposed redevelopment;

(9) A description of the source of funding for any private improvements and development, including the amount, type, and source of private investment and commitments to the redevelopment, and a corresponding financing plan; and

(10) A description of the accounting practices, in accordance with generally accepted governmental accounting and auditing standards, to be undertaken to track and monitor revenues deposited into the metropolitan redevelopment fund.

G. "Governing body" means the city council or city commission of a city, the board of trustees or council of a town or village or the board of county commissioners of a county.

H. "Housing supply study" means a scientific study providing a statistical description of the housing supply in the community prepared by a qualified ~~independent~~ professional or consultant approved by the board, which includes the number of private and public units in existence or under construction, the annual rate of turnover of the various types of housing, the range of rents and sale prices, estimates of the number of persons residing in the metropolitan redevelopment area, and the number of families and individuals at risk of being displaced by redevelopment and also includes:

(1) An estimate of the total demand for housing in the metropolitan redevelopment area and surrounding areas, with the estimated capacity of private and public housing available to families and individuals displaced by the proposed redevelopment; and

(2) A detailed description of how redevelopment will impact low-income communities, minority groups, and other marginalized populations in the metropolitan redevelopment area.

I. "Local government" has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.

J. "Market absorption study" means a study that evaluates the market demand for real property and components comprising the metropolitan redevelopment area and the rate at which the market can absorb the new supply, supported by detailed demographic and socioeconomic data for the metropolitan redevelopment area, prepared by a qualified ~~independent~~ professional or consultant approved by the board and including the following information:

(1) Any blighted area(s), the severity of the blight, inclusive of a comparison analysis to other adjacent areas or comparable communities, and information on how the proposed redevelopment anticipates rehabilitating currently identified slum or blighted areas and preventing future slum or blight in the metropolitan redevelopment area;

- (2) A population analysis, as defined in this Section 7; and
- (3) A housing supply study, as defined in this Section 7.
- K. **“Metropolitan redevelopment area”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.
- L. **“Metropolitan redevelopment plan”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.
- M. **“Metropolitan redevelopment project”** and **“project”** have the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.
- N. ~~**“NAICS” means the North American Industry Classification System.**~~
- O. **“Operating plan”** means a detailed plan from the local government identifying a clear operational strategy, including roles and responsibilities of the management team, and the operational procedures to be followed for day-to-day operations of the proposed redevelopment, including management, staffing, and operational procedures. Additionally, the operating plan must identify the following:
 - (1) Whether the governing body or another entity will provide oversight for the metropolitan redevelopment project;
 - (2) The method and metrics the oversight entity will utilize to determine compliance with and delivery of the redevelopment’s goals;
 - (3) A detailed depiction of how decisions will be made for activities, metropolitan redevelopment projects, and other day-to-day operational requirements; and
 - (4) Where the local government delegates its powers in whole or in part to a metropolitan redevelopment entity or other agency or party, a description of the delegated powers, and the ordinance, resolution, or other document evidencing such delegation, must be provided.
- P. **“Population analysis”** means a breakdown of the current population of the metropolitan redevelopment area by age, income level, employment status, and educational attainment, that identifies market size, labor availability, and potential customer base and also includes the following information for the metropolitan redevelopment area and surrounding areas:
 - (1) The projected number of residential (single-family and multi-family) units and the square footage of property type to be built by calendar year;
 - (2) The projected average price per square foot or by unit by type to be built per calendar year; and
 - (3) The market supply (or availability) and the value of each property type in the metropolitan redevelopment area and surrounding area(s), with reference to other planned development in the surrounding area(s).
- Q. **“Slum area”** has the same meaning herein as provided in the Metropolitan Redevelopment Code, as amended.
- R. **“State gross receipts tax increment”** means the value of the gross receipts tax imposed pursuant to Section 7-9-4 NMSA 1978 and sourced to the metropolitan redevelopment area in excess of the same gross receipts taxes sourced to the metropolitan redevelopment area in the base year, calculated in compliance with Subsection B of Section 3-60A-21 NMSA 1978, as amended.
- S. **“Substantial change”** means any material modification to a metropolitan redevelopment plan that would:
 - (1) Require the local government to hold a public hearing in advance of approving such a change, as required by Section 3-60A-9 NMSA 1978;
 - (2) Alter the boundary of the metropolitan redevelopment area; and/or
 - (3) Provide a measurable impact on the projected outcomes for the market absorption study, operating plan, financing plan, economic analysis study, or housing supply study, including in the application.
- T. **“Tax increment law”** means Sections 3-60A-19 through 3-60A-24 NMSA 1978, as amended, which is a part of the Metropolitan Redevelopment Code.

2.61.2.8 APPLICATION ELEMENTS:

- A. ~~**Mandatory Contents**~~ **Contents of application:** A local government requesting a dedication of a portion of the state gross receipts tax increment shall submit an application to the board that includes:
 - (1) A table of contents identifying all documents, studies, plans, images, and information, and, as practicable, following the order set forth in this Section 8;
 - (2) An executive summary of the local government’s application;

(3) A comprehensive-general summary of the administrative and legislative history of the designation of the metropolitan redevelopment area, local approval of the metropolitan redevelopment plan, and any amendment or modification to either, including, but not limited to a description of any property tax increment dedications identifying the date of dedication, as well as a timeline, detailing all approvals, public hearings, and notices associated with the metropolitan redevelopment area and the metropolitan redevelopment plan;

(4) A copy of the resolution of the governing body making a finding of necessity to address one or more slum area(s) or blighted area(s) existing in the local government's jurisdiction;

(5) A copy of the resolution of the governing body determining that a specific area is a slum area or a blighted area or a combination thereof and designating such area as appropriate for a metropolitan redevelopment project, along with the affidavits of publication for the notices of public hearing related to the issue of the adoption of the resolution and a written hearing record or meeting minutes from the public hearing;

(6) A copy of the resolution of the governing body electing to use the procedures set forth in the tax increment law, effective January 1, 2025, for funding metropolitan redevelopment projects;

(7) A copy of the resolution of the governing body making necessary findings and approving the metropolitan redevelopment plan for the metropolitan redevelopment area; and a written hearing record or meeting minutes from the hearing held by the governing body or the local government's planning commission relating to the proposed adoption of the metropolitan redevelopment plan, along with the affidavits of publication for the notice of public hearing and proof of mailing to the owners of real property in the metropolitan redevelopment area;

(8) A copy of any resolution adopted by the governing body following the approval of a metropolitan redevelopment plan for the metropolitan redevelopment area, which approves a substantial change to the metropolitan redevelopment plan, if applicable;

(9) A copy of the resolution of the governing body of any local government, within which the metropolitan redevelopment area is located, agreeing to dedicate up to seventy-five percent of a gross receipts tax increment and, if applicable, property tax increment of those entities;

(10) A copy of the metropolitan redevelopment plan containing a provision that a portion of a gross receipts tax increment may be dedicated for the purpose of funding a metropolitan redevelopment project for a period of up to 20 years in compliance with the tax increment law;

(11) A map depicting the geographic boundaries of all or a portion of the metropolitan redevelopment area to receive state gross receipts tax increments;

(12) A map identifying the public and private ownership status of the property located within the metropolitan redevelopment area;

(13) A map identifying the current zoning of the property located within the metropolitan redevelopment area and a general description of the current land uses in the metropolitan redevelopment area;

(14) A description of the metrics used by the local government in designating the metropolitan redevelopment area as a slum area, a blighted area, or a combination thereof in connection with its preparation of the metropolitan redevelopment plan. If the metropolitan redevelopment area was established earlier than five years prior to the date of the application, the description must identify the current metrics established and measured by the local government for determining that the area remains a slum area, a blighted area, or a combination thereof;

(15) A description of the activities undertaken by the local government and its accomplishments in addressing slum and/or blight since the designation of the metropolitan redevelopment area and the community benefit and/or public good to be provided through the project;

(16) A description of the project to be undertaken by the local government and supported by gross receipts tax increment financing, in compliance with the metropolitan redevelopment plan. The description of the project shall include:

(a) A general description of the local government's plan to carry out a project for the metropolitan redevelopment area as a whole or plans for specific areas within the metropolitan redevelopment area;

(b) A summary of how the project is designed to eliminate slums or blighted areas in the metropolitan redevelopment area and how the project conforms to the approved metropolitan redevelopment plan;

(c) A description and map identifying the proposed changes in zoning and land use for the metropolitan redevelopment area resulting from the project;

(d) A detailed description of the types of public infrastructure and facilities to be included in the project, including the estimated construction or acquisition costs of the public infrastructure and facilities, projection of working capital needs, including funds necessary for repair and replacement of infrastructure, and the annual operation and maintenance costs of the public infrastructure, as well as any projected sources of

funding;

(e) A detailed description of the types of private improvements and development to
(f) A map illustrating both existing and planned public and private infrastructure and development resulting from the project;
(g) A proposed project schedule for commencement and completion of the public infrastructure and the private development, inclusive of major milestones, which must align with the pro-forma included in the financing plan; and

(h) A detailed description of any services, activities, grants, and payments, other than in connection with the construction or acquisition of public infrastructure and facilities, planned to be delivered as part of the project and the anticipated source of funding.

(17) An operating plan, as defined in Section 7;

(18) A financing plan, as defined in Section 7;

(18)B. Permissive contents of application: A local government requesting a dedication of a portion of the state gross receipts tax increment may submit an application to the board that includes:

(19)(1) A market absorption study, as defined in Section 7;

(20)(2) An economic analysis study, as defined in Section 7; and

(21)(3) A housing supply study, as defined in Section 7.

[2.61.2.8 NMAC - N, 12/23/2025]

2.61.2.9 APPLICATION TIMELINE AND SUBMITTAL:

A. Pre-application conferences: Prior to initiating the preparation of an application, a local government is encouraged to schedule a “pre-application conference” to discuss the metropolitan redevelopment plan and proposed project to be undertaken with state gross receipts tax increment financing with board staff and the economic analysis unit of the Department of Finance and Administration, as well as consultants and/or professionals proposed to be utilized by the local government.

B. Requirements:

(1) Any application for the dedication of a portion of the state gross receipts tax increment shall be considered by the board at its regular meeting in July or December of each year;

(2) Complete applications must be submitted no later than the preceding January 1 for consideration at the board’s July meeting, or by July 1 for consideration at the board’s December meeting;

(3) All required materials must be submitted electronically, and tables must be submitted as Microsoft Excel files with access to all data, including assumptions and formulae;

(4) If a governing body has not adopted a resolution pledging a portion of its gross receipts tax increment or its property tax increment, or both, by the deadline for submission of the application, that resolution shall be provided immediately upon its adoption and, if the adoption does not occur prior to the meeting at which the board is to consider the application, the board may take any action it deems appropriate, such as imposing a condition requiring such dedication or deferring action until a dedication is made;

(5) In addition to the requirements of paragraphs (1) through (4) above, the board may require informational presentations at a meeting prior to the meeting at which the application is to be considered. The board may also require the submission of supplemental information during its review process; and

(6) All information submitted to the board pursuant to this Section 9 will be available for public inspection, unless otherwise provided by law.

C. Concurrent submittal: In addition to submitting the application to the board, additional copies of an application must be submitted to the Department of Finance and Administration, Economic Analysis Unit; the New Mexico Finance Authority; the Taxation and Revenue Department, Office of the Secretary; and the Legislative Finance Committee’s staff at their respective offices.

[2.61.2.9 NMAC – N, 12/23/2025]

2.61.2.10 APPLICATION REVIEW:

A. Basis of evaluation and use of consultants: The board will evaluate each application proposing a dedication of state gross receipts tax increment within a metropolitan redevelopment area as a whole and evaluate each metropolitan redevelopment area on a stand-alone basis. The board will utilize the services of the Department of Finance and Administration’s Economic Analysis Unit and may seek the assistance of an economic consultant to evaluate each application. The local government must fully comply with any request to submit any additional data that may be helpful for use in its review of the application.

B. Evaluation methodology: The Department of Finance and Administration’s Economic Analysis

Unit or any of the board's economic consultants will use the following methodology in evaluating each application:

- (1) Validation of any economic impact models using standard economic impact tools;
- (2) Determination of the viability of the metropolitan redevelopment plan under the following scenarios;
 - (a) The dedication of the requested state gross receipts tax increment is approved;
 - (b) The dedication of the requested state gross receipts tax increment is not
 - (c) The dedication of some portion of the requested state gross receipts tax increment is approved; and
 - (d) Under staff-requested assumptions about economic factors.
- (3) Evaluation of the submitted application, recognizing other economic development efforts by other economic development entities, including other metropolitan redevelopment areas;
- (4) Assessment of impact on surrounding communities and non-participating governments;
- (5) Determination of the ratio of public to private capital contributions and the ratio of state contributions compared to local contributions; and
- (6) Validation of the finance plan, economic analysis study, market absorption study, operating plan, and/or housing supply study; the board may seek input from New Mexico Finance Authority staff regarding interest rates, coverage ratios, and other bond financing features to ensure that they are reasonable and appropriate.

[2.61.2.10 NMAC - N, 12/23/2025]

2.42.2.11 BOARD APPROVAL: EFFECTIVE DATE, CONDITIONS, AND DURATION:

A. Effective date: The board's approval of any dedication of the state gross receipts tax increment for metropolitan redevelopment shall be effective as provided in Sections 3-60A-23 and 3-60A-49 NMSA 1978, as amended.

B. Conditional approval: Dedications of up to seventy-five percent of the state gross receipts tax increment made by the board for metropolitan redevelopment shall be conditioned upon the requirements set forth at Subsection C of Section 3-60A-23 NMSA 1978, and be otherwise consistent therewith.

C. Subsequent changes: Any proposed substantial change to the metropolitan redevelopment plan after the board has made a dedication must be reported to the board pursuant to Subsection E of 2.61.2.12 NMAC and will require advanced board approval of such substantial change for proceeds from the sale of any bonds or notes to be applied to the purposes set forth in such modified metropolitan redevelopment plan.

D. Expiration of dedication: A dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment shall expire in accordance with Subsection C of Section 3-60A-21 NMSA 1978, as amended, once all bonds secured in whole or in part by the state gross receipts tax increment are fully paid-off, or as otherwise stated in these rules.

[2.61.2.11 NMAC - N, 12/23/2025]

2.61.2.12 REPORTING REQUIREMENTS:

A. Bond issuance: Within 14 business days after a local government issues any bonds, the local government shall advise the board by letter of the date of issuance, the interest rate, and the total aggregate amount of each issue.

B. Annual reporting: On or before September 1 of each year following the issuance of any bonds, and until the bonds are fully paid-off, a local government that has received a dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment shall provide to the board employment reports, as available, setting forth in reasonable detail the numbers and types of jobs created within the metropolitan redevelopment area on a full-time equivalent basis during the preceding 12-month period and the availability of workforce housing.

C. Supplemental reporting: Within thirty days of submitting any report or data required by the governing body, the New Mexico Finance Authority, the legislature, or any legislative committee, the metropolitan redevelopment area shall transmit copies of these reports or data to the board and the Economic Analysis Unit of the Department of Finance and Administration.

D. Substantial change and progress reporting: By September 1 of each year, a local government that has an unexpired dedication of a portion of the state gross receipts tax increment for metropolitan redevelopment will submit a report describing any substantial change to the metropolitan redevelopment area or the metropolitan redevelopment plan, as well as any project described therein, that may have occurred since board approval of such dedication. In addition, the local government ~~shall~~may provide information the applicant believes may be helpful to the board such as information concerning the infrastructure build-out, jobs created, employers,

revenues and expenses, total bonds outstanding, new bondissuances, bond incurrences, or material contracts for construction or other services in support of the metropolitan redevelopment plan, and a status report of the metropolitan redevelopment area's achievements with respect to public facilities and community benefits, such as the provision of schools and workforce housing in the metropolitan redevelopment area, ~~and any other information the applicant believes may be helpful to the board occurring over the prior 12 months.~~

E. Periodic reporting: In addition to all requirements set forth above, a local government must report from time to time any substantial change to the metropolitan redevelopment plan, as well as any project described therein, that is proposed to occur following the board's approval of a resolution dedicating a portion of the state gross receipts tax increment to the board.

F. Application and duration of reporting requirements: Sections A through E of 2.61.2.12 NMAC apply to any local government that has received a dedication of the state gross receipts tax increment for metropolitan redevelopment until the applicable metropolitan redevelopment area is no longer designated as appropriate for a metropolitan redevelopment project or the board's approval of the increment has expired. [2.61.2.12 NMAC - N, 12/23/2025]

2.61.2.13 WAIVER: The board, in its sole and absolute discretion, may waive any requirements set forth in these rules unless such waiver would be contrary to the Metropolitan Redevelopment Code, or waiver would impair the board's ability to satisfy its obligations under Subsection C of Section 3-60A-23 NMSA 1978. [2.61.2.13 NMAC - N, 12/23/2025]

2.61.2.14 EFFECT OF PUBLICATION: All sections shall be effective upon publication in the *New Mexico Register*. [2.61.2.14 NMAC - N, 12/23/2025]

HISTORY OF 2.61.2 NMAC: [RESERVED]



General Basis of Rule Provisions

- **A dedication of state GRT is likely a considerable monetary investment of state funds.**
- **The Board's role is to ensure that any dedication is in the "best interest of the state." It broadly considers this to mean:**
 - 1) The MRA has a well-established plan for investments in the MRA that will address blight.
 - 2) The local entity has completed a thorough evaluation of the anticipated impacts of planned investments in the MR area to ensure planned investments are reasonably expected to effectively address blight.
 - The MRA lays out how local entities measure blight but also how they can address blight. This may include promoting private-sector industry within the MR area but it may include addressing housing availability and adequacy; the provision of water, energy, and gas; adequate recreational facilities; public safety services and improvements; adequate parking; adequate medical care; and other factors that promote the public health, welfare, safety, convenience, and prosperity.
 - The proposed rule ensures the local entity has engaged in industry-recognized evaluation of economic impacts. The local entity should have a well-established plan and conducted (or will conduct) thorough evaluation as to whether their planned investment of funding, including a large portion of the state's revenue, will effectively address blight.
 - 3) The local entity has established a general plan of financing to ensure that the investment of state revenues will be leveraged to the greatest degree, resulting in the maximum level of benefit to the local community and the state.



State Board of Finance (SBOF) Process for Drafting Proposed 2.61.2 NMAC



- **Experts hired to assist with rule promulgation:** The SBOF entered into a professional services contract with Rodey, Dickason, Sloan, Akin & Robb in August 2024 to assist with the promulgation of the rule.
- **Review of Metropolitan Redevelopment Act:** SBOF staff and counsel review the MRA in depth to identify key language and provisions that should be carried forward to the rule, including key definitions of “blight”, “metropolitan redevelopment plan”, etc.
- **Consideration of Tax Increment Development (TID) Act as resource for rule drafting:** Staff recognized the fundamental differences between the MRA and TID. Developer versus public body-driven. Infill versus urban renewal. Purely capital versus capital plus programmatic and other types of funding. Staff also recognized the need for the SBOF to be able to evaluate “best interest of the state” when applications are submitted for consideration.
- **Subject matter expertise obtained:** SBOF staff engaged the DFA chief economist, experts at the New Mexico Taxation and Revenue Department, and the Legislative Finance Committee staff
- **Board subcommittee input:** SBOF staff provided the draft rule to the State Board of Finance Rule Making Subcommittee for input and guidance prior to noticing the rule and public hearing.

