Summary of Tax Increment Development District Annual Reporting FY 2024

PURSUANT TO 2.61.3.10.D NMAC AND 5-15-29 NMSA 1978, SECTION 5-15-29

TAX INCREMENT DEVELOPMENT DISTRICTS

Tax Increment Development Districts (TIDDs) are special districts that use Tax Increment Financing (TIF), or incremental tax revenues generated by a development project, to fund public infrastructure associated with those development projects. TIF is most often used to spur development where it might not otherwise occur as well as and as a tool to encourage redevelopment in blighted areas.

TIDDs may receive incremental gross receipts tax (GRT) or property tax revenues from the state, the county, and the municipality and/or property tax increment revenues from the county and municipality. Those revenues can be used to fund infrastructure, which would eventually be deeded to the appropriate government that would then operate and maintain the public infrastructure. In the case of state GRT revenues, those revenues must be used to pay off debt (short- or long-term bonds) created by financing the infrastructure.

New Mexico passed the Tax Increment for Development Act, Section 5-15 NMSA 1978 in 2006. The Act governs the formation and operations of TIDDs in New Mexico. TIDDs are formed by a county or municipal governing body. The governing body may adopt a resolution declaring its intent to form a tax increment development district after (1) an approved tax increment development plan and a (2) petition bearing the signatures of the owners of at least 50% of the real property in the district has been filed with the clerk of the governing body. TIDDs are governed by the governing body that adopted the resolution to form the district or by a five-member board composed of members appointed by the governing body in addition to the Department of Finance and Administration Secretary or his/her designee.

REGARDING GRT INCREMENT BONDS

- Local option gross receipts taxes are paid into a special fund of the district to pay the principal, interest, and premiums of GRT increment bonds issued by the district.
- The city, county, or state cannot dedicate more than 75% of its GRT increment.
- Board of Finance approval is required for a TIDD to receive state GRT increment. The Board must determine that the dedication is reasonable and in the best interest of the state and that the dedication will stimulate the creation of jobs, economic opportunities, and general revenue for the state through the addition of new and expansion of existing businesses.
- TIDDs must issue GRT increment bonds that are secured by state GRT increment within four years of receiving approval of the state dedication of GRT increment by the Board of Finance. GRT increment bonds must have a maturity of no longer than 25 years.
- Property owners within the district (the developer(s)) must contribute a minimum of 20% of the initial public infrastructure costs prior to the issuance of GRT or property tax increment bonds.
- The New Mexico Finance Authority must review all proposed issuances of increment bonds and determine the proceeds of the bonds will be used for projects within the TIDDs in accordance with the TIDD development plan. Additionally, the legislature must approve the issuance of the bonds.
- The legislature must also approve any distribution of increment revenues prior to their distribution.

OTHER INFORMATION IN THE TAX INCREMENT FOR DEVELOPMENT ACT

- TIDDs may revise the base year that the district uses to determine its GRT increment. “Rebasing” must be approved by the State Board of Finance.
- TIDDs must report annually to the Legislative Finance Committee and the Board of Finance.

GRT and Property Tax Increments (TIDDs Receiving State GRT Increment)

The following sections provide a summary of the information reported by the six Tax Increment Development Districts (TIDDs) that were previously approved to receive state Gross Receipts Tax increment dedication and currently receive revenue distributions from the state. TIDDs are required to report annually on information related to job creation, revenue distributions, capital investments, and outstanding debt.

Timeline of District Approvals to Receive State GRT Increment

		Jan 2006	Dec 2007	Oct 2008	Dec 2008	Jul 2015	May 2017	Dec 2022
		Mesa del Sol	**DevCo Districts**	**Winrock Town Center**	**City of Las Cruces**	**Taos Ski Valley**	**Lower Petroglyphs**	**South Campus**
GRT Dedication	**State**	75%	50%	62%	75%	50%	65%	56.23%
	County	100%	100%	67%	75%	0%	0%	75%
	City	67%	0%	70%	75%	75%	75%	75%
Property Tax Dedication	**County**	10%	10%	50%	75%	35%	0%	75%
	City	67%	0%	75%	75%	75%	65%	75%

NOTES

Mesa del Sol	Includes Districts 1 through 5.
	The City GRT increment is 67 percent of the local option GRT revenues (ex. Transportation and Infrastructure Tax) and state-shared GRT.
	The County GRT increment is 100% of the third 1/8th and all of the 1/16th of County GRT increment.
	The City and County property tax dedications are percentages of the "operating" mills.
DevCo	Includes Districts 2, 3, 4 & 8.
	The County GRT increment is 100% of the third 1/8th of the County GRT increment and 100% of its environmental services GRT increment.
Winrock	State increment is an average for three districts (57%, 60% & 70%); TIDD underwent a rebasing in 2015.
	The County GRT increment equals 67% of the first, second, and third one-eight of GRT and 67% of the one-sixteenth of GRT receipts.
	One-sixteenth of the County's property tax dedication is for security infrastructure.
Las Cruces	TIDD only received the state dedication up to a certain dollar amount, which was reached in Dec 2018. The TIDD no longer receives state GRT.
	The County increment was 75 percent of the first 0.125% of the local option GRT.
Lower Petro.	The City GRT is 75% of its municipal infrastructure GRT increment (0.04065) and 65% of its general purpose GRT increment (0.325000). City share of GRT excludes public safety and transportation tax.

GRT & Property Tax Distributions & Capital Investment

TIDDs can receive GRT increment from the state, the county, and the municipality and/or property tax increment revenues from the county and municipality. Tax increment revenues are tracked by the Taxation and Revenue Department (TRD). As TIDDs are governed by boards, those boards can elect to issue short or long-term bonds to finance public infrastructure, with that infrastructure eventually being dedicated to a public entity. Additionally, debt can be issued prior to the developer providing public infrastructure improvements or afterwards to reimburse the developer for the investments they make.

Gross Receipts Tax Revenues Distributed to TIDDs

		State			County			Muni		
District		FY24	FY23	**To Date**	FY24	FY23	**To Date**	FY24	FY23	**To Date**
Mesa del Sol	Dec-06	$6,782,551	$6,750,960	**$28,902,824**	$448,540	$309,956	**$1,307,364**	$3,427,103	$1,627,366	**$10,576,321**
DevCo	Dec-07	$0	$0	**$0**	$0	$0	**$0**	--	--	**--**
Winrock	Oct-08	$3,107,856	$4,566,787	**$25,366,538**	$401,727	$391,798	**$2,406,133**	$1,765,083	$1,688,117	**$10,805,125**
Taos Ski Valley	Jul-15	$1,707,521	$1,161,784	**$7,172,059**	--	--	**--**	$2,264,846	$1,059,925	**$8,166,610**
Lower Petroglyphs	May-17	$156,087	$180,649	**$543,257**	--	--	**--**	$67,278	$54,099	**$178,104**
South Campus	Dec-22	$85,191	$21,586	**$85,191**	$27,026	$0	**$27,026**	$78,972	$16,053	**$106,777**

Revenues are gross and include administrative fee, which is approximately 3% for the State, 1.6% for municipalities, and 2.9% for counties.

Winrock Winrock underwent re-distribution in 2014 and 2015. Total distributions account for adjustments made.

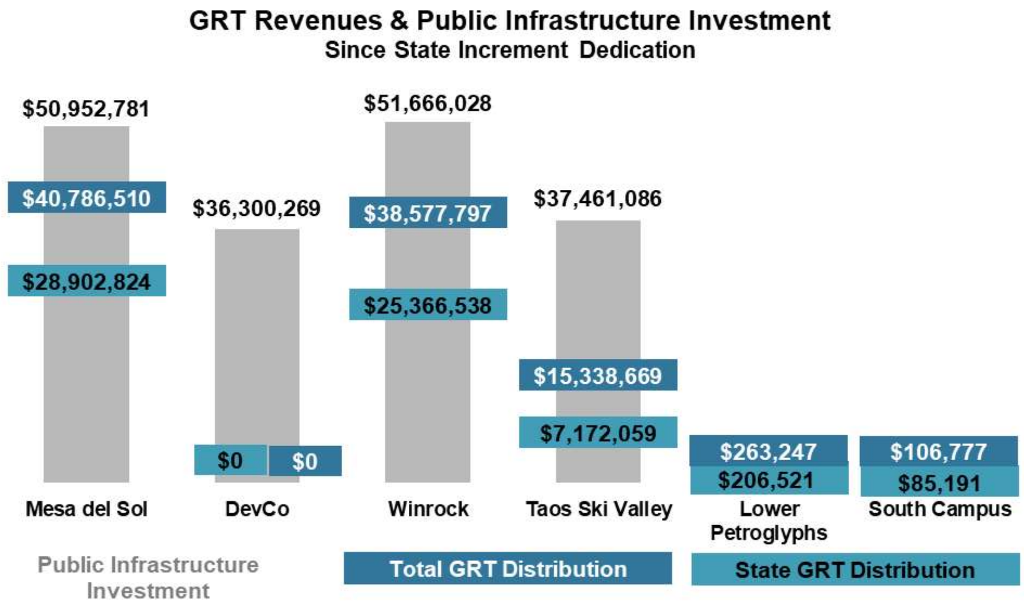
Lower Petro. The district returns revenues to the state on a quarterly basis in compliance with the BOF resolution.

- The three TIDDs that have received any substantial amount of increment include Mesa del Sol, Winrock Town Center, and Taos Ski Valley. These three TIDDs have also reported public infrastructure improvements exceeding $35 million since their inception.

- The State distribution represents the following percentages of total distributions to date: 47% for Taos Ski Valley, 66% for Winrock Town Center, 71% for Mesa del Sol, and 39% for South Campus.

- The Lower Petroglyphs TIDD has received a small amount of state increment revenue, which it returns to the state. This will occur until a certain amount of investment (for the development of a hospital) is made within the district.

- During FY23, errors in the amount of GRT increment distributed to each TIDD by the State were identified for the period of July 2021 through January 2023. During FY24, the districts worked to resolve this issue with the State. This resulted in net over-distributions to each TIDD. Mesa del Sol returned $4.5 million to the State as part of the reconciliation. Winrock will return $4.4 million at a time when the district has no outstanding debt. Any excess revenues to be returned by Taos Ski Valley are still being determined.



TIDDs also report on total public infrastructure investment and private capital investment. Investment for public infrastructure represents what would be funded by State GRT increment revenues via the issuance of short- or long-term bonds.

- A significant amount of activity has occurred in Mesa del Sol since 2007. The developer has reported public infrastructure investments totaling nearly $51 million, with nearly all FY24 activity related to the Netflix campus.
- Winrock Town Center reported private investment of about $69 million since the district's formation. Public investment cooled in FY24, with the completion of the public park. Private investment, however, has increased significantly, largely due to the construction of a new hotel and other buildings.
- Taos Ski Valley reported public investment to be $1.3 million, with continued investment in the Village's water system and new infrastructure related to the Kachina Area Master Plan.
- DevCo has invested in public infrastructure of just over $36 million. There has been no recent investment activity.
- South Campus, the newest TIDD, expects activity in FY25. The district reported property disposition and lease activity that should lead to public infrastructure investment in the next few years.

Public & Private Investment by TIDD

District		Public FY24	Public FY23	Public To Date	Private FY24	Private FY23	Private To Date
Mesa del Sol	Dec-06	$13,323,394	$1,202,765	**$50,952,781**	$167,408,863	$130,657,291	**$687,661,378**
DevCo	Dec-07	$0	$0	**$36,300,269**	$0	$0	**$0**
Winrock	Oct-08	$5,041,787	$5,368,150	**$51,666,028**	$8,075,202	$2,048,863	**$69,314,351**
Taos Ski Valley	Jul-15	$1,297,859	$1,900,000	**$37,461,086**	$20,000,000	$60,000,000	**$336,000,000**
Lower Petroglyphs	May-17	$0	$0	**$0**	$0	$0	**$0**
South Campus	Dec-22	$0	$0	**$0**	$0	$0	**$0**

Public Infrastructure & Private Capital Investment

	Mesa del Sol*	DevCo	Winrock*	Taos Ski	Lower Petro	South Campus
FY24 Public	Bobby Foster infrastructure, Netflix-supporting infrastructure	None	Public park construction, public road construction	Village water infrastructure, Kachina Area Master Plan infrastructure	N/A	None
FY24 Private	Netflix Campus	None	Tenant improvements, including build outs, new building construction (Park Bar, Portland Building, Fidelity Building)	Not provided by TIDD	N/A	None
Pre FY24 Key Activities	Netflix Campus and supporting infrastructure	None	Completion of public park/gathering space, a new roadway, completion of 150-room Marriott, near completion of 3-story mixed-use building	Not provided by TIDD	N/A	2.1-acre parcel purchase agreement with In-N-Out Burger, letter of intent for 32-acre sie for 330,000 sqft of retail space

Job Creation & Employers

Per the Tax Increment Development Act, TIDDs must report on job creation on an annual basis—total jobs *and* new full-time economic base jobs created in the district. New full-time economic base jobs are those that are:

1) primarily performed in New Mexico;
2) held by an employee who is hired to work an average of at least thirty-two hours per week for at least forty-eight weeks per year;
3) involved, directly or in a supervisory capacity, with the production of: 1) a service; provided that the majority of the revenue generated from the service is from sources outside the state; or 2) tangible or intangible personal property for sale; or
4) held by an employee that is employed at a regional, national or international headquarters operation or at an operation that primarily provides services for other operations of the qualifying entity that are located outside the state; and
5) not directly involved with natural resources extraction or processing, on-site services where the customer is present for the delivery of the service, retail, construction or agriculture except for value-added processing performed on agricultural products that would then be sold for wholesale or retail consumption.

Employment data can be challenging for TIDDs to track. Employment can be generated by business activity as well as construction activity, and when private employers are involved, data are not always shared with the TIDD. The corresponding table reflects the jobs reported for FY24 and to date for the three TIDDs reporting job creation, alongside select employers.

- Mesa del Sol has reported a total 4,997 jobs, which was an increase of about 13 percent, or approximately 1,050 jobs. The district reports that most of its job creation reflects economic base jobs.

- Winrock Town Center has reported 918 inception, with 95 created in FY24. Since the majority of these jobs are connected to the retail and food services industries, the TIDD states just 25 of the jobs meet the definition of full-time economic base jobs.

- Taos Ski Valley reported approximately 227 new jobs in FY24, a small increase from FY23. Unfortunately, Taos Ski Valley only records employment with Taos Ski Valley, Inc. and construction-related employment.

- DevCo, Lower Petroglyphs, and South Campus reported no job creation to date.

Job Creation & Select Employers
(for TIDDs Reporting Job Creation)

	Mesa del Sol	Winrock	Taos Ski
Full-Time Economic Base Jobs			
FY24	504	25	Not provided by the TIDD
To Date	4,448	25	
Total Jobs			
FY24	540	95	227
To Date	4,997	918	1,724
Select Employers	ABQ Studios/Netflix	Regal Theater	Taos Ski Valley is only reporting construction and developer jobs and not any job creation within the district from TIDD activities.
	Fidelity	Mattress Firm	
	Guzman Construction	Uptown Dental	
	Kairos Power	David's Bridal	
	Molina Healthcare	ULTA Beauty	
	MSR FSR / CFV	TJ Maxx	
	SC3	Famous Footwear	
	United Polycom Systems	Nordstrom Rack	
	Apartment	PetSmart	
	White Whale Productions	Men's Wearhouse	
	Schott/URS/Nova	Sketchers	
	Silver Heart Productions	Various Restaurants	
	DEA	NM Orthopedics	
	ICE	TriCore Labs	
	Eatery	Dave & Buster's	
	K2 Reality	Chuze Fitness	
	NM Aggregate	ABQ Hearing & Balance	
	NM United	Stretch Labs	
	Rio Fitness	The Joint Chiropractic	
	The International School	Ethan Allen	
	UNM Film School	Gimani Pizza	
		Jamba Juice	
		Marrior Hotel	
		Fidelity	
		Presbyterian Health Plan Place & Medicare Advantage Clinic	