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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/13  
 SPONSOR HF1 LAST UPDATED 03/08/13 HB CS/CS/371 & 355/HFIS  
 SHORT TITLE Public Improvement District Bonds & Levies SB \_\_\_\_\_  
 ANALYST Smith

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15	FY16	FY17		
Indeterminate, but Negative						Improvement Districts

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### No Responses Received From

Taxation and Revenue Department (TRD)  
 Department of Finance and Administration (DFA)  
 Economic Development Department (EDD)

### SUMMARY

#### Synopsis of Bill

The House Floor substitute for the House Judiciary Committee substitute for the House Taxation and Revenue Committee substitute for House Bills 371 & 355 make several substantive changes to the Public Improvement District Act.

It adds new definitions for large property owner, person and related entities. The substitute requires that an application supported by a petition be submitted to the governing body considering adoption of a resolution to form a public improvement district. Further, the right to vote on the question of formation of the district shall not be assigned or delegated to the property owners who signed the petition.

The bill adds several new requirements for the district board to consider as part of the study of feasibility and benefits of the public infrastructure. It also provides that prior to approval of a project; the district board shall provide owners with notice and opportunity to comment.

General obligations capacity is capped at 0.5 percent of total appraised value of the district. The total appraised value excluding public infrastructure improvements.

Section 7 limits special levies to 1.95 percent of the “anticipated market value of the property”.

The bill also details the recording documents and requirements of providing notice to purchasers. Failure to provide such notice is a violation of the Unfair Practices Act.

**Effective Date:** July 1, 2013

### **FISCAL IMPLICATIONS**

Passage of this bill will not affect the existing rights or obligations of bondholders or district property owners.

“Anticipated market value” would come from an appraisers’ estimate and assumes that a project is successful. In the last real estate downturn, these estimates turned out to be wildly above the market value of the project. It is not clear that any limits set by this definition will be a binding constraint on property tax special levies.

### **SIGNIFICANT ISSUES**

The Albuquerque Journal reported that High Desert Investment Corp., the investment arm of Albuquerque Academy, plans to close its sales and information office at Mariposa and has listed the land and lots it owns in the master-planned community with Land Advisors Organization of Scottsdale, Ariz., a company that specializes in large tracts of land, board member Gary Gordon said this week.

Around \$1 million a year was going to cover bonds the company sold to pay for water and wastewater improvements the city required for Mariposa and surrounding homes.

Mariposa sits on a roughly 1,450-acre tract west of Unser and south of U.S. 550 that Rio Rancho annexed in 2002.

### **TECHNICAL ISSUES**

The term of art for “anticipated market value” is “stabilized value”.

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy:** Revenue should be adequate to fund needed government services.
2. **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity:** Different taxpayers should be treated fairly.
4. **Simplicity:** Collection should be simple and easily understood.
5. **Accountability:** Preferences should be easy to monitor and evaluate