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FISCAL IMPACT REPORT

ORIGINAL DATE 3/13/17

SPONSOR HF1 LAST UPDATED _____ HB 478/HFIS

SHORT TITLE Metro Redevelopment Code Changes SB _____

ANALYST Romero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Unknown	Unknown	Unknown			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration
Economic Development Department

Responses Not Received From

Taxation and Revenue Department
Association of Counties
Municipal League

SUMMARY

Synopsis of Bill

House Floor Substitute for House Bill 478 amends the Metropolitan Redevelopment Code by replacing the term “municipality” with “local government” and providing for the necessary conforming and clarifying changes.

The substitute for House Bill 478 strikes, amends, and adds several definitions.

The bill makes the following changes to definitions:

- Strikes the definition for “local governing body” which means “the city council, or city commission of a city, the board of trustees of a town or village; the council of an incorporated county; or the board of county commissioners of an H class county;”
- Amends the definition for “mayor” : “~~the mayor or the chairman of the city commission or other officer or body having~~ the individual, including a chair or officer of a governing body, charged with the duties customarily imposed on the head of a municipality local government;

- Amends the definition for “municipality”: changing the term to “local government” which means “an incorporated city, town or village, whether incorporated under general act, special act or special charter, ~~an incorporated county or an H class a county~~ or, when the context requires, the governing body of an incorporated city, town or village or a county;
- Strikes the definition for “state” which means “the state of New Mexico;
- Amends the definition for “slum area” clarifying the definition;
- Strikes the original definition of “blighted area” and replaces it with a conforming definition to other changes in the bill;
- Adds the definition “fair value” which means “the negotiated price or value of an asset or liability agreed upon by a local government and a private entity”;
- Amends other definition changes consistent with the rest of the bill;

In Section 3-60-A-27, as used in the Redevelopment Bonding Law, this bill:

- Replaces the definition for “revenue bonds” in its entirety and replaces it to mean “bonds, notes or other securities evidencing an obligation and issued pursuant to the powers granted by the Metropolitan Redevelopment Code by a local government for purposes authorized by that code;
- Adds the definition for “local government” to mean “an incorporated city, town or village, whether incorporated under general act, special act or special charter, or a county”.

The bill strikes reference to the “Metropolitan Redevelopment Code” and instead refers to “Chapter 3, Article 60A NMSA 1978”. However, the short title is unchanged and still known as the Metropolitan Redevelopment Code.

The substitute adds the following Sections to be amended by the bill:

- 3-60A-29 “Bonds as legal investments”;
- 3-60A-31 “Revenue bonds – issuance – status”;
- 3-60A-32 “Revenue bonds – form and terms”;
- 3-60A-33 “Revenue bonds – bond security”;
- 3-60A-34 “revenue bonds – terms of proceedings and instruments”;
- 3-60A-35 “Revenue bonds – investments and bank deposits”;
- 3-60A-36 “Revenue bonds – acquisition of project”;
- 3-60A-37 “Revenue bonds – limited obligation”;
- 3-60A-39 “Revenue bonds – determination of revenue”;
- 3-60A-40 “Revenue bonds – financing of project”;
- 3-60A-41 “Option to purchase”;
- 3-60A-42 “Revenue bonds – refunding”;
- 3-60A-43 “Revenue bonds – application of proceeds”;
- 3-60A-44 “No payment by local government”;
- 3-60A-45 “No local government operation”.

The bill amends these sections to replace “municipality” with “local government” as well as providing other conforming and technical changes.

FISCAL IMPLICATIONS

There will be indeterminate fiscal implications for local governments as it is difficult to estimate how many counties may designate a metropolitan redevelopment area pursuant to the provisions of this bill, and how doing so might increase economic development across New Mexico. Local governments developing a plan for a designated metropolitan area may apply for and accept advances, loans, grants, contributions and other forms of financial assistance from the federal, state or other local government, or from other public or private sources to accomplish the purposes of the Metropolitan Redevelopment Code. Furthermore, a local government may issue tax increment bonds or tax increment bond anticipation notes payable from real property taxes for the purpose of financing metropolitan redevelopment projects.

SIGNIFICANT ISSUES

By replacing the term "municipality" with "local government" this bill extends the powers and duties as identified in the Metropolitan Redevelopment Code from only municipalities to now include counties. As used in the bill, "local government" means an incorporated city, town or village, whether incorporated under general act, special act or special charter, or a county.

This bill also adds the definition of "fair value" to mean the negotiated price or value of an asset or liability agreed upon by a local government and a private entity

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