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FISCAL IMPACT REPORT

SPONSOR Cisneros/Dow ORIGINAL DATE _____ LAST UPDATED _____ HB _____

SHORT TITLE Metro Redevelopment Code Changes SB 95

ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department

Responses NOT Received From

Association of Counties

Municipal League

SUMMARY

Synopsis of Bill

This bill amends the Metropolitan Redevelopment Act (MRA) to include all New Mexico counties. Currently, only Los Alamos and Bernalillo counties can use the MRA.

In addition, the purposes for which the MRA can be used are expanded to include creative enterprises such as arts and culture.

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;”
- Strikes 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, 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 3-60A-27, as used in the Redevelopment Bonding Law, this bill amends sections to replace “municipality” with “local government” as well as providing other conforming and technical changes.

FISCAL IMPLICATIONS

None to the New Mexico Economic Development Department.

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.

The following significant issues were provided by the Economic Development Department:

- There are currently more than 25 communities with MRA districts and MRA plans. It has

been a successful redevelopment tool for both large and small municipalities and has been used in communities such as Albuquerque, Las Cruces, T or C, Questa, Farmington, Clovis, Lovington, Gallup, Lordsburg, Santa Clara and Carrizozo.

- The inclusion of counties may allow incorporated municipalities to join with counties in unified redevelopment in the transitional areas between counties and municipalities.
- Creative industries have always been permitted uses within MRA districts but have never been a stand-alone purpose for which MRA districts could be created. Many counties have unincorporated communities with arts/cultural businesses.
- These changes may give counties another economic development tool and may assist joint rural-urban redevelopment.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The use of the MRA for counties will remain confined to Bernalillo and Los Alamos counties.

JM/al