

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/24/2025 *Check all that apply:*
Bill Number: S482-341 Original Correction
 Amendment Substitute

Sponsor: Sen. Stewart **Agency Name and Code** DFA-341
Short Title: STATE FAIRGROUNDS TIDD **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
	(\$1,000.00) over 25-29 years once did is formed (likely beginning in a few years following FY26 once and if the increment is dedicated)		Recurring	General Fund-GRT Distribution to TIDD
	Indeterminate but positive revenues beyond 29 years (if and after increment is dedicated)		Recurring	State, City of Albuquerque & Bernalillo County GRT

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Conflicts with SB 481, State Fairgrounds District Act

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 482 (SB482) aims to facilitate the development of the state fairgrounds area in Albuquerque by leveraging tax increment financing to fund necessary projects and improvements. SB482 provides prospective authority for a yet-to-be-formed tax increment development district (TIDD) to issue up to one billion dollars (\$1,000,000,000) in tax increment revenue bonds to support the development and redevelopment of the state fairgrounds.

- **Intent to Create a TIDD:** SB482 establishes legislative intent for a TIDD to be formed within the exterior boundaries of the city of Albuquerque, comprising land owned by the state and commonly known as the “state fairgrounds.”
- **Authorization and Issuance of Bonds:** SB482 authorizes a future TIDD to issue up to \$1 billion in revenue bonds, secured by revenues generated from redevelopment in the district from a potential future gross receipts tax increment dedication.
- **Conditions on Authorization:** SB482 conditions the authorization of the issuance of bonds on -
 - Approval by the State Board of Finance (SBOF), pursuant to the Tax Increment Development Act, of a state gross receipts tax increment dedication. The Tax Increment Development Act establishes a maximum state increment dedication of seventy-five percent (75%).
 - Future incremental tax revenues must be used solely to pay the financing, refinancing costs, principal of, interest on, and any premium due in connection with bonds issued to finance a project in the future TIDD.
 - The New Mexico Finance Authority must review and approve any proposed issuance and determine whether the proceeds would be used for a project in the TIDD in accordance with the district’s plan.
- **Conditions on Bond Issuance Following Approvals of Tax Increment Dedication:** SB482 conditions authorization of the issuance of bonds on an approval process already established in state statute (within the Tax Increment Development Act). Such approvals include that of the State Board of Finance and the New Mexico Finance Authority. The New Mexico Finance Authority reviews and approves any proposed bond issuance, related master trust indenture, and amendments before the TIDD issues any bonds.

- **Tax Exemptions:** SB482 exempts the TIDD from any local requirements that would limit the state’s authority to issue tax increment bonds for the TIDD.
- **Duration of Authorization:** SB482 establishes the expiration of the legislature’s authorization of bonds at twenty-five (25) years from the date of issuance of the first series of bonds. Authorization may also be repealed or modified by future legislative acts. After that, the authorization would expire, and tax revenues would no longer be diverted to the TIDD.
- **Limitations on Capital Appropriations:** SB482 restricts capital outlay appropriations for projects within the TIDD during any period in which bonds are outstanding, with explicit exceptions for publicly owned buildings, facilities, and infrastructure of specific purposes. Those purposes include public schools, higher education, cultural buildings or facilities, public safety, and other public purpose buildings, facilities, and infrastructure. Expenditures authorized by the legislature for economic development projects are also exempt from funding restrictions.
- **Effective Date and Notification Requirement:** SB482’s effective date, and thus the authorization of issuance of bonds, is effective the first day of the month following the approved formation of a TIDD. The governing body that forms the district must immediately deliver a copy of the formation resolution to the director of the Legislative Council Service, the New Mexico Compilation Commission, the State Board of Finance, and the New Mexico Finance Authority.

FISCAL IMPLICATIONS

SB482 aims to promote development and economic growth within the state fairgrounds area; it also introduces significant fiscal responsibilities and potential risks that need to be carefully managed to ensure the intended benefits are realized without adversely impacting the state’s financial health.

- **Bond Issuance and Debt Service:** SB482 authorizes the issuance of up to one billion dollars (\$1,000,000) in gross receipt tax increment bonds by a TIDD comprising state-owned land commonly known as the “state fairgrounds.” The issuance of up to one billion dollars (\$1,000,000,000) in bonds will create a significant debt obligation for the state.
 - While the exact fiscal impacts of this issuance depend on several yet-to-be-determined factors, SB482 clearly establishes conditions for authorizing the issuance of the bonds to ensure fiscal impacts are considered through existing statutory processes at the State Board of Finance and New Mexico Finance Authority.
- **Revenue Allocation:** Should the State Board of Finance approve the dedication of up to seventy-five percent (75%) of the state gross receipts tax revenue to a future TIDD in the state fairgrounds, following enactment of SB482, the amount of gross receipts tax revenue generated in the TIDD and available for state expenditures and programs would be diverted to funding public infrastructure within the TIDD for redevelopment purposes.
 - It is essential to note that tax increment financing and its revenue allocation do not

impact current gross receipts tax revenues. Should the state dedicate a portion of gross receipts tax revenues to securing tax increment bonds in a future TIDD, it would be future revenues generated from development and redevelopment that would be dedicated.

- **Economic Development:** If the projects funded by the bonds lead to successful development and increased economic activity within the TIDD, there will be long-term positive fiscal impacts. Increased property values, business activity, and employment could generate additional tax revenues for the state and local governments.
- **Capital Outlay Restrictions:** SB482 restricts capital outlay projects within the TIDD, except for specific public-purpose buildings and infrastructure. This may limit the state's ability to invest in other types of projects within the district, which could impact the allocation of state resources and priorities.
- **Administrative Costs:** SB482 will create administrative costs associated with the formation and management of the TIDD, the issuance and servicing of the bonds, and the oversight by the SBOF, NMFA, and other state entities.
- **Inflation Adjustment:** The provision to adjust the bond proceeds for inflation could lead to higher debt issuance amounts over time, increasing the state's financial obligations.

SIGNIFICANT ISSUES

N/A.

PERFORMANCE IMPLICATIONS

The basis of tax increment financing is to leverage future tax revenues for public infrastructure development that will spur the development and redevelopment of blighted and neglected areas and increase their tax base. Thus, the investment of up to \$1 billion in gross receipts tax revenues in the future TIDD should result in a net positive fiscal impact (i.e., greater GRT revenues and a more robust tax base) over time to the State, City of Albuquerque, and Bernalillo County, justifying the diversion of revenue.

- **Existing Statutory Processes:** SB482 clearly establishes conditions for authorizing the issuance of bonds to ensure that fiscal impacts are considered, including an extensive review by the SBOF prior to the dedication of any gross receipts tax increment.
 - By statute, SBOF is required to analyze the net fiscal impacts on a project's general fund in making its determination as to whether the dedication of state gross receipt tax increment would be in the state's best interest.
 - It's important to note that should the State Board of Finance determine the project and proposed gross receipt tax increment dedication is *not* in the best interest of the state, the authorization provided becomes ineffectual.
 - The State Board of Finance requires applicants to submit an economic development plan, market feasibility study, economic analysis, net revenue impact analysis

evaluating the impacts of the increment dedication on the state general fund, and financing plan.

- SBOF review is extensive and includes but is not limited to the following requirements:
 - Evaluation of whether the project can occur in substantially the same form if the state's increment is not obtained.
 - Determination of whether the project is:
 - Will create a positive net revenue impact on the state general fund (over the life of the bonds);
 - Will generate new jobs and economic opportunities;
 - Adequately allocates resources and planning to workforce housing and schools;
 - Demonstrates commercial reasonableness through analysis; and
 - Backed by a developer/entity with a record of success on similar developments.
 - Best Interest of the State Analysis by identifying:
 - Type of development;
 - Anticipated increase in general fund tax revenue and employment within the TIDD (Existing and New Companies);
 - Attributes of employment generated within TIDD, Industries, Benefits to Community and State;
 - Ratio of local government to state government contribution;
 - Impacts on surrounding or non-participating government entities;
 - Ratio of private to public investment;
- **Factors to be Determined:** The exact impact of SB482 will depend on several factors that will be determined at the time of the TIDD's formation and approval of any state gross receipt tax increment dedication.
 - Such factors include:
 - Formation of the TIDD and establishment of its boundaries and determination by the Taxation and Revenue Department of existing gross receipts taxes generated in that TIDD (base value);

- Creation of a development plan and thus new gross receipt tax increment above the base value and identification of the exact need for gross receipts tax revenues to support public infrastructure in the district;
- State Board of Finance consideration and approval of dedicated state gross receipt tax increment; and
- New Mexico Finance Authority review and approval of proposed bond issuance, related master trust indenture, and amendments.

ADMINISTRATIVE IMPLICATIONS

Overall, SB482 does not impose significant additional administrative duties on SBOF or NMFA.

- SBOF has promulgated § 2.61.3 NMAC to govern the requirements for TIDDs applying for a dedication of state gross receipts tax increment, State Board of Finance consideration, and approval.
- The Tax Increment Development Act also allows SBOF to request a filing fee to evaluate the use of state gross receipts tax increment.
 - Thus, if existing staff lacks sufficient capacity or expertise, SBOF can require the entity to submit a filing fee to pay the reasonable costs, as determined by the Department of Finance and Administration, of evaluating the tax increment development plan and the TIDD's request for a tax increment dedication.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 482 conflicts with SB 481, which creates the State Fairgrounds District Act. SB481 defines the State Fairgrounds District, which is defined as the same geographical area as SB481, as a political subdivision of the state. SB481 also provides the State Fairgrounds District with the authority to issue bonds secured by the gross receipts and gaming tax revenues generated in the district, among other things.

TECHNICAL ISSUES

N/A.

OTHER SUBSTANTIVE ISSUES

N/A.

ALTERNATIVES

SB481 is an alternative to SB482.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Should SB482 not be enacted, any TIDD comprising state-owned land commonly known as the “state fairgrounds” would not have the authority to issue bonds secured by an increment of state gross receipt tax revenues. Authorization to issue bonds would need to be considered during a future legislative session and would potentially delay development and redevelopment at the state fairgrounds.

AMENDMENTS

N/A.