# 2 44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999 3 INTRODUCED BY 4 Richard M. Romero 5 6 7 8 9 10 AN ACT 11 **12** 13 14 15 16 17 18 19 20 10) is amended to read: 21 22 23 24 powers: 25

RELATING TO METROPOLITAN REDEVELOPMENT; AMENDING SECTIONS OF THE NMSA 1978 TO ALLOW MUNICIPALITIES TO DISPOSE OF REAL PROPERTY THAT IS PART OF A METROPOLITAN REDEVELOPMENT PROJECT AS PERMITTED BY THE CONSTITUTION OF NEW MEXICO AND THE LOCAL ECONOMIC DEVELOPMENT ACT; ALLOWING FOR TAX INCREMENT FINANCING FOR A PERIOD OF TWENTY YEARS; DECLARING AN EMERGENCY.

**SENATE BILL 499** 

### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 3-60A-10 NMSA 1978 (being Laws 1979, Chapter 391, Section

"3-60A-10. POWERS OF MUNICIPALITY.--Every municipality shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of the Metropolitan Redevelopment Code, including but not necessarily limited to the following

A. to undertake and carry out metropolitan redevelopment projects within its area of operation, including clearance and redevelopment, rehabilitation, conservation and

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development activities and programs; to make, enter into and execute contracts and other agreements and instruments necessary or convenient to the exercise of its powers under the Redevelopment Law; and to disseminate information regarding slum clearance, prevention of blight and the metropolitan redevelopment projects and areas;

B. to provide, arrange or contract for the furnishing or repair by any public or private person or agency for services, privileges, works, streets, roads, public utilities, public buildings or other facilities for or in connection with a metropolitan redevelopment project; to, within its area of operation, install, acquire, construct, reconstruct, remodel, rehabilitate, maintain and operate streets, utilities, parks, buildings, playgrounds and public buildings, including but not limited to parking facilities, transportation centers, public safety buildings and other public improvements or facilities or improvements for public purposes, as may be required by the municipality, the state or a political subdivision of the state; to agree to any conditions that it may deem reasonable and appropriate which are attached to federal financial assistance and imposed pursuant to federal law, including conditions relating to the determination of prevailing salaries or wages or compliance with federal and state labor standards, compliance with federal property acquisition policy and the provision of relocation assistance in accordance with federal law in the undertaking or carrying out of a metropolitan redevelopment project; and to include in any contract let in connection with the project provisions to fulfill any of these conditions as it may deem reasonable and appropriate. Provided, however, that all purchases of personal property shall be in accordance with the [Public Purchases Act] Procurement Code;

C. within its area of operation, to inspect any building or property in any metropolitan redevelopment area in order to make surveys, appraisals, soundings or test borings and to obtain an order for this purpose from a court of competent jurisdiction in the event inspection is denied by the property owner or occupant to acquire, by purchase, lease, option, gift, grant, bequest, devise, eminent domain or otherwise, any real property or personal property for its administrative or project purposes, together with any improvements thereon; to hold,

improve, clear or prepare for redevelopment any such property; to mortgage, pledge, hypothecate or otherwise encumber or dispose of any real property; to insure or provide for the insurance of any real or personal property or operations of the municipality against any risks or hazards, including the power to pay premiums on any such insurance; and to enter into any contracts necessary to effectuate the purposes of the Metropolitan Redevelopment Code;

D. to invest any metropolitan redevelopment project funds held in reserve, sinking funds or other project funds which are not required for immediate disbursement in property or securities in which municipalities may legally invest funds subject to their control; to redeem bonds as have been issued pursuant to the Metropolitan Redevelopment Code at the redemption price established [therein] in the bonds or to purchase the bonds at less than redemption price. All bonds so redeemed or purchased shall be canceled;

E. to borrow or lend money subject to those procedures and limitations as may be provided in the constitution of New Mexico or the Municipal Code and to apply for and accept advances, loans, grants, contributions and any other form of financial assistance from the federal government, the state, the county or other public body or from any sources, public or private, for the purposes of the Metropolitan Redevelopment Code; and to give security as may be required and subject to the provisions and limitations of general law except as may otherwise be provided by the Redevelopment Law and to enter into and carry out contracts in connection therewith. A municipality may include in any contract for financial assistance with the federal government for a metropolitan redevelopment project conditions imposed pursuant to federal law which the municipality may deem reasonable or appropriate and which are not inconsistent with the purposes of the Metropolitan Redevelopment Code;

F. within its area of operation, to make all plans necessary for the carrying out of the purposes of the Metropolitan Redevelopment Code and to contract with any person, public or private, in making and carrying out such plans and to adopt or approve, modify and amend the plans. The plans may include without limitation:

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whole;

(1) a general plan for redevelopment of the metropolitan	area a	as a

- (2) redevelopment plans for specific areas;
- (3) plans for programs of voluntary or assisted repair and rehabilitation of buildings and improvements;
- (4) plans for the enforcement of state and local laws, codes and regulations relating to the use of land and the use and occupancy of buildings and improvements and to the compulsory repair, rehabilitation, demolition or removal of buildings and improvements; and
- (5) appraisals, title searches, surveys, studies and other preliminary plans and work necessary to prepare for the undertaking of metropolitan redevelopment projects.

The municipality is authorized to develop, test and report methods and techniques and carry out demonstrations and other activities for the prevention and elimination of slums and urban blight and to pay for, accept and utilize grants of funds from the federal government for such purposes;

- G. to prepare plans for the relocation of families displaced from a metropolitan redevelopment area to the extent essential for acquiring possession of and clearing the area or its parts or permit the carrying out of the metropolitan redevelopment project;
- H. to appropriate under existing authority the funds and make expenditures necessary to carry out the purposes of the Metropolitan Redevelopment Code and under existing authority to levy taxes and assessments for such purposes; to close, vacate, plan or replan streets, roads, sidewalks, ways or other places; in accordance with applicable law or ordinances, to plan or replan, zone or rezone any part of the municipality or make exceptions from building regulations; and to enter into agreements with a metropolitan redevelopment agency vested with metropolitan redevelopment project powers, which agreements may extend over any period,

notwithstanding any provision or rule of law to the contrary, respecting action to be taken by such municipality pursuant to any of the powers granted by the Redevelopment Law;

- I. within its area of operation, to organize, coordinate and direct the administration of the provisions of the Redevelopment Law as they apply to the municipality in order that the objective of remedying slum areas and blighted areas and preventing the causes of [same] those areas within the municipality may be most effectively promoted and achieved and to establish any new office [or offices] of the municipality or to reorganize existing offices as necessary;
- J. to acquire real property, in addition to power elsewhere conferred herein, which is appropriate for the preservation or restoration of historic sites; the beautification of urban land; the conservation of open spaces, natural resources and scenic areas; the provision of recreational opportunities; or is to be used for public purposes;
- K. to engage in any or all of the following activities as part of a metropolitan redevelopment project:
- (1) acquisition, construction, reconstruction or installation of public works, facilities and site or other improvements, including but not limited to neighborhood facilities, senior citizen centers, historic properties, utilities, streets, street lights, water and sewer facilities, including connections for residential users, foundations and platforms for airrights sites, pedestrian malls and walkways, parks, playgrounds and other recreation facilities, flood and drainage facilities, parking facilities, solid waste disposal facilities and fire protection or health facilities which serve designated areas;
- (2) special projects directed to the removal of materials and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;
- (3) provision of public services in the metropolitan redevelopment area which are not otherwise available in the area, including but not limited to the provisions of public services directed to the employment, economic development, crime prevention, child care,

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health, drug abuse, welfare or recreation needs of the people who reside in the metropolitan redevelopment area;

- (4) payment of the nonfederal share of any federal grant-in-aid program to the municipality which will be a part of a metropolitan redevelopment project;
- (5) if federal funds are used in the project, to provide for payment of relocation costs and assistance to individuals, families, businesses, organizations and farm operations displaced as a direct result of a metropolitan redevelopment project in accordance with applicable law governing such payment;
- (6) payment of reasonable administrative costs and carrying charges related to the planning and execution of plans and projects;
- (7) economic and marketing studies to determine the economic condition of an area and to determine the viability of certain economic ventures proposed for the metropolitan redevelopment area;
- (8) issuance of bonds, grants or loans as authorized by the Metropolitan Redevelopment Code in accordance with the requirements of that code; and
- (9) grants to nonprofit corporations, local development corporations or entities organized under Section 301(d) of the Small Business Investment Act of 1958 for the purposes of carrying out the provisions of the Metropolitan Redevelopment Code;
- L. provided that all payments made by the municipality or metropolitan redevelopment agency under the terms of a contract for reconstruction or rehabilitation of private property shall be made from a special fund created for that purpose and shall not be paid directly to [such] the property owner but shall instead be paid to the contractor by the municipality or agency from such fund upon proper authorization of the property owner and notification that the terms of the contract have been fulfilled. However, all such rehabilitation contracts shall be between the property owner and the contractor after a sealed bidding procedure and award of contract approved by the municipality has taken place;

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M. the municipality is empowered in a metropolitan redevelopment project, rehabilitation or conservation undertaking or activity to exercise the following powers in one or more metropolitan redevelopment areas to include the elimination and prevention of the development or spread of slums or blight and may involve slum clearance and redevelopment in any such area or rehabilitation or conservation in any such area or any combination or part thereof in accordance with a metropolitan redevelopment area plan and for undertakings or activities of a municipality in any metropolitan redevelopment area to eliminate the conditions which caused an area to be designated such an area and may include any or all of the following:

- (1) acquisition of real property within the metropolitan redevelopment area pursuant to any powers and for purposes enumerated in the Metropolitan Redevelopment Code;
- (2) clearing the land, grading the land <u>and</u> replatting the land in accordance with the metropolitan redevelopment plan; installation, construction or reconstruction of roads, streets, gutters, sidewalks, storm drainage facilities, water lines or water supply installations, sewer lines and sewage disposal installations, steam, gas and electric lines and installations, airport facilities and construction of any other needed public facilities or buildings whether on or off the site if deemed necessary by the local governing body to prepare the land in the metropolitan redevelopment area for residential, commercial, industrial and public use in accordance with the metropolitan redevelopment plan; and
- (3) making the land available for development by private enterprise or public agencies, including sale, initial leasing, leasing or retention by the municipality itself, at its fair market value for uses in accordance with the metropolitan redevelopment plan for the area;
- N. the municipality is empowered in a metropolitan redevelopment area to undertake slum clearance and redevelopment which includes:
  - (1) acquisition of a slum area or a blighted area or portion thereof;
  - (2) demolition and removal of buildings and improvements;

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(3) installation, construction, reconstruction, maintenance and operation of
streets, utilities, storm drainage facilities, curbs and gutters, parks, playgrounds, single- or
multi-family dwelling units, buildings, public buildings, including but not limited to parking
facilities, transportation centers, safety buildings and other improvements, necessary for
carrying out in the area the provisions of an approved plan for the area; and

- (4) making the real property available for development or redevelopment by private enterprise or public agencies, including sale, leasing or retention by the municipality itself, [as] at its fair value or as otherwise permitted by the constitution of New Mexico and law for uses in accordance with the metropolitan redevelopment area plan; and
- O. the municipality is empowered to engage in rehabilitation or conservation which includes the restoration and renewal of a slum or blighted area or portion thereof in accordance with any approved plan, by:
- (1) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements;
- (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, [unsanitary] insanitary or unsafe conditions, lessen or increase density, eliminate obsolete or other uses detrimental to the public welfare or to otherwise remove or prevent the spread of blight or deterioration or to provide land for needed public facilities;
- (3) installation, construction or reconstruction of streets, utilities, parks, playgrounds and other improvements necessary for carrying out in the area the provisions of the Metropolitan Redevelopment Code;
- (4) the disposition of any property acquired in such an area, including sale, leasing or retention by the municipality itself, for uses in accordance with such an approved plan;
  - (5) acquisition of real property in the area which, under a metropolitan

redevelopment plan, is to be repaired or rehabilitated;

- (6) repair or rehabilitation of structures within the area;
- (7) power to resell repaired or rehabilitated property;
- (8) acquisition, without regard to any requirement that the area be a slum or blighted area, of air-rights in an area consisting principally of land on which is located a highway, railway, bridge or subway tracks or tunnel entrance or other similar facilities which have a blighting influence on the surrounding area and over which air-rights sites are to be developed for the elimination of such blighting influences; and
- (9) making loans or grants or authorizing the use of the proceeds of bonds issued pursuant to the Metropolitan Redevelopment Code for the purpose of repairing, remodeling, modifying or otherwise reconstructing a building [or buildings] located in the metropolitan redevelopment area. Such rehabilitation or conservation with use of funds expended by authority of the Metropolitan Redevelopment Code or by metropolitan revenue bonds authorized by that code shall be authorized only after approval by the local governing body and after it has been determined that such expenditure is in accordance with the metropolitan redevelopment plan for that area."

Section 2. Section 3-60A-12 NMSA 1978 (being Laws 1979, Chapter 391, Section 12) is amended to read:

### "3-60A-12. DISPOSAL OF PROPERTY.--

A. A municipality may sell, lease or otherwise transfer real property or any interest [therein] in real property acquired by it in a metropolitan redevelopment area and may enter into contracts with respect [thereto] to the real property for residential, commercial, industrial or other uses or for public use or may retain such property or interest for public use in accordance with the metropolitan redevelopment plan, subject to any covenants, conditions and restrictions, including covenants running with the land and including the incorporation by reference [therein] in the covenants of the provisions of a metropolitan redevelopment plan or

any part thereof, as it may deem to be in the public interest or necessary to carry out the purposes of the metropolitan redevelopment plan. The purchasers or lessees and their successors and assigns shall be obligated to devote the real property only to the uses specified in the metropolitan redevelopment plan for a period of years as set out in the sale or lease agreement and may be obligated to comply with other requirements which the municipality may determine to be in the public interest, including the obligation to begin within a reasonable time any improvements on real property required by the metropolitan redevelopment plan. The real property or interest shall be sold, leased, otherwise transferred or retained at not less than its fair value or as otherwise permitted by the constitution of New Mexico and law for uses in accordance with the Redevelopment Law as determined by the governing body of the municipality or by the metropolitan redevelopment agency, if so authorized. In determining the fair value of real property for uses in accordance with the metropolitan redevelopment plan, a municipality shall take into account and give consideration to the uses provided in the plan, the restrictions upon and the covenants, conditions and obligations assumed by the purchaser or lessee or by the municipality retaining the property and the objectives of the plan for the prevention of and recurrence of slum or blighted areas. The municipality in any instrument of conveyance to a private purchaser or lessee may provide that the purchaser or lessee shall be without power to sell, lease or otherwise transfer the real property without the prior written consent of the municipality until he has completed the construction of any and all improvements which he has obligated himself to construct [thereon] on the real property. Real property acquired by a municipality which, in accordance with the provisions of the metropolitan redevelopment plan, is to be transferred shall be transferred consistent with the carrying out of the provisions of the plan. The inclusion in any contract or conveyance to a purchaser or lessee of covenants, restrictions or conditions, including the incorporation by reference [therein] in the covenants of the provisions of a metropolitan redevelopment plan or any part thereof, shall not prevent the filing of the contract or conveyance in the land records of the county in a manner as

to afford actual or constructive notice thereof.

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B. A municipality may dispose of real property in a metropolitan redevelopment area to private persons only in accordance with the procedures set out in this subsection. The municipality shall, prior to entering into any agreement to convey title or an interest in real property, publish a public notice once each week for at least two consecutive weeks of the date, time and place it will receive proposals for the purchase, lease or rental, for development or redevelopment purposes, of the real property or interest [therein] in the real property it intends to dispose of. The public notice shall contain sufficient information to describe the location of the real property, the type of development sought or land use requirement and the selection criteria the municipality will follow during review of proposals and shall state that details may be obtained at the office designated in the notice. The municipality shall consider all proposals submitted in accordance with the public notice and shall only accept proposals it deems in the public interest and meeting the objectives of the metropolitan redevelopment plan after considering the type of development, redevelopment or use proposed and the financial ability of the persons making [such] the proposals to carry them out.

C. If after following the procedures set out in Subsection B of this section a municipality receives no proposals or determines the ones received are not in accordance with the call for proposals or do not meet the objectives of the Metropolitan Redevelopment Code, the municipality may reject any proposals received and then dispose of [such] the real property through reasonable negotiating procedures; provided, however, that negotiated sales, leases or transfers must be reported to the local governing body and approved by that body before [such] the sale, lease or transfer may take effect.

D. A municipality may operate and maintain real property acquired in a metropolitan redevelopment area pending the disposition of the property for development or redevelopment without regard to the provisions of Subsection A of this section for any uses and purposes deemed desirable even though not in conformity with the Redevelopment Law."

Section 3. Section 3-60A-21 NMSA 1978 (being Laws 1979, Chapter 391, Section 21, as amended) is amended to read:

"3-60A-21. TAX INCREMENT PROCEDURES.--The procedures to be used in the tax increment method are:

A. the local governing body of the municipality shall, at the time after approval of a metropolitan redevelopment project, notify the county assessor and the taxation and revenue department of the taxable parcels of property within the project;

B. upon receipt of notification pursuant to Subsection A of this section, the county assessor and the taxation and revenue department shall identify the parcels of property within the metropolitan redevelopment project within their respective jurisdictions and certify to the county treasurer the net taxable value of the property at the time of notification as the base value for the distribution of property tax revenues authorized by the Property Tax Code. If because of acquisition by the municipality the property becomes tax exempt, the county assessor and the taxation and revenue department shall note that fact on their respective records and so notify the county treasurer, but the county assessor, the taxation and revenue department and the county treasurer shall preserve a record of the net taxable value at the time of inclusion of the property within the metropolitan redevelopment project as the base value for the purpose of distribution of property tax revenues when the parcel again becomes taxable. The county assessor is not required by this section to preserve the new taxable value at the time of inclusion of the property within the metropolitan redevelopment project as the base value for the purposes of valuation of the property;

C. if because of acquisition by the municipality the property becomes tax exempt, when the parcel again becomes taxable, the local governing body of the municipality shall notify the county assessor and the taxation and revenue department of the parcels of property which because of their rehabilitation or other improvement are to be revalued for property tax purposes. A new taxable value of this property shall then be determined by the county assessor

or by the taxation and revenue department if the property is within the valuation jurisdiction of that department. If no acquisition by the municipality occurs, improvement or rehabilitation of property subject to valuation by the assessor shall be reported to the assessor as required by the Property Tax Code, and the new taxable value shall be determined as of January 1 of the tax year following the year in which the improvement or rehabilitation is completed;

D. current tax rates shall then be applied to the new taxable value. The amount by which the revenue received exceeds that which would have been received by application of the same rates to the base value before inclusion in the metropolitan redevelopment project shall be credited to the municipality and deposited in the metropolitan redevelopment fund. This transfer shall take place only after the county treasurer has been notified to apply the tax increment method to a specific property included in a metropolitan redevelopment area. Unless the entire metropolitan redevelopment area is specifically included by the municipality for purposes of tax increment financing, the payment by the county treasurer to the municipality shall be limited to those properties specifically included. The remaining revenue shall be distributed to participating units of government as authorized by the Property Tax Code; and

E. the procedures and methods specified in this section shall be followed annually for a maximum period of [ten] twenty years following the date of notification of inclusion of property as coming under the transfer provisions of this section."

Section 4. Section 5-10-3 NMSA 1978 (being Laws 1993, Chapter 297, Section 3, as amended) is amended to read:

"5-10-3. DEFINITIONS.--As used in the Local Economic Development Act:

- A. "department" means the economic development department;
- B. "economic development project" or "project" means the provision of direct or indirect assistance to a qualifying business by a local or regional government and includes the purchase, lease, grant, construction, reconstruction, improvement or other acquisition or conveyance of land, buildings or other infrastructure; public works improvements essential to

the location or expansion of a qualifying business; payments for professional services contracts necessary for local or regional governments to implement a plan or project; the provision of direct loans or grants for land, buildings or infrastructure; loan guarantees securing the cost of land, buildings or infrastructure in an amount not to exceed the revenue that may be derived from the municipal infrastructure gross receipts tax or the county infrastructure gross receipts tax; grants for public works infrastructure improvements essential to the location or expansion of a qualifying business; purchase of land for a publicly held industrial park; and the construction of a building for use by a qualifying business;

- C. "governing body" means the city council or city commission of a city, the board of trustees of a town or village or the board of county commissioners of a county;
  - D. "local government" means a municipality or county;
  - E. "municipality" means any incorporated city, town or village;
- F. "person" means an individual, corporation, association, partnership or other legal entity;
- G. "qualifying entity" means a corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two or more of the following:
- (1) an industry for the manufacturing, processing or assembling of agricultural or manufactured products;
- (2) a commercial enterprise for storing, warehousing, distributing or selling products of agriculture, mining or industry, but, other than as provided in Paragraph (5) of this subsection, not including any enterprise for sale of goods or commodities at retail or for distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;
- (3) a business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific

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industry or customer, but, other than as provided in Paragraph (5) of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail;

- (4) an Indian nation, tribe or pueblo or a federally chartered tribal corporation; [or]
- (5) a telecommunications sales enterprise that makes the majority of its sales to persons outside New Mexico; [and] or
- (6) a business that is the developer of a metropolitan redevelopment project located in an area with an historic overlay zoning designation in the downtown area of a municipality that has a population of more than two hundred thousand according to the most recent federal decennial census and that is located in a class A county; and
- H. "regional government" means any combination of municipalities and counties that enter into a joint powers agreement to provide for economic development projects pursuant to a plan adopted by all parties to the joint powers agreement."
- Section 5. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

# SB 499/a FORTY-FOURTH LEGISLATURE 1 2 FIRST SESSION, 1999 3 4 5 February 24, 1999 6 7 Mr. President: Your WAYS & MEANS COMMITTEE, to whom has been referred 10 11 **12 SENATE BILL 499** 13 14 has had it under consideration and reports same with recommendation that it DO PASS, 15 amended as follows: 16 **17** 1. On page 23, line 3, after the word "in" strike the remainder of the line and strike line 4 up 18 to "a"., 19 20 and thence referred to the JUDICIARY COMMITTEE. 22 23 Respectfully submitted, 24 25 .126828.1ms - 16 -

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## FORTY-FOURTH LEGISLATURE FIRST SESSION, 1999

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8	Adopted Not Adopted	
9	(Chief Clerk) (Chief Clerk)	
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12	Date	
13	The call call and a case A. Francis A. A. Call	
14	The roll call vote was <u>4</u> For <u>1</u> Against  Yes: 4	
15	No: Rawson	
16	Excused: Carraro, Duran, Jennings, Kidd	
17	Absent: None	
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