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FISCAL IMPACT REPORT

SPONSOR	Hochman-Vigil/Martínez, J/Thomson/ De La Cruz/Dixon	LAST UPDATED	2/21/23
		ORIGINAL DATE	2/16/23
SHORT TITLE	South Campus Tax Increment Development District	BILL NUMBER	House Bill 353/ec
		ANALYST	Torres/Faubion/ Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25	FY26	FY27		
	(\$154,200.0) over 28 years (See fiscal implications)				Recurring	General Fund – GRT Distribution to TIDD
	Indeterminate but positive revenues over 28 years				Recurring	City of Albuquerque and Bernalillo County - GRT

Parenthesis () indicate revenue decreases.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Indeterminate but likely moderate			Recurring	TRD IT

Parenthesis () indicate expenditure decreases.

May relate to SB303 and HB210, which propose changes to the governance of TIDDs.

Sources of Information

LFC Files

Responses Received From

University of New Mexico (UNM)
 UNM/City of Albuquerque (TIDD application to BoF w/ all spreadsheets and appendices)
 Department of Finance, Board of Finance (DFA/BoF)
 New Mexico Finance Authority (NMFA)
 Higher Education Department (HED)

No Response Received

Taxation and Revenue Department (TRD)
 Economic Development Department (EDD)
 New Mexico Municipal League (NMML)
 New Mexico Counties
 Department of Transportation (DoT)

SUMMARY

Synopsis of House Bill 353

House Bill 353 requests the Legislature approve the issuance of \$267 million in Tax Increment Development District (TIDD) revenue bonds to provide public infrastructure in the 337-acre South Campus district in Albuquerque. The maximum issuance may be adjusted for inflation, although no methodology is proposed. The authorized tax distributions include 56.23 percent of the increment attributed to the state gross receipts tax. NMFA is required to review and approve the bonds before they are sold. The duration of the bonds is limited to 25 years. The bill provides for the usual restriction on the Legislature approving STBs or other bonds for improvements in the South Campus area with a number of exceptions to this prohibition. The bill allows EDD or local economic development agencies to support economic development projects with local economic development assistance funds or similar funds provided by local agencies within the boundaries of the TIDD.

Once the developer has been fully reimbursed for expenditures on infrastructure pursuant to the master plan, UNM is required to recalculate the state GRT increment needed to retire the bonds.

This authorization is subject to:

- 1) Review by the New Mexico Finance Authority (“NMFA”) of the master indenture applicable to the bonds;
- 2) Review by the NMFA of any amendments to the master indenture prior to the issuance of any bonds subsequent to those amendments; and
- 3) Determination by the NMFA that the master indenture contains covenants that the proceeds of the bonds will be used in accordance with the TIDD finance plan (“Plan”).

Construction or site preparation has already begun without authorization of bonding. Current expenditures will be added to the base for the subsequent calculation of the increment.

This bill contains an emergency clause and would become effective immediately on signature by the governor.

FISCAL IMPLICATIONS

The State Board of Finance is responsible in the Tax Increment for Development District Act (TIDD Act – 5–15–1 NMSA 1978 et.) seq.) for approving the dedication of a portion of the state gross receipts tax collections. The TIDD act and subsequent TIDD rule require a number of calculations. The financing portions of the project plan must then be approved by the New Mexico Finance Authority. The final step in the process is for the Legislature to approve the project and grant the authority for the state increment to be used for the purpose.

In general, TIDDs provide positive revenue to the state in the construction phase, followed by a developmental stage in which the state loses revenue, and finally, culminating when the TIDD bonds are retired with a durable positive revenue stream from the economic development implicit in the concept. TRD does not consider TIDDs to be tax expenditures.

Because of the “TIDD Rule” promulgated in 2008 by the Board of Finance, applicants for approval of the state gross receipts tax increment are required to perform a large number of calculations consistent with the proposed or adopted master plan. The Attachment lists a summary of the provisions of the rule and the applicants’ responses.

The city of Albuquerque has dedicated by ordinance 57.37¹ percent of any incremental gross receipts tax revenue, which is 75 percent of the available, non-dedicated gross receipts taxes. Further, the city has dedicated by ordinance 75 percent of its operational property tax levied on the incremental net taxable value of property newly located within the boundaries of the 337-acre project. The county has also dedicated by ordinance 38.19 percent of the county gross receipts tax, which is 75 percent of the available gross receipts tax local option rates. Finally, the Board of Finance approved an increment of the state gross receipts tax of 56.23 percent. This amount equalizes the dollar contribution to the TIDD by the sum of the city increment and the county increment compared to the net 3.65 percent for the state. Tax increment dedication equality is required by statute (Section 5-15-15 NMSA 1978).

The computation is basically:

$$(\text{County dedicated rate} + \text{City dedicated rate}) / (\text{Net state rate in municipalities})$$

In numbers, (1.5990 percent + .4535 percent)/3.65 percent = 56.23 percent.

Note that the 3.65 percent is the state rate of 4.875 percent (after July 1, 2023) less the 1.225 percent state share in municipalities.

The bulk of the bonds sold to fund various aspects of the plan will be sponge bonds, which are essentially cash. If the TIDD money is not available, the building in the next annual phase will not occur until the GRT and Property Tax increments are received. The timing of the project’s implementation is dependent upon the project’s success.

This dedication of state gross receipts taxes is expected to total \$154.2 million by 2050.

A useful financial summary has been prepared by the development group:

<ul style="list-style-type: none"> • TIDD Revenue Sources ◦ Construction GRT \$16M 5% ◦ Recurring/Sales GRT \$292M 87% ◦ Property Tax \$28M 8% ◦ Total \$336M 	<ul style="list-style-type: none"> • TIDD Infrastructure -- Basic ◦ Road, Utilities, Etc. \$19M 7% ◦ Parks, Plazas, Trails \$14M 5% ◦ Subtotal \$33M 12%
<ul style="list-style-type: none"> • TIDD Revenue Uses ◦ Capital Projects \$267M 79% ◦ Bond Issuance & Reserve \$11M 3% ◦ Bond Finance & Admin \$58M 17% ◦ Total \$336M 	<ul style="list-style-type: none"> • TIDD Building & Building Improvements ◦ R & D Innovation \$92M 34% ◦ Parking Structures (2) \$45M 17% ◦ Subtotal \$137M 51%
<ul style="list-style-type: none"> • TIDD Revenue Uses ◦ Pay-as-you-Go (City & County) \$10M 4% ◦ Sponge Bonds \$179M 64% ◦ Long-Term Bonds \$89M 32% ◦ Total \$278M 	<ul style="list-style-type: none"> • TIDD Regional Investment ◦ Transit & I-25 Interchange \$75M 28% ◦ Public Safety \$7M 3% ◦ Recreation & Other \$14M 5% ◦ Subtotal \$97M 36%
	<ul style="list-style-type: none"> • TIDD Total ◦ Total \$267M 100%

¹ The analysis assumes that the administrative fee imposed by TRD is 3.25 percent and imposed on all of the available local option rates. Pursuant to section 7-1-6.41 NMSA 1978 the administrative fee is 3 percent. The hold-harmless distributions of 7-1-6.46 and 7-1-47 NMSA 1978 do not provide for an administrative fee. The average administrative fee for municipalities is 1.6 percent and for counties about 2.9 percent.

More detail on the expenditure side of this table is presented in Attachment 1.

The NMFA comments on the bonding aspect of this TIDD application:

Under the Plan submitted by the TIDD, four tranches of long-term bonds are expected to be issued to reimburse the TIDD for the costs of the certain public infrastructure. The long-term bonds are expected to be issued in FYs 2026, 2035, 2040 and an issuance of Property Tax Bond in FY 2032. In addition, the TIDD expects to issue short-term or “sponge bonds” periodically to soak up the excess revenues beginning in FY 2025 or 3 years after the commencement of the construction within the TIDD. These are anticipated to be issued in any year where the District has revenues more than its other obligations and outstanding reimbursable public improvement expenditures. A total of fourteen (14) series of these bonds are projected over the life of the District. Each series of bonds will be issued pursuant to a trust indenture, under which a trustee bank will receive gross receipts tax increment revenues directly from the New Mexico Taxation and Revenue Department and property tax increment revenues from the County Treasurer, will deposit those revenues to pay debt service and maintain debt service reserves, and will be responsible for paying debt service to bond holders. Disbursements of bond proceeds will be permitted under the covenants of the trust indenture solely to pay costs of public infrastructure, upon requisitions approved by an authorized officer of the governing body of that District.

The NMFA will review the form of Master Indenture and any supplements thereto prior to the issuance of any bonds to assure that the proceeds of the bonds will be used in accordance with the Plan.

SIGNIFICANT ISSUES

The South Campus TIDD is unusual in that all parties are public entities. The entire TIDD is contained within UNM’s campus. While not barred from applying for a TIDD, public entities have other, more direct ways to receive public funding for development. UNM receives regular general fund appropriations as well as special and capital outlay funding to invest in the campus and the university at large. Receiving the state GRT increments secures long-term funding outside of the regular and legislature-driven appropriations process. This bill essentially creates a 28-year continuing earmark of state GRT revenue. LFC has concerns with continuing revenue distributions because earmarking reduces the ability of the Legislature to establish spending priorities.

LFC staff have concerns about long-term state investment in UNM-owned building improvements. The TIDD Act includes “public buildings” in the definition of TIDD-qualifying public improvements. LFC interprets the statute to mean buildings for public use, not just publicly owned. The majority of these buildings will be rent-generating from private or otherwise not publicly accessible entities, such as UNM faculty, national labs, and private industry. The general public will not benefit from improvements to these buildings. LFC does not think this was the intent of the TIDD Act to invest in public infrastructure to attract greater private investment.

LFC has additional concerns using state dollars to build revenue-generating structures in the TIDD, including parking structures and office buildings, as it may crowd-out private investment

that would have otherwise been attracted to the area. UNM has left this land undeveloped for decades instead of selling or leasing it, even though surrounding areas have grown and developed over the last several years. The TIDD application also states that there is high demand for office and lab space within the TIDD, predicting high occupancy rates. This signals that private investment is likely viable in the TIDD area without state investment. This brings into the question the “but-for” consideration – could this development occur without the TIDD?

The NMFA notes the following:

The Act was approved by the 2006 Legislature and creates an economic development finance tool that is identical in structure to Tax Incremental Financings whereby a local government sets base revenues – assessed property valuation and/or taxable gross receipts – for a specific geographic area and allows the incremental revenues derived from a development or redevelopment project within those boundaries to be used to pay for public infrastructure associated with the project. New Mexico was the 49th state to adopt legislation allowing this economic development tool. {LFC Note: although New Mexico may have been the 49th state to allow tax increment financing using property tax revenues, it was the first to allow the state to contribute gross receipts or sales tax revenues.}

HED noted the following:

The City of Albuquerque and the University of New Mexico (UNM), through its non-profit Lobo Development Corporation worked with the City Council to approve the TIDD to help finance development in the area. They are attempting to create jobs using land assets to improve the general economy in the region. The TIDD would help finance public infrastructure improvements on the university owned land such as roads, sewers, drainage facilities and sidewalks. This will include an expansion of the Science and Technology Park for more research and development space.

UNM is a party to the project. They have submitted the following discussion of significant issues:

The Project Concept

The South Campus TIDD is a collaboration between the University of New Mexico and the City of Albuquerque that is designed to: 1) stimulate economic development and job growth, 2) encourage private sector investment, and 3) finance state-wide and local public improvements to benefit an underserved area of Metro Albuquerque, and develop a regionally significant Employment, Research & Development, Sports Entertainment, Commercial Hub for the State of New Mexico. The developer for the TIDD is Lobo Development Corporation, a regent-owned, non-profit corporation created for the purpose of facilitating non-traditional real estate development which advance the goals of University of New Mexico.

Notable aspects of the South Campus TIDD include:

- Expanded opportunities to support joint economic development efforts with Sandia National Labs, Kirtland Airforce Base, and the Airforce Research Laboratory;
- Participate in Interstate 25 improvements, especially the Gibson Boulevard and Avenida Cesar Chavez interchanges;
- Improve public safety through police substation, gunshot detection technology &

- other safety facilities;
- Increase pedestrian convenience and safety with improved lighting and walkways;
- Improve access to commercial services for an underserved population.

District Improvement Financing

The South Campus TIDD will fund approximately \$267.4 million of public improvement costs in the following general categories:

- Subdivision Infrastructure & Amenity-oriented Improvements
 - \$19.0 million for subdivision infrastructure (streets, utilities, drainage, etc.)
 - \$14.5 million for amenity land improvements (pedestrian walkways, parks, plazas, etc.)
- Publicly owned Building Improvements
 - \$91.5 million for research and development labs and offices
 - \$45.0 million for parking structures
- Project-wide Regional & Community Improvements
 - \$73.4 million for Interstate 25 interchanges
 - \$9.8 million for transit and public safety improvements
 - \$14.2 million for recreation and solar energy facilities

Economic Impact Analysis

The findings of the Economic Impact Analysis are derived from the Department of Finance and Administration (DFA)–SBOF application, which they sourced from Impact Data Source.

The economic analysis differentiated between construction jobs and permanent jobs generated by the TIDD. Approximately 151 direct construction jobs and 71 indirect construction jobs are estimated to be generated by the TIDD in each year of construction activity, representing \$207.6 million in cumulative salaries and a direct economic impact of \$154.1 million and indirect impact of \$53.5 million. Approximately 2,875 direct permanent jobs are anticipated to be generated by activity within the TIDD once development is completed (over 28 years). Further, the project is anticipated to generate 1,355 indirect jobs, for a total of 4,230 jobs associated with the TIDD. Direct jobs in retail total 1,337 [*LFC note: retail jobs are not considered net new economic base jobs*]. The office and research and development activity is expected to generate 1,135 direct jobs, [*LFC note: of these office and research jobs, a significant portion is attributable to national labs which exist in New Mexico regardless of the TIDD creation*] and the remaining jobs would be spread across commercial operations. Direct jobs represent cumulative salaries of \$3.1 billion. Including indirect jobs, the total salaries are estimated at \$4.2 billion.

OTHER SUBSTANTIVE ISSUES

The analysis presented by the developers of this South Campus TIDD project have prepared an application that conforms to the statutory and BOF rules and requirements of TIDDs. These elements are shown in detail in Attachment 2. We also provide a link to the full 469-page Board of Finance application: <https://www.sendthisfile.com/1WhRNYJRxFa5KXCruMM8D5D7>

Questions that remain include:

- 1) The office building, and two R & D buildings, which will be built beginning in 2026 and will be timed to satisfy demand, will be owned by UNM. UNM is a state entity but is not providing any of the tax resources. This transfer to a non-contributor was not anticipated in the original TIDD concept and is quite unusual. LFC staff ask if this is circumventing the regular appropriation/capital outlay process.
- 2) The total planned for buildings represents 49.2 percent of the total public amenities. This puts UNM in the position of landlord. Is this appropriate? Is this transfer sufficiently within the requirements of the Tax Increment for Development Act to be of little or no concern? This may be a question of security for the long-term bonds and will be dealt with at the time the bonds are sold.

Phase / Improvement Type	Improvement Description	Hard Costs	Soft Costs	Total
Buildings	Office (3 floors)	\$12,240,000	\$4,264,875	\$16,504,875
	R&D (2 FLOORS)	\$41,700,000	\$14,529,844	\$56,229,844
	R&D (3 FLOORS)	\$13,900,000	\$4,843,281	\$18,743,281
	Parking Structure (900 SPACES/3 LEVELS)	\$33,371,958	\$11,628,042	\$45,000,000
Buildings Subtotal		\$101,211,958	\$35,266,042	\$136,478,000

- 3) Transportation projects, such as the I-25 interchange as proposed in the TIDD, are usually funded through and coordinated by the Department of Transportation. It is unclear how Lobo Development Corps will fund and execute these projects, whether in partnership with DOT or not, and whether using TIDD funding (essentially private funding) could jeopardize federal transportation matching funds for infrastructure upgrades.
- 4) The TIDD rule requires an emphasis on economic base jobs. *“the state board of finance shall prioritize in its consideration net, new full-time economic base jobs that would not have occurred on a similar scale and time line but for the use of the state gross receipts tax increment. The benefit to be evaluated is the marginal benefit of the speed-up in time or the incremental change in job creation above expected normal growth and shall exclude retail jobs, call center jobs and service jobs where the customer is typically on site.”* As seen in the table below, a large portion of the jobs are excluded from “economic base jobs” as they are retail or service jobs. Many of the remaining jobs, such as the office and R&D jobs, would likely still exist or be created in the state without the TIDD as UNM and the national labs grow. The existence of the TIDD may only shift those jobs from other locations in the state.

	DIRECT	Indirect & Induced	TOTAL
AVERAGE ANNUAL ON-SITE CONSTRUCTION JOBS DURING BUILDOUT	151	71	222
TOTAL CONSTRUCTION SALARIES DURING BUILD-OUT	\$154,051,822	\$53,519,143	\$207,570,966
Annual average over 28 years	\$36,436	\$26,921	\$33,393

TABLE VI-2 SOUTH CAMPUS TAX INCREMENT DEVELOPMENT DISTRICT PERMANENT JOBS AND SALARIES (CREATED OVER 28 YEARS)				
		DIRECT	INDIRECT & INDUCED	TOTAL
JOBS	RETAIL/COMMERCIAL	1,337	150	1,486
	RESTAURANT	112	23	135
	THEATER	35	9	44
	RESIDENTIAL	16	9	25
	HOTEL	214	76	289
	OFFICE	880	732	1,612
	R&D	255	354	608
	PARKING	27	2	30
TOTAL JOBS CREATED FOR PERMANENT WORKERS		2,875	1,355	4,230
SALARIES	RETAIL	\$1,335,697,505	\$213,778,386	\$1,549,475,891
	RESTAURANT	\$70,241,738	\$28,020,834	\$98,262,572
	THEATER	\$23,011,894	\$13,740,862	\$36,752,756
	RESIDENTIAL	\$20,479,585	\$18,087,569	\$38,567,154
	HOTEL	\$161,794,259	\$90,540,067	\$252,334,327
	OFFICE	\$1,055,848,844	\$390,431,785	\$1,446,280,629
	R&D	\$463,844,271	\$264,864,356	\$728,708,627
	PARKING	\$18,799,010	\$2,865,439	\$21,664,449
TOTAL SALARIES PAID TO PERMANENT WORKERS		\$3,149,717,106	\$1,022,329,299	\$4,172,046,405
ANNUAL AVERAGE SALARIES	RETAIL	\$35,679	\$50,900	\$37,240
	RESTAURANT	\$22,399	\$43,511	\$25,995
	THEATER	\$23,482	\$54,527	\$29,832
	RESIDENTIAL	\$45,713	\$71,776	\$55,096
	HOTEL	\$27,002	\$42,547	\$31,183
	OFFICE	\$42,851	\$19,049	\$32,043
	R&D	\$64,964	\$26,722	\$42,805
	PARKING	\$24,866	\$51,169	\$25,791
ANNUAL AVERAGE SALARIES PAID TO PERMANENT WORKERS		\$39,127	\$26,946	\$35,225

Note that the direct R&D sector salaries are considerably greater than the average annual salary for all sectors. However, the office component does not show that same characteristic. How many jobs are economic base? The number of economic base jobs in the plan should be clearly established.

- 5) With Mesa del Sol, Winrock Town Center and Winrock II, and Quorum TIDDs, there was a great deal of analysis and discussion of “cannibalization.” This is the economic concept that a subsidized project will capture economic activity from non-subsidized businesses because the subsidy gives the subsidized business a competitive advantage. In the case of retail, for example, new activity is not brought into or created in the state as any activity is simply shifted from other geographies. How much of the economic activity and GRT is simply cannibalizing activity occurring or that could occur elsewhere? This question should be asked of the South Campus TIDD because there are nearby retail and service businesses.

PERFORMANCE IMPLICATIONS

The LFC tax policy of accountability may not be met since TRD is not required in the bill to report annually to an interim legislative committee regarding the data compiled from the reports of taxpayers reporting gross receipts subject to the diversion of a portion of the revenues to the TIDD. TRD publishes these diversions in the monthly RP500 report but is not required to accumulate this data into an annual report to the legislature. TIDDs are required to present an annual report to the Board of Finance reporting on the status of the TIDD project. However, generally the BoF does not formally present these reports to the Legislature.

The NMFA is required under the Act to review a proposed issuance of TIDD bonds and determine that the proceeds of the bonds will be used for a tax increment development project in accordance with the district's Plan and present the proposed issuance of the bonds to the legislature for approval. The NMFA Board, at its regularly scheduled January meeting, passed a Resolution allowing the proposed issuance of bonds to be presented to the Legislature, which is represented by HB353.

ADMINISTRATIVE IMPLICATIONS

TRD has already implemented the location code for South Campus TIDD and is distributing the revenue from the city and county increments. When this bill is passed and signed, TRD will add the state increment to the distribution, effective July 1, 2023.

NMHED notes an administrative impact:

The New Mexico Higher Education Department (NMHED) is responsible for the review and approval of public college and university Capital Projects. The NMHED is committed to the concept of responsible use of public funds for providing appropriate and relevant learning environments for New Mexico's students. Projects owned and constructed by the University of New Mexico within the south campus tax increment development district will require approval by the NMHED prior to construction. Future developments by Lobo Development and the City of Albuquerque would not require approval by the NMHED.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB303 and its duplicate HB310 seek to alter the formation and governance of public improvement districts (PIDs) and Tax Increment Development Districts (TIDDs). If either passes, the changes would not affect the South Campus TIDD's formation but might alter the governance of the South Campus TIDD's board by establishing an administrative committee for day-to-day administration.

TECHNICAL ISSUES

The dedication of 75 percent of incremental available gross receipts tax to the TIDD may not apply to the food and medical services hold harmless distributions. This may not be important, but Albuquerque and Bernalillo County should clarify whether these revenues are included in the dedication of incremental gross receipts tax revenues.

NMFA notes its approval of the master plan:

NMFA staff reviewed various documents submitted by the TIDD, namely:

- a. Application to the City of Albuquerque (“the City”), County of Bernalillo (“the County”) and University of New Mexico (“UNM”) for the creation of the TIDD;
- b. The City and the County ordinances and resolutions:
 - i. Resolution Calling for the Formation of the TIDD and the Taxes Dedicated to the District;
 - ii. Resolution Dedicating the Ad Valorem Property Tax Increment to the District;
 - iii. Ordinance Establishing the TIDD Board;
- c. Economic Development and Impact Analysis;
- d. State Board of Finance resolution for the use of State Gross Receipts tax;
- e. The Finance Plan; and
- f. Project update on construction projects within the TIDD.

NMFA focused its review of the project to the structure of the proposed bond issuances as it relates both to the Plan and to assure that the proposed bonds will be structured to provide certain protections to the bondholders. In its review, the NMFA determined that it needed to review and approve the master indenture governing the proposed issuance of bonds, and any amendments to the master indenture, to be certain the bond proceeds would be used in accordance with the Plan. The NMFA’s recommendation to the legislature is contingent upon this review and approval of the master indenture. Following NMFA staff review, the NMFA Board passed a Resolution at its regularly scheduled January meeting allowing the proposed issuance of bonds to be presented to the legislature, which is represented by HB 353.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

In the application to the BoF, the University and the city have provided a “Plan B”.

The University and the City seek State participation in this project by and through the dedication of state gross receipts tax increment in the amount of \$154.2 million. The requested State dedication, which matches local participation, will result in State-owned improvements valued at approximately \$238 million. Without the State's dedication of gross receipts tax increment, the project would be reconfigured and State-owned project-wide regional transportation improvements would be eliminated, and research and development building improvements would be reduced, resulting in decreased economic development and job growth opportunities.

POSSIBLE QUESTIONS

See possible questions in the section above OTHER SUBSTANTIVE ISSUES. We reiterate the four points of some concern to LFC staff.

- 1) Is UNM receiving title to the two R&D buildings and the Office Building appropriate within the spirit of the TIDD Act?
- 2) Is “cannibalization” as defined above likely to be a problem, since UNM will likely charge a market rate rental for all space and there will not be a competitive advantage

accorded to tenants?

- 3) Is there sufficient emphasis within the plan on economic base jobs?

Attachments

1. South Campus Tax Increment Development District Estimated Public and Private Improvements
2. Application Requirements

IT/JF/LG/al/ne

Attachment 1:

TABLE III-1 South Campus Tax Increment Development District Estimated Public and Private Improvements				
Phase / Improvement Type	Improvement Description	Hard Costs	Soft Costs	Total
All Phase Total				
Subdivision	Storm Channel Demolition	\$141,480	\$69,138	\$210,618
	Earthwork – ROW	\$2,671,302	\$1,305,399	\$3,976,701
	Retaining Wall	\$675,352	\$330,028	\$1,005,380
	Paving	\$1,571,968	\$768,182	\$2,340,150
	Paving – Langham	\$203,302	\$99,348	\$302,650
	Paving – Cesar Chavez	\$175,000	\$85,518	\$260,518
	Streetscape – ROW	\$3,487,500	\$1,704,253	\$5,191,753
	Water	\$513,695	\$251,030	\$764,725
	Sanitary Sewer	\$242,297	\$118,405	\$360,702
	Storm Drainage	\$1,251,557	\$611,605	\$1,863,162
	Water Quality	\$500,000	\$244,338	\$744,338
	Traffic Signal	\$750,000	\$366,507	\$1,116,507
	Miscellaneous	\$593,000	\$289,787	\$882,787
Subdivision Subtotal		\$12,776,453	\$6,243,538	\$19,019,991
Amenity	Plaza / Park	\$5,920,000	\$2,892,956	\$8,812,956
	Other Landscaping	\$3,005,413	\$1,470,670	\$4,476,083
	Pedestrian Lighting	\$452,760	\$221,253	\$674,013
	Signage	\$7,000	\$3,421	\$10,421
	Trails	\$363,308	\$177,539	\$540,847
Amenity Subtotal		\$9,748,481	\$4,765,839	\$14,514,320
Buildings	Office (3 floors)	\$12,240,000	\$4,264,875	\$16,504,875
	R&D (2 FLOORS)	\$41,700,000	\$14,529,844	\$56,229,844
	R&D (3 FLOORS)	\$13,900,000	\$4,843,281	\$18,743,281
	Parking Structure	\$0	\$0	\$0
	(900 SPACES/3 LEVELS)	\$33,371,958	\$11,628,042	\$45,000,000
Buildings Subtotal		\$101,211,958	\$35,266,042	\$136,478,000
Subtotal Public		\$123,736,892	\$46,275,419	\$170,012,311
Private	Building Demolition	\$928,500	\$453,735	\$1,382,235
	Dry Utilities	\$946,000	\$462,288	\$1,408,288
	Gibson Earthwork	\$3,949,956	\$1,930,245	\$5,880,201
	Plaza / Park	\$694,000	\$339,140	\$1,033,140
	Signage	\$315,000	\$153,934	\$468,934
Private Subtotal		\$6,833,456	\$3,339,342	\$10,172,798
		\$130,570,348	\$49,614,761	\$180,185,109

Transit and Transportation and Public Safety/Other	Bus Rapid Transit	\$2,015,215	\$984,785	\$3,000,000
	I-25/Public Safety, Police Substation, Gunshot Detection Technology/	\$53,870,935	\$26,325,379	\$80,196,314
	Other Improvements			
	Regional Transit and Transportation Subtotal	\$55,886,150	\$27,310,164	\$83,196,314
Recreation and Energy	Recreation Fields and Facilities	\$1,948,041	\$951,959	\$2,900,000
	Energy Conservation (P1)	\$3,493,039	\$1,706,961	\$5,200,000
	Energy Conservation (P2)	\$4,131,190	\$2,018,810	\$6,150,000
Recreation and Energy Subtotal		\$9,572,270	\$4,677,730	\$14,250,000
Regional/Project-wide Future Improvements Total		\$65,458,420	\$31,987,894	\$97,446,314
Grand Total		\$196,028,768	\$81,602,655	\$277,631,423

Attachment 2:

Application Requirement (NMAC 2.61.3.9(A))

Exhibit

1. a conceptual site plan for the project; Exhibits 1 & 1A
2. the tax increment development plan approved by the governing body that includes: Exhibit 2
 - a. a map depicting the geographical boundaries of the area proposed for inclusion within the district; this map should indicate any existing infrastructure and residential, commercial and industrial structures and development;
 - b. the estimated time necessary to complete the project;
 - c. a description and the estimated cost of all public improvements proposed for the project;
 - d. whether it is proposed to use gross receipts increment bonds or property tax increment bonds or both to finance all or part of the public improvements;
 - e. the estimated annual gross receipts tax increment to be generated by the project and the portion of that gross receipts tax increment to be allocated during the time necessary to complete the payment of the project;
 - f. the estimated annual property tax increment to be generated by the project and the portion of that property tax increment to be allocated during the time necessary to complete the payment of the project;
 - g. the general proposed land uses for the project;
 - h. the number of jobs expected to be created by the project classified at the three-digit level of the most recent North American industry classification system (NAICS), and separated into full-time and part time jobs;
 - i. the amount and characteristics of workforce housing expected to be created by the project;
 - j. the location and characteristics of public school facilities expected to be created, improved, rehabilitated or constructed by the project;
 - k. a description of innovative planning techniques, including mixed-use transit-oriented development, traditional neighborhood design or sustainable development techniques, that are deemed by the governing body to be beneficial and that will be incorporated into the project; and
 - l. the amount and type of private investment in each project;
3. information on the availability of other public and private funds for the project, including: Exhibit 3
 - a. whether it is proposed to finance any portion of the infrastructure using the provisions of Section 5-15-13 NMSA 1978, which permits the property owners within a district to impose a property tax rate of up to five dollars (\$5.00) per one thousand dollars (\$1,000) of net taxable value for a period of up to four years; and
 - b. whether it is proposed to establish an improvement district and finance any portion of the infrastructure using the provisions of Sections 3-33-1 through - 43 NMSA 1978, as they may be amended, and whether the bonds sold through this mechanism conform to the limit of twenty-five percent of total property value established in Section 3-33-14 NMSA 1978;
4. an economic development plan, including an industrial cluster analysis if appropriate, for attracting businesses to the district; Exhibit 4
5. market feasibility study that includes: Exhibit 5
 - a. the number of residential (single family and multi-family) units and the square footage of commercial, retail and industrial space to be built by calendar year;
 - b. the average price per square foot or by unit by type;
 - c. the market supply (or availability) and the value of each property type in the area and surrounding areas with reference to any other planned development in the surrounding areas; and
 - d. market demand (or absorption rates) for each property type in the area and surrounding areas with reference to any other planned development in the surrounding areas;
6. economic analysis to include: Exhibits 6A & 6B
 - a. employment and salary projections by industry as classified at the three-digit level of the most recent North American industry classification system (NAICS) in the district by calendar year, whether the jobs are temporary (i.e., construction) or permanent employment, and whether the jobs are full-time or part-time; Exhibit 6A
 - b. population projections by calendar year; Exhibit 6B
 - c. housing unit projections and type by calendar year; Exhibit 6B
 - d. economic output from direct and indirect impacts within the district with temporary construction activity listed separately; separate listing of economic base employment within the district, indirect and induced employment within the district and in surrounding areas is optional, but encouraged; Exhibit 6A
 - e. the anticipated net revenue impact on the state general fund shall be calculated as follows: Exhibit 6A
 - i. the sum of all general fund revenues generated by economic activity within the district by type of revenue (e.g. gross receipts tax from retail sales, gross receipts tax from services provided to New Mexico businesses, personal income tax, etc.) less: 1) the sum of all general fund costs to the state associated with the provision of services to individuals and businesses (e.g. public schools); 2) the estimated amount of tax incentives provided to promote economic development within the district under current law; 3) the amount of the state's increment requested by the district; and 4) the total amount of capital outlay appropriated for use in the district under current law;
 - ii. the net revenue impact on the state general fund must be expressed in constant dollar

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- iii. the net present value of general fund revenues less general fund costs over the life of the bonds shall be submitted; a discount rate equal to five percent shall be used in this calculation;
- 7. letter from governing body verifying its ability to pay for operations and maintenance of public infrastructure created by the district and provide basic services such as law enforcement and public health and safety within the district; Exhibit 7
- 8. a detailed timeline of project completion, including public infrastructure expenditures; Exhibit 8
- 9. a financing plan to include: Exhibit 9
 - a. information supporting why tax increment financing is needed;
 - b. debt structure and terms, including maturity and estimated interest rates;
 - c. pro-forma for all bonds to be issued for the project (including property tax increment bonds, if proposed); and
 - d. projected coverage ratios for all bonds;
- 10. developer information to include: Exhibit 10
 - a. organizational chart;
 - b. experience in developing similar projects and utilizing tax increment financing;
 - c. audited financial statements for the past three years; and
 - d. identify past and pending administrative actions and litigation in which the developer is involved that could impact the current financial viability of the developer; briefly describe the nature of the proceedings and current status or result;
- 11. any other information regarding the economic benefits to the project's community and to the state or which the district believes will aid the board in considering the request for the dedication; Exhibit 11
- 12. enacted resolution of governing body approving the plan; Exhibit 12
- 13. enacted resolution of governing body forming the district; Exhibit 13
- 14. enacted resolution of each governing body dedicating a portion of its share of the applicable tax increments; See Exhibit 13
- 15. approved master development agreement with governing body; and Exhibit 15
- 16. form of board resolution approving the dedication of a portion of the state's increment. Exhibit 16