



NEW MEXICO
FINANCE **AUTHORITY**

**Report to the
New Mexico Finance Authority Oversight Committee**

**NMFA's Role in the New Mexico
State Fairgrounds TIDD**

Marquita D. Russel, NMFA CEO

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- ◆ The TIDD Act was approved by the 2006 Legislature and creates an economic development finance tool that is identical in structure to Tax Increment 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.
- ◆ The premise of tax increment financing is that public infrastructure installed in support of development could be re-paid from new tax revenues expected to result from the development.
- ◆ 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.
- ◆ New Mexico was the 49th state to adopt legislation allowing this economic development tool.

- ◆ In New Mexico, the Act sets forth certain requirements by the local governing body to make certain that the formation of the District is predicated on stated rationale and that no more than 75% of any tax – property or gross receipts tax – can be dedicated to a project.
- ◆ The Act also requires that prior to a district board issuing bonds against the state gross receipts tax within a district that the NMFA shall review the proposed issuance of the bonds and determine that the proceeds of the bonds will be used for a tax increment development project in accordance with the district's tax increment development plan and present the proposed issuance of the bonds to the legislature for approval.
- ◆ Because of this, NMFA's review typically happens after the local jurisdictions' have taken the required steps and that the State Board of Finance had made its determination as to whether to dedicate to the project any incremental revenues derived from the state gross receipts tax.
- ◆ Given the levels of review and approval at the state and local level, NMFA focuses 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.
- ◆ While NMFA makes a preliminary conclusion on the structure of the bonds, NMFA makes its determination after the master indenture governing the proposed issuance of bonds, and any amendments to the master indenture, are in place.

- ◆ Senate Bill 481, passed by the 2025 Legislative Session and signed into law by Governor Lujan Grisham, created the State Fairground District, as a political subdivision of the state, separate and apart from a municipality.
- ◆ The District consists of land owned by the state, commonly known as the “state fairgrounds”, lying within the exterior boundaries of the city of Albuquerque as of July 1, 2025, and land contiguous to the state fairgrounds that may be subsequently acquired by the district or another public entity and included in the boundaries of the District by the board.
- ◆ The Act provides for the creation of a Board, and empowers the board to impose property tax, issue bonds, prepare a district development plan, and report to the State Board of Finance on the implementation of the State Fairground District Act.
- ◆ The process set up in SB 481 differs from the Tax Increment for Development Act.
 - The NMFA’s sole responsibility in the State Fairground District Act in connection with the approval of bonds under the act is described at Section 6-35-7.C : “The New Mexico Finance Authority approves the master indenture and any amendments to the master indenture”.
- ◆ With Resolution No. 11, the New Mexico State Fairgrounds District Board adopted the District Development Plan and directed the Chairperson or designee to take all action necessary or reasonably required to obtain the Bond Approvals as promptly as possible.

- ◆ The first action in the State Fairground District Development Plan is to acquire approximately 8.55 acres of mostly developed land contiguous to the boundaries of the District.
- ◆ Specifically, the District hopes to issue approximately \$22,345,000 in bonds in 2026 to acquire property adjacent to the District. The bond is anticipated to be a single series, 25-year term with an average interest rate of 4.5 percent. There would be a minimum 125 percent debt service coverage requirement.
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- ◆ NMFA staff reviewed the State Fairgrounds District Boards' Resolution No. 11 and its Plans prepared by DTA Public Finance, Inc
- ◆ At this time, it is too early in the development of the project to determine whether the totality of the pledged revenues are sufficient to repay the bonds.