

**FORTY-NINTH LEGISLATURE  
FIRST SESSION, 2009**

March 19, 2009

Mr. Speaker:

Your **BUSINESS AND INDUSTRY COMMITTEE**, to whom has been referred

**SENATE BILL 201, as amended**

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. Strike Senate Corporations and Transportation Committee Amendment 6.

2. Strike Senate Finance Committee Amendments 2, 3 and 4.

3. Strike Item 2 of Senate Floor Amendment number 1.

4. On page 2, between lines 5 and 6, insert the following:

"B. "annual gross receipts tax increment" means the result of the following computation for the last month of a gross receipts tax distribution year:

(1) subtract one from the gross receipts tax increment factor for the month;

(2) divide the result from Paragraph (1) of this subsection by the gross receipts tax increment factor for the month, if base adjusted taxable gross receipts are greater than zero; or one, if base adjusted taxable gross receipts are zero; and

(3) multiply the result from Paragraph (2) of this subsection by the cumulative amount of the dedicated portion of gross receipts tax reported on returns in the gross receipts tax increment distribution year;"

5. Reletter the succeeding subsections accordingly.

6. On page 6, strike lines 12 through 25, and on page 7, strike lines 1 through 3 and insert in lieu thereof:

"(1) the result of the following computation:

(a) subtract one from the gross receipts tax increment factor;

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(b) divide the result from Subparagraph (a) of this paragraph by the gross receipts tax increment factor, if base adjusted taxable gross receipts are greater than zero; or one, if base adjusted taxable gross receipts are zero;

(c) multiply the result from Subparagraph (b) of this paragraph by the cumulative amount of the dedicated portion of gross receipts tax reported on returns in the current gross receipts tax increment distribution year;

(d) subtract from the result of Subparagraph (c) of this paragraph the cumulative amount of monthly gross receipts tax increment distributed to the district for prior months in the current gross receipts tax increment distribution year; and

(e) subtract from the result of Subparagraph (d) of this paragraph any amount by which the gross receipts tax increment at the end of the prior gross receipts tax increment distribution year exceeds the sum of the annual gross receipts tax increments for all preceding gross receipts tax distribution years; or".

7. On page 12, line 24, after the semicolon, insert:

"provided, however, that with respect to tax increment development districts 2, 3, 4 and 8 of the Westland DevCo, LP, Upper Petroglyph tax increment development project, "taxable gross receipts" does not include taxable gross receipts reported by a business that has relocated to the district from elsewhere in New Mexico and that is a manufacturing business or any other business with more than one hundred full-time employees within the district, unless the relocation was accompanied within the twelve months immediately following the relocation by an increase of at least ten percent in the number of full-time employees. The determination of whether taxable gross receipts are subject to exclusion pursuant to this subsection shall be made by the taxation and revenue department in consultation with the tax increment development district board. For the purposes of this subsection, "manufacturing" means combining or processing components or materials to increase their value for sale in the ordinary course of business;"

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8. On page 20, strike lines 24 and 25, and on page 21, strike lines 1 through 10 in their entirety and on line 11, strike "satisfied" and insert in lieu thereof:

"A. After the retirement of all gross receipts tax increment bonds to be issued pursuant to the tax increment development plan, any balances in a debt service reserve account established for the payment of those bonds".

9. On page 21, line 14, strike the closing quotation mark and between lines 14 and 15, insert:

"B. After the retirement of all bonds secured with property tax revenue issued pursuant to the tax increment development plan, any balance in a debt service reserve account established for the payment of those bonds shall be paid to the governments that have dedicated a tax increment to the district in proportion to the amount of property tax increment attributable to their dedication."

Section 5. A new section of the Tax Increment for Development Act is enacted to read:

"[NEW MATERIAL] CREATION OF TAX INCREMENT FUND--AGREEMENTS--  
APPROPRIATION.--

A. The "tax increment fund" is created as a nonreverting fund in the state treasury. Money in the fund is appropriated to the taxation and revenue department to pay the costs of systems modifications and administrative expenses related to tax increment development districts. The New Mexico finance authority may issue and purchase revenue bonds or obligations in compliance with the New Mexico Finance Authority Act in a total amount not to exceed six hundred thousand dollars (\$600,000) for the purpose of paying the costs of systems modifications and data input for the taxation and revenue department. Money in the tax increment fund may be applied to pay such bonds or obligations on terms and conditions required by the New Mexico finance authority. Disbursement from the tax increment fund shall be by warrant of the secretary of taxation and revenue or the secretary's authorized representative. Money in the tax increment fund shall not revert to the general fund at the end of any fiscal year.

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B. Each tax increment development district, prior to adoption of a resolution by the state board of finance as provided by Subsection F of Section 5-15-15 NMSA 1978, or, if a resolution has already been adopted, on or before July 1, 2009, shall enter into an agreement with the taxation and revenue department in which the district shall agree to pay or provide for the payment to the department an amount for the department to input required data and make any necessary systems modifications to calculate, collect, distribute, report and analyze the gross receipts tax increments for the district and administrative expenses related to tax increment development districts. The department may adjust distribution of gross receipts tax pursuant to Section 7-1-6.54 NMSA 1978 to districts and accept other money from the districts on the terms provided in the agreement. Amounts paid to the department pursuant to an agreement entered into under this section shall be deposited in the tax increment fund. The department may also accept gifts and grants from other sources that the donor or grantor has given for the purposes of the tax increment fund. Such gifts and grants shall be deposited in the tax increment fund."".

10. On page 21, between lines 14 and 15, and after the new section added by Senate Floor Amendment number 1, insert the following new section:

"Section 6. A new section of the Tax Increment for Development Act is enacted to read:

"[NEW MATERIAL] CERTAIN CAPITAL PROJECTS PROHIBITED.--

A. The legislature shall not approve or authorize any capital outlay projects within a tax increment development district during the period that any bonds authorized pursuant to Section 5-15-21 NMSA 1978 are outstanding for that specific district, except for those buildings or facilities that are owned by the state or one of its agencies, institutions or political subdivisions and that are:

- (1) public school buildings or facilities;
- (2) higher education buildings or facilities;

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- (3) cultural buildings or facilities;
- (4) buildings or facilities, exclusive of roads, used for public safety; or
- (5) buildings used for other public purposes.

B. Nothing in this section prohibits the legislature from authorizing expenditures, pursuant to law, for economic development projects within a specific tax increment development district for which any tax increment development bonds are outstanding."".

11. Renumber the succeeding section accordingly., and thence referred to the **TAXATION AND REVENUE COMMITTEE.**

Respectfully submitted,

\_\_\_\_\_  
Debbie A. Rodella, Chair

Adopted \_\_\_\_\_  
(Chief Clerk)

Not Adopted \_\_\_\_\_  
(Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 7 For 0 Against

Yes: 7

No: 0

Excused: Alcon, Garcia, T., Gardner, Irwin, Jeff

Absent: None

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178935.1

179042.1

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