

1 SENATE BILL 425

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Clemente Sanchez

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10 AN ACT

11 RELATING TO ECONOMIC DEVELOPMENT; ENACTING THE ENHANCED  
12 ENTERPRISE ZONE ACT TO PROVIDE TAX COLLECTION ABATEMENT FOR THE  
13 DEVELOPMENT OR IMPROVEMENT OF PROPERTY WITHIN DESIGNATED  
14 ECONOMICALLY UNDERPERFORMING AREAS; PROVIDING POWERS AND  
15 DUTIES; ESTABLISHING REQUIREMENTS FOR PARTICIPATION; PROVIDING  
16 A DELAYED REPEAL.

17  
18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

19 SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be  
20 cited as the "Enhanced Enterprise Zone Act".

21 SECTION 2. [NEW MATERIAL] PURPOSE.--The legislature finds  
22 that there currently exist in this state rural and urban areas  
23 that are economically underperforming in their communities, are  
24 blighted or are in economic distress and may need assistance to  
25 overcome conditions of unemployment, underemployment, net out-

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1 migration of the population, chronic economic distress,  
2 deterioration of business districts or other detrimental  
3 economic conditions. The legislature finds that enhanced  
4 enterprise zones, by providing qualified participants with  
5 property tax relief at the state and local levels, may provide  
6 incentives for the development and improvement of property and  
7 promote community economic development by supporting job  
8 creation and employment training, revenue-producing enhanced  
9 enterprises, education and other community services in  
10 economically depressed or economically underperforming areas.  
11 The legislature declares that to encourage private companies to  
12 rehabilitate, expand and improve real property and structures  
13 in economically depressed areas, enhanced enterprise zones may  
14 be established.

15 SECTION 3. [NEW MATERIAL] DEFINITIONS.--As used in the  
16 Enhanced Enterprise Zone Act:

17 A. "abatement period" means that term of years  
18 during which increased property taxes derived from development  
19 or redevelopment shall be assessed but not imposed;

20 B. "department" means the economic development  
21 department;

22 C. "economically depressed" or "economically  
23 underperforming" means an area in which a substantial number of  
24 parcels are determined by a local government to be dilapidated,  
25 unsanitary, unsafe, in need of economic revitalization or

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1 underutilized;

2 D. "enhanced enterprise zone" or "zone" means an  
3 urban or rural geographic area with fixed boundaries designated  
4 as an enhanced enterprise zone by a local government pursuant  
5 to the Enhanced Enterprise Zone Act;

6 E. "jurisdiction" means a geographic area over  
7 which a local government has authority and control as provided  
8 by the constitution of New Mexico or by statute;

9 F. "local government" means an unincorporated  
10 county, a municipality or an Indian nation, tribe or pueblo;  
11 the governing body of an unincorporated county, a municipality  
12 or an Indian nation, tribe or pueblo; or an entity designated  
13 as a governing body in a joint powers agreement entered into  
14 between or among an unincorporated county, a municipality or an  
15 Indian nation, tribe or pueblo for the purpose of creating and  
16 administering an enhanced enterprise zone that encompasses more  
17 than one jurisdiction;

18 G. "municipality" means an incorporated city, town  
19 or village, whether incorporated under general act, special act  
20 or special charter;

21 H. "participant" means a person, including a  
22 business, resident, landowner, lessor, lessee with the lessor's  
23 prior written approval or enterprise within the geographic area  
24 of an enhanced enterprise zone that has been approved by a  
25 local government for inclusion in the benefits of the enhanced

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1 enterprise zone; and

2 I. "revenue-producing enhanced enterprise" means  
3 manufacturing activities; agricultural activities; cultural and  
4 creative industries and activities; transportation activities;  
5 residential property; public warehousing and storage  
6 activities; airports and air transportation services; railyard  
7 and rail transportation services; trucking and distribution  
8 activities; wholesale trade activities; retail activities;  
9 insurance carrier activities; research and development  
10 activities; farm implement and heavy equipment dealer  
11 activities; employment agency activities; computer programming,  
12 data processing and other computer-related activities; health  
13 services; office activities; any combination of the foregoing  
14 activities; or other job-creating activities as approved by a  
15 local government.

16 SECTION 4. [NEW MATERIAL] ESTABLISHMENT OF ENHANCED  
17 ENTERPRISE ZONE--FINDINGS--PUBLIC HEARING--COUNTY  
18 RATIFICATION--LANDOWNER PETITION.--

19 A. A local government may designate an area as an  
20 enhanced enterprise zone upon a written finding that the area,  
21 as compared with other areas within a jurisdiction, is  
22 economically depressed or is economically underperforming, has  
23 a higher unemployment rate, has a higher rate of poverty or  
24 other distress factors unique to the area or has a greater  
25 potential for economic revitalization. Enhanced enterprise

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1 zones may include an area previously or currently designated as  
2 a metropolitan redevelopment area or district.

3 B. All enhanced enterprise zones shall be  
4 established by local ordinance. The local ordinance shall  
5 include an exact description of the boundaries of the proposed  
6 zone, a statement of the zone's purpose and goals and the date  
7 on which the designation of the zone will expire.

8 C. Prior to the enactment of an ordinance  
9 establishing a zone, the local government shall hold a public  
10 hearing for the purpose of obtaining the opinion and  
11 suggestions of those persons who will be affected by such a  
12 designation. Notice of a public hearing shall be given to all  
13 residents and property owners in the proposed zone and shall be  
14 published in a newspaper of general circulation at least thirty  
15 days prior to the date of the hearing. The notice shall state  
16 the time, location, date and purpose of the hearing.

17 D. Enhanced enterprise zones within a municipality  
18 shall be ratified by the board of county commissioners of the  
19 county in which the zone to be created is located. An enhanced  
20 enterprise zone within a municipality may be rejected by a  
21 county only for compelling circumstances as stated in the  
22 denial.

23 E. A majority of not less than fifty-one percent of  
24 the total landowners or fifty-one percent of the real property  
25 owners in a proposed enhanced enterprise zone may petition a

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1 local government for enhanced enterprise zone status. A lessee  
2 of property may also petition for inclusion in an enhanced  
3 enterprise zone with the prior written permission of the  
4 lessor. An owner of property contiguous to the proposed  
5 enhanced enterprise zone may petition for inclusion if the  
6 property owner satisfies the criteria for participation. In  
7 the discretion of a local government, real property may be  
8 considered contiguous if physical contiguity is interrupted by  
9 a public thoroughfare, railroad or other public use.

10 F. Subsequent to the designation of a geographic  
11 area as an enhanced enterprise zone, a person may petition to  
12 become a participant in the proposed zone by submitting a  
13 development or improvement plan to the local government in  
14 accordance with Section 6 of the Enhanced Enterprise Zone Act.

15 SECTION 5. [NEW MATERIAL] ENHANCED ENTERPRISE ZONE  
16 BOARD--POWERS AND DUTIES--MULTIPLE JURISDICTIONS.--

17 A. A local government establishing an enhanced  
18 enterprise zone may create an enhanced enterprise zone board,  
19 with powers and duties as may be established by the local  
20 government. If a metropolitan redevelopment district has been  
21 established in a jurisdiction, the local government may  
22 designate the metropolitan redevelopment board also to act as  
23 the enhanced enterprise zone board.

24 B. If a proposed enhanced enterprise zone is  
25 located in multiple jurisdictions, each affected local

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1 government shall approve the establishment of the enhanced  
2 enterprise zone within its jurisdiction. Denial of approval of  
3 the proposed enhanced enterprise zone by one local government  
4 shall not affect the establishment of the zone within the  
5 jurisdiction of any other local government.

6 SECTION 6. [NEW MATERIAL] ENHANCED ENTERPRISE ZONE  
7 EVALUATIONS--REPORTING REQUIREMENTS.--

8 A. A local government that has designated an area  
9 as an enhanced enterprise zone shall, no more than five years  
10 after the designation was made, reevaluate the area to  
11 determine whether the enhanced enterprise zone has made  
12 substantial progress in the accomplishment of its stated goals.  
13 After such review, the local government may take any action  
14 necessary to amend the enhanced enterprise zone criteria or  
15 purpose, including repeal of the ordinance that established the  
16 enhanced enterprise zone.

17 B. A local government shall report the  
18 establishment of an enhanced enterprise zone and all  
19 evaluations of an enhanced enterprise zone to the department by  
20 August 31 each year for the previous fiscal year ended June 30.  
21 An initial report shall include a geographic description of the  
22 enhanced enterprise zone, a list of the initial participants  
23 and the proposed uses to be developed or improved by each  
24 participant in the zone. Reports in subsequent years shall  
25 include updates on the progress of the development or

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1 improvement by each participant in the enhanced enterprise  
2 zone, any resulting increased economic activity of the  
3 participants in the zone and any further information about the  
4 zone as the department may request or require.

5 SECTION 7. [NEW MATERIAL] ECONOMIC DEVELOPMENT DEPARTMENT  
6 ASSISTANCE.--The department may assist any local government  
7 upon request with the establishment, management or evaluation  
8 of an enhanced enterprise zone or any development or  
9 improvement needs of participants in the zone.

10 SECTION 8. [NEW MATERIAL] ABATEMENT OF COLLECTION OF  
11 INCREASED PROPERTY TAXES.--

12 A. A participant shall be afforded a property tax  
13 collection abatement. The abatement shall provide that  
14 property taxes due subsequent to a person's acceptance as a  
15 participant in an enhanced enterprise zone be equal to the  
16 amount due prior to the creation of the zone, except for new  
17 mill levies that may be imported or adjustments to existing  
18 mill levies for yield control. The county assessor shall  
19 assess properties in the enhanced enterprise zone during the  
20 abatement period.

21 B. Collection of increased property tax value shall  
22 be abated for a period not to exceed ten years. At the end of  
23 the abatement period, the abatement on collection of taxes at  
24 the increased valuation amount shall be reduced by  
25 approximately one-third per year such that three years

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1 following the end of the abatement period, the full assessed  
2 real or personal property tax shall be due at the full assessed  
3 value.

4 C. Nothing in this section shall be construed to  
5 affect the distribution of property tax revenues to the various  
6 state and local entities as provided by law.

7 D. If a property in an enhanced enterprise zone  
8 changes ownership during the abatement period, the county  
9 assessor may reappraise and re-assess the property pursuant to  
10 the county's usual tax assessment practices and procedures.  
11 The abatement of the collection of property taxes on  
12 residential property shall apply only to a post-sale assessed  
13 value.

14 E. A participant shall only lose the benefits of  
15 abatement provided in this section upon the expiration of the  
16 enhanced enterprise zone or as provided by Section 10 of the  
17 Enhanced Enterprise Zone Act.

18 SECTION 9. [NEW MATERIAL] PARTICIPANTS--REQUIRED  
19 SUBMISSIONS--DEVELOPMENT AND IMPROVEMENT PLANS.--

20 A. No person shall be accepted as a participant in  
21 an enhanced enterprise zone without submission of a development  
22 or improvement plan that includes, at a minimum:

- 23 (1) the person's name, address and property  
24 interest in the zone;
- 25 (2) a complete and detailed description of the

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1 person's proposed participation, including a description of all  
2 proposed developments or improvements to the person's property;

3 (3) a marketing plan, including how the  
4 proposed developments or improvements will create jobs, promote  
5 industry, trade or enhance economic activity;

6 (4) a schedule for initiation and completion  
7 of the developments or improvements and the date that the  
8 developments or improvements will be completed;

9 (5) the estimated number of new jobs that will  
10 be created and by when the jobs will be created; and

11 (6) other information as required by the  
12 department or local government.

13 B. A local government may designate additional  
14 participant criteria as warranted by the circumstances in the  
15 local government's jurisdiction.

16 SECTION 10. [NEW MATERIAL] DEADLINES FOR COMPLETION--  
17 CLAWBACK.--

18 A. A participant shall complete all developments or  
19 improvements within eighteen months after the participant's  
20 development or improvement plan is approved by the local  
21 government. The local government may grant an extension of  
22 time for good cause. An extension of no more than six months  
23 may be granted on no more than two occasions.

24 B. If a participant fails to develop or improve the  
25 participant's property within the time allotted by the local

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1 government, the participant may be removed from active enhanced  
2 enterprise zone status and all property taxes shall be due and  
3 payable at the current value, without any abatement, as  
4 determined by the county assessor.

5 SECTION 11. [NEW MATERIAL] DELAYED REPEAL--EFFECT OF  
6 DELAYED REPEAL ON EXISTING ENHANCED ENTERPRISE ZONES.--

7 A. Effective June 30, 2032, Sections 1 through 10  
8 of the Enhanced Enterprise Zone Act are repealed.

9 B. Enhanced enterprise zones existing on June 30,  
10 2032 shall continue until the date scheduled for the zone's  
11 expiration as stated in the zone's enabling ordinance. No  
12 participant in an enhanced enterprise zone existing on June 30,  
13 2032 shall lose the benefits of being a participant until  
14 expiration of the zone or as provided by Section 10 of the  
15 Enhanced Enterprise Zone Act.

16 SECTION 12. EFFECTIVE DATE.--The effective date of the  
17 provisions of this act is July 1, 2017.