

SENATE BILL 251

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

INTRODUCED BY

Carrie Hamblen and Kristina Ortez

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO METROPOLITAN REDEVELOPMENT; PROVIDING FOR THE DEDICATION OF A PORTION OF AN INCREASE IN CERTAIN PROPERTY TAX REVENUE, LOCAL OPTION GROSS RECEIPTS TAX REVENUE AND STATE GROSS RECEIPTS TAX REVENUE TO FUND A METROPOLITAN REDEVELOPMENT PROJECT; AUTHORIZING A LOCAL GOVERNMENT TO ISSUE BONDS PAYABLE FROM LOCAL OPTION AND STATE GROSS RECEIPTS TAX REVENUES AND REMOVING AUTHORITY TO ISSUE BONDS PAYABLE FROM PROPERTY TAX REVENUE; SFC→**PROVIDING FOR LEGISLATIVE APPROVAL OF THE ISSUANCE**

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OF BONDS AGAINST REVENUE ATTRIBUTABLE TO AN INCREMENT OF THE STATE GROSS RECEIPTS TAX; ←SFC REMOVING A REQUIREMENT FOR A SEALED BIDDING PROCEDURE AND APPROVAL OF AWARD OF CONTRACT BY A LOCAL GOVERNMENT FOR CERTAIN REHABILITATION CONTRACTS BETWEEN PRIVATE PROPERTY OWNERS AND CONTRACTORS; ALLOWING A LOCAL GOVERNMENT TO DELEGATE TO A METROPOLITAN REDEVELOPMENT AGENCY THE POWER TO APPROVE LOANS, GRANTS AND LEASES OF MORE THAN ONE YEAR'S DURATION; AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978.

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 10, as amended) is amended to read:

"3-60A-10. POWERS OF LOCAL GOVERNMENT.--A local government shall have all the powers, other than the power of eminent domain, necessary or convenient to carry out and effectuate the purposes and provisions of the Metropolitan Redevelopment Code, including the following powers:

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

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slum clearance, prevention of blight and the metropolitan redevelopment projects and areas;

B. to provide, arrange or contract for the furnishing or repair by a 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 parking facilities, transportation centers, public safety buildings and other public improvements or facilities or improvements for public purposes, as may be required by the local government, the state or a political subdivision of the state; to agree to conditions that it may deem reasonable and appropriate that 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 a contract let in connection with the project provisions to fulfill these conditions as it may deem reasonable and

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appropriate; provided, however, that all purchases of personal property shall be in accordance with the Procurement Code;

C. within its area of operation, to inspect any building or property in a 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 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 real or personal property or operations of the local government against risks or hazards, including the power to pay premiums on that insurance; and to enter into contracts necessary to effectuate the purposes of the Metropolitan Redevelopment Code;

D. to invest metropolitan redevelopment project funds held in reserve, sinking funds or other project funds that are not required for immediate disbursement in property or securities in which local governments may legally invest funds subject to their control; to redeem bonds as have been issued pursuant to the Metropolitan Redevelopment Code at the

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redemption price established in the bonds or to purchase the bonds at less than redemption price. 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 statutes and to apply for and accept advances, loans, grants, contributions and other forms of financial assistance from the federal government, the state, the county or other public body or from 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 with that law. A local government may include in a contract for financial assistance with the federal government for a metropolitan redevelopment project conditions imposed pursuant to federal law that the local government may deem reasonable or appropriate and that are not inconsistent with the purposes of the Metropolitan Redevelopment Code;

F. within its area of operation, to make 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

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plans may include without limitation:

- (1) a general plan for redevelopment of the area as a whole;
- (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;

G. to develop, test and report methods and techniques and carry out demonstrations and other activities for the prevention and elimination of slums and blight and to pay for, accept and use grants of funds from the federal government for those purposes;

H. 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

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redevelopment project;

I. 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 within the jurisdiction of the local government 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 the local government pursuant to the powers granted by the Redevelopment Law;

J. within its area of operation, to organize, coordinate and direct the administration of the provisions of the Redevelopment Law as they apply to the local government in order that the objective of remedying slum areas and blighted areas and preventing the causes of those areas within the jurisdiction of the local government may be most effectively promoted and achieved and to establish any new office of the local government or to reorganize existing offices as necessary;

K. to acquire real property that is appropriate for

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the preservation or restoration of historic sites; the beautification of urban land; the conservation of open spaces, natural resources and scenic areas; or the provision of recreational opportunities; or that is to be used for public purposes;

L. to engage in 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 neighborhood facilities, senior citizen centers, historic properties, utilities, streets, street lights, water and sewer facilities, including connections for residential users, foundations and platforms for air-rights 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 that serve designated areas;

(2) special projects directed to the removal of materials and architectural barriers that restrict the mobility and accessibility of elderly and disabled persons;

(3) provision of public services in the metropolitan redevelopment area that are not otherwise available in the area, including the provisions of public services directed to the employment, economic development, crime prevention, child care, health, drug abuse, welfare or

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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 local government that 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 federal Small Business Investment Act of 1958 for the purposes of carrying out the provisions of the

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Metropolitan Redevelopment Code;

~~[M. if payments are to be made by the local government or metropolitan redevelopment agency under the terms of a contract for reconstruction or rehabilitation of private property, payments shall be made from a special fund created for that purpose and shall not be paid directly to the property owner but shall instead be paid to the contractor by the local government or agency from such fund upon proper authorization of the property owner and notification that the terms of the contract have been fulfilled. However, those rehabilitation contracts shall be between the property owner and the contractor after a sealed bidding procedure and award of contract approved by the local government has taken place;~~

N.] M. in a metropolitan redevelopment project or 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 that area or rehabilitation or conservation in that area or any combination or part of those areas in accordance with a metropolitan redevelopment plan and for undertakings or activities of a local government in a metropolitan redevelopment area to eliminate the conditions that caused an area to be so designated and may include the following:

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(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 and 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 government 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 local government itself, at its fair market value for uses in accordance with the metropolitan redevelopment plan for the area;

[0.] N. the local government is empowered in a metropolitan redevelopment area to undertake slum clearance and redevelopment that includes:

(1) acquisition of a slum area or a blighted

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area or portion thereof;

(2) demolition and removal of buildings and improvements;

(3) installation, construction, reconstruction, maintenance and operation of streets, utilities, storm drainage facilities, curbs and gutters, parks, playgrounds, single-family or multifamily dwelling units, buildings, public buildings, including 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 local government itself, at its fair value for uses in accordance with the metropolitan redevelopment area plan; and

[P.] 0. to engage in rehabilitation or conservation that 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

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where necessary to eliminate unhealthful, unsanitary 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 the area, including sale, leasing or retention by the local government itself, for uses in accordance with an approved plan;

(5) acquisition of real property in the area that, under a 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 that have a blighting influence on the surrounding area and over which air-

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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 constructing, repairing, remodeling or 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 government and after it has been determined that the expenditure is in accordance with the metropolitan redevelopment plan for that area."

SECTION 2. Section 3-60A-15 NMSA 1978 (being Laws 1979, Chapter 391, Section 15, as amended) is amended to read:

"3-60A-15. EXERCISE OF POWERS IN CARRYING OUT PROJECTS.--

A. A local government may directly exercise its metropolitan redevelopment project powers or it may, by ordinance if it determines such action to be in the public interest, elect to delegate the exercise of such powers to the metropolitan redevelopment agency created pursuant to the Redevelopment Law. If the local government so determines, the agency shall be vested with all of the powers in the same

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manner as though all the powers were conferred on the agency or authority instead of the local government.

B. As used in this section, the term "redevelopment project powers" includes any rights, powers, functions and duties of a local government authorized by the Redevelopment Law except the following, which are reserved to the local government, the power to:

(1) declare an area to be a slum or a blighted area or combination thereof and to designate the area as appropriate for a redevelopment project;

(2) approve or amend redevelopment plans;

(3) approve a general plan for the local government as a whole;

(4) make findings of necessity prior to preparation of a metropolitan redevelopment plan as provided in the Redevelopment Law and the findings and determinations required prior to approval of a metropolitan redevelopment plan or project as provided in the Redevelopment Law;

(5) issue general obligation bonds and revenue bonds as authorized by law;

~~[(6) approve loans or grants;~~

~~(7) approve leases of more than one year's duration;~~

~~(8)]~~ (6) issue redevelopment bonds; and

~~[(9)]~~ (7) appropriate funds and levy taxes and

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assessments."

SECTION 3. Section 3-60A-20 NMSA 1978 (being Laws 1979, Chapter 391, Section 20, as amended) is amended to read:

"3-60A-20. ALTERNATIVE FUNDING METHOD [~~OF FINANCING~~].--
[~~A. Effective for tax years beginning on or after January 1, 1980, the~~] A local government may elect by resolution to use the procedures set forth in the Tax Increment Law for [~~financing~~] funding metropolitan redevelopment projects. Such procedures may be used in addition to or in conjunction with other methods provided by law for [~~financing~~] funding such projects.

[~~B. The tax increment method, for the purpose of financing metropolitan redevelopment projects, is the dedication for further use in metropolitan redevelopment projects of that increase in property tax revenue directly resulting from the increased net taxable value of a parcel of property attributable to its rehabilitation, redevelopment or other improvement because of its inclusion within an urban renewal, community development or metropolitan redevelopment project.~~]"

SECTION 4. Section 3-60A-21 NMSA 1978 (being Laws 1979, Chapter 391, Section 21, as amended) is amended to read:

"3-60A-21. PROPERTY AND GROSS RECEIPTS TAX [INCREMENT] INCREMENTS--PROCEDURES.--

A. The procedures to be used in [~~the~~] determining a

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property tax increment [~~method~~] are:

[A.] (1) the local government shall, [~~at the time~~] after approval of a metropolitan redevelopment [~~project~~] plan, notify the county assessor [~~and the taxation and revenue department~~] of the taxable parcels of property within the [~~project~~] metropolitan redevelopment area;

[B.] (2) upon receipt of the 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~~] area 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 local government 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~~] area 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

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the time of inclusion of the property within the metropolitan redevelopment [~~project~~] area as the base value for the purposes of valuation of the property;

[~~6.~~] (3) if because of acquisition by the local government the property becomes tax exempt, when the parcel again becomes taxable, the local government shall notify the county assessor [~~and the taxation and revenue department~~] of the parcels of property that 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 local government 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; and

[~~D.~~] (4) current tax rates shall then be applied to the new taxable value of property included in the metropolitan redevelopment area. 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~~] area

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shall be multiplied by the percentage of the increment dedicated by the local government pursuant to Section 3-60A-23 NMSA 1978, credited to the local government 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]~~ procedures pursuant to this subsection to ~~[a specific]~~ property included in a metropolitan redevelopment area. Unless the entire metropolitan redevelopment area is specifically included by the local government for purposes of tax increment financing, the payment by the county treasurer to the local government 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]~~.

B. The procedures to be used in determining a gross receipts tax increment are:

(1) after approval of a metropolitan redevelopment area, a dedication is made pursuant to Section 3-60A-23 NMSA 1978 and at least one hundred twenty days before the effective date of the dedication, the local government shall notify the taxation and revenue department of the geographical area within the metropolitan redevelopment area and the percentages of a gross receipts tax increment;

(2) within ninety days of receipt of the notification, the taxation and revenue department shall certify

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to the local government the base year gross receipts tax revenue amounts, which shall be calculated as:

(a) the amount of the local government's local option gross receipts tax revenue attributable to the gross receipts of persons engaging in business in the metropolitan redevelopment area in the previous fiscal year, less any local option gross receipts tax revenue attributable to construction activities located within the metropolitan redevelopment area; and

(b) the amount of state gross receipts tax revenue attributable to the gross receipts of persons engaging in business in the metropolitan redevelopment area in the previous fiscal year, less any state gross receipts tax revenue attributable to construction activities located within the metropolitan redevelopment area and, if the local government is a municipality, any amount distributed to the municipality pursuant to Section 7-1-6.4 NMSA 1978 attributable to the gross receipts of persons engaging in business in the metropolitan redevelopment area; and

(3) within six months of the end of each fiscal year following the base year:

(a) the taxation and revenue department shall compare the amounts of gross receipts tax revenues of the base year with the amounts of gross receipts tax revenues of that following fiscal year, using the same calculation methods

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as provided in Paragraph (2) of this subsection, except the amounts of gross receipts tax revenues of the following fiscal year shall include revenue attributable to construction activities located within the metropolitan redevelopment area; and

(b) if there is an increase between the gross receipts tax revenue of the base year and the gross receipts tax revenue of that following fiscal year, the sum of:
1) the product of the total rate of the local government's local option gross receipts tax multiplied by the increased amount of the local government's local option gross receipts tax revenue, further multiplied by the percentage of the gross receipts tax increment dedicated by the local government pursuant to Section 3-60A-23 NMSA 1978; plus 2) the product of the state gross receipts tax rate multiplied by the increased amount of the state gross receipts tax revenue, further multiplied by the percentage of the gross receipts tax increment dedicated by the state board of finance pursuant to Section 3-60A-23 NMSA 1978.

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

D. As used in this section:

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(1) "local option gross receipts tax revenue" means revenue transferred to the local government pursuant to Section 7-1-6.12 or 7-1-6.13 NMSA 1978, as appropriate; and

(2) "state gross receipts tax revenue" means revenue received from the gross receipts tax imposed pursuant to Section 7-9-4 NMSA 1978."

SECTION 5. Section 3-60A-23 NMSA 1978 (being Laws 1979, Chapter 391, Section 23, as amended) is amended to read:

"3-60A-23. [TAX INCREMENT FINANCING METHOD] APPROVAL OF ALTERNATIVE FUNDING METHOD.--

~~A. The property tax increment method shall be applicable only to the units of government participating in property tax revenue derived from the properties within the district.~~

~~B. A local government shall request an approval for up to a twenty-year period for property included in the tax increment funding. The governor or the governor's authorized representative shall approve, partially approve or disapprove the use of the method for state government; the governing body of each other participating unit shall approve, partially approve or disapprove by ordinance or resolution the use of the method for its respective units.~~

~~C. At the request of a participating unit of government, made within ten days of receipt of the request by the local government, the local government shall make a~~

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~~presentation to the governor or the governor's authorized representative and to the governing bodies of all participating units of government, which presentation shall include a description of the metropolitan redevelopment project and the parcels in the project to which the tax increment method will apply and an estimate of the general effect of the project and the application of the tax increment method on property values and tax revenues. All participating units shall notify the local government seeking approval within thirty days of receipt of the local government's request. At the expiration of that time, the alternative method of financing set forth in this section shall be effective for a period of up to twenty tax years.]~~

A. A metropolitan redevelopment plan, as originally approved or as later modified, may contain a provision that a portion of a property tax increment or gross receipts tax increment may be dedicated for the purpose of funding a metropolitan redevelopment project for a period of up to twenty years.

B. A local government may dedicate up to seventy-five percent of a property tax increment or gross receipts tax increment and the state board of finance SFC→, subject to the provisions of Subsection C of this section,←SFC may dedicate up to seventy-five percent of a gross receipts tax increment, each as determined pursuant to Section 3-60A-21 NMSA

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1978, with the agreement of the municipality, county or state board of finance, evidenced by a resolution adopted by a majority vote of those entities. A resolution to dedicate a property tax increment or gross receipts tax increment shall become effective only on January 1 or July 1 of the calendar year.

C. SFC→The state board of finance shall condition a dedication of a gross receipts tax increment attributable to the state gross receipts tax on the approval required pursuant to Section 6 of this 2023 act and that the initial bonds issuance secured by such an increment shall be issued no later than four years after the state board of finance has adopted the resolution making the dedication.←SFC A resolution of the state board of finance shall find that:

(1) the state board of finance has reviewed the request for the use of the state gross receipts tax increment; and

(2) based upon review by the state board of finance of the applicable metropolitan redevelopment plan, the dedication by the state board of finance of the gross receipts tax increment within the metropolitan redevelopment area for use in meeting the required goals of the metropolitan redevelopment plan is reasonable and in the best interest of the state.

D. The governing body of the jurisdiction in which

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a metropolitan redevelopment area has been established shall timely notify the assessor of the county in which the area has been established, the taxation and revenue department and the local government division of the department of finance and administration when:

(1) a metropolitan redevelopment plan has been approved that contains a provision for the allocation and percentage of property tax increments and gross receipts tax increments;

(2) any outstanding bonds of the area have been paid off; and

(3) the purposes of the area have otherwise been achieved."

SFC→SECTION 6. A new section of the Metropolitan Redevelopment Code is enacted to read:

"[NEW MATERIAL] APPROVAL REQUIRED FOR ISSUANCE OF BONDS AGAINST A STATE GROSS RECEIPTS TAX INCREMENT.--

A. In addition to all other requirements of the Metropolitan Redevelopment Code, prior to issuing bonds that are issued in whole or in part against a gross receipts tax increment attributable to the state gross receipts tax within a metropolitan redevelopment area and before a distribution attributable to the state gross receipts tax is made pursuant to Section 11 of this 2023 act, the New Mexico finance authority shall review the proposed issuance of the bonds and

determine that the proceeds of the bonds will be used for a metropolitan redevelopment project in accordance with the area's metropolitan redevelopment plan and present the proposed issuance of the bonds to the legislature for approval.

B. The issuance of the bonds and the maximum amount of bonds to be issued shall be specifically authorized by law."←SFC

SECTION SFC→6.←SFC SFC→7.←SFC Section 3-60A-23.1 NMSA 1978 (being Laws 2000, Chapter 103, Section 4, as amended) is amended to read:

"3-60A-23.1. TAX INCREMENT BONDS.--

A. For the purpose of financing metropolitan redevelopment projects, in whole or in part, a local government may issue tax increment bonds or tax increment bond anticipation notes that are payable from and secured by ~~real property taxes, in whole or in part~~ revenue from a gross receipts tax increment allocated to the metropolitan redevelopment fund pursuant to ~~the provisions of~~ Sections 3-60A-21 and 3-60A-23 NMSA 1978. The principal of, premium, if any, and interest on the bonds or notes shall be payable from and secured by a pledge of such revenues, and the local government shall irrevocably pledge all or part of the revenues to the payment of the bonds or notes. The revenues deposited in the metropolitan redevelopment fund or the designated part thereof may thereafter be used only for the payment of the

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principal of, premium, if any, and interest on the bonds or notes, and a holder of the bonds or notes shall have a first lien against the revenues deposited in the metropolitan redevelopment fund or the designated part thereof for the payment of principal of, premium, if any, and interest on the bonds or notes. To increase the security and marketability of the tax increment bonds or notes, the local government may:

(1) create a lien for the benefit of the bondholders on any public improvements or public works used solely by the metropolitan redevelopment project or portion of a project financed by the bonds or notes, or on the revenues of such improvements or works;

(2) provide that the proceeds from the sale of real and personal property acquired with the proceeds from the sale of bonds or notes issued pursuant to the Tax Increment Law shall be deposited in the metropolitan redevelopment fund and used for the purposes of repayment of principal of, premium, if any, and interest on the bonds or notes; and

(3) make covenants and do any and all acts not inconsistent with law as may be necessary, convenient or desirable in order to additionally secure the bonds or notes or make the bonds or notes more marketable in the exercise of the discretion of the local government.

B. Bonds and notes issued pursuant to this section shall not constitute an indebtedness within the meaning of any

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constitutional or statutory debt limitation or restriction, shall not be general obligations of the local government, shall be collectible only from the proper pledged revenues and shall not be subject to the provisions of any other law or charter relating to the authorization, issuance or sale of tax increment bonds or tax increment bond anticipation notes. Bonds and notes issued pursuant to the Tax Increment Law are declared to be issued for an essential public and governmental purpose and, together with interest thereon, shall be exempted from all taxes by the state.

C. The bonds or notes shall be authorized by an ordinance of the local government; shall be in a denomination or denominations, bear a [~~such~~] date and mature, in the case of bonds, at a time not exceeding twenty years from their date, and in the case of notes, not exceeding five years from the date of the original note; bear interest at a rate or have appreciated principal value not exceeding the maximum net effective interest rate permitted by the Public Securities Act; and be in a form, carry registration privileges, be executed in a manner, be payable at a place within or without the state, be payable at intervals or at maturity and be subject to terms of redemption as the authorizing ordinance or supplemental resolution of the local government may provide.

D. The bonds or notes may be sold in one or more series at, below or above par, at public or private sale, in a

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manner and for a price as the local government, in its discretion, shall determine; provided that the price at which the bonds or notes are sold shall not result in a net effective interest rate that exceeds the maximum permitted by the Public Securities Act. As an incidental expense of a metropolitan redevelopment project or the portion financed with the bonds or notes, the local government in its discretion may employ financial and legal consultants with regard to the financing of the project.

E. In case any of the public officials of the local government whose signatures appear on any bonds or notes issued pursuant to the Tax Increment Law cease to be public officials before the delivery of the bonds or notes, the signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if the officials had remained in office until delivery. Any provision of law to the contrary notwithstanding, any bonds or notes issued pursuant to the Tax Increment Law shall be fully negotiable.

F. In any suit, action or proceeding involving the validity or enforceability of any bond or note issued pursuant to the Tax Increment Law or the security therefor, any bond or note reciting in substance that it has been issued by the local government in connection with a metropolitan redevelopment project shall be conclusively deemed to have been issued for that purpose and the project shall be conclusively deemed to

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have been planned, located and carried out in accordance with the provisions of the Metropolitan Redevelopment Code.

G. The proceedings under which tax increment bonds or tax increment bond anticipation notes are authorized to be issued and any mortgage, deed of trust, trust indenture or other lien or security device on real and personal property given to secure the same may contain provisions customarily contained in instruments securing bonds and notes and constituting a covenant with the bondholders.

H. A local government may issue bonds or notes pursuant to this section with the proceeds from the bonds or notes to be used as other money is authorized to be used in the Metropolitan Redevelopment Code.

I. SFC→~~The~~←SFC SFC→**Subject to the provisions of Section 6 of this 2023 act, the**←SFC local government shall have the power to issue renewal notes, to issue bonds to pay notes and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for other purposes in connection with financing metropolitan redevelopment projects, in whole or in part. Refunding bonds issued pursuant to the Tax Increment Law to refund outstanding tax increment bonds shall be payable from [~~real property tax revenues~~] a gross receipts tax increment, out of which the bonds to be refunded

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thereby are payable or from other lawfully available revenues.

J. The proceeds from the sale of any bonds or notes shall be applied only for the purpose for which the bonds or notes were issued, and if, for any reason, any portion of the proceeds are not needed for the purpose for which the bonds or notes were issued, the unneeded portion of the proceeds shall be applied to the payment of the principal of or the interest on the bonds or notes.

K. The cost of financing a metropolitan redevelopment project shall be deemed to include the actual cost of acquiring a site and the cost of the construction of any part of a project, including architects' and engineers' fees, the purchase price of any part of a project that may be acquired by purchase and all expenses in connection with the authorization, sale and issuance of the bonds or notes to finance the acquisition and any related costs incurred by the local government.

L. No action shall be brought questioning the legality of any contract, mortgage, deed of trust, trust indenture or other lien or security device, proceeding or bonds or notes executed in connection with any project authorized by the Metropolitan Redevelopment Code on and after thirty days from the effective date of the ordinance authorizing the issuance of such bonds or notes."

SECTION SFC→7.←SFC SFC→8.←SFC Section 3-60A-27 NMSA

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1978 (being Laws 1979, Chapter 391, Section 27, as amended) is amended to read:

"3-60A-27. DEFINITIONS.--As used in the Redevelopment Bonding Law:

A. "finance" or "financing" means the issuing of bonds by a local government and the use of substantially all of the proceeds from the bonds pursuant to a financing agreement with the user to pay or to reimburse the user or its designee for the costs of the acquisition or construction of a project, whether these costs are incurred by the local government, the user or a designee of the user; provided that title to or in the project may at all times remain in the user, and, in such case, the bonds of the local government may be secured by mortgage or other lien upon the project or upon any other property of the user, or both, granted by the user or by a pledge of one or more notes, debentures, bonds or other secured or unsecured debt obligations of the user, as the governing body deems advisable, but no local government shall be authorized hereby to pledge any of its property or to otherwise secure the payment of any bonds with its property, except that the local government may pledge the [~~property of the project or~~] revenues from the project;

B. "financing agreement" includes a lease, sublease, installment purchase agreement, rental agreement, option to purchase or any other agreement or any combination

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thereof entered into in connection with the financing of a project pursuant to the Metropolitan Redevelopment Code;

C. "mortgage" means a deed of trust or any other security device for both real and personal property;

D. "ordinance" means an ordinance of a local government financing or refinancing an activity involving or affecting improvement or improvements;

E. "project" means an activity that can be funded or refinanced by revenue bonds issued pursuant to the Redevelopment Bonding Law for the purpose of acquiring, improving, rehabilitating, conserving, financing, refinancing, erecting or building new or improved facilities on land, building or buildings or any other improvement or improvements, site or any other activity authorized by the Metropolitan Redevelopment Code for projects or activities located within the boundaries of a metropolitan redevelopment area. The revenue bonds may be used for the projects hereafter enumerated for any purpose or use in such project, except that no funds shall be used for inventories, raw materials or other working capital, whether or not in existence, suitable or used for or in connection with any of the following projects:

(1) manufacturing, industrial, commercial or business enterprises, including without limitation enterprises engaged in storing, warehousing, distributing, selling or transporting any products of industry, commerce, manufacturing

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or business or any utility plant;

(2) hospital, health care or nursing home facilities, including without limitation clinics and outpatient facilities and facilities for the training of hospital, health care or nursing home personnel;

(3) residential facilities intended for use as the place of residence by the owners or intended occupants;

(4) sewage or solid waste disposal facilities;

(5) facilities for the furnishing of water, if available, on reasonable demand to members of the general public;

(6) facilities for the furnishing of energy or gas;

(7) sports and recreational facilities;

(8) convention or trade show facilities;

(9) research, product testing and administrative facilities;

(10) creative enterprises or industries;

(11) cultural facilities as defined in the Local Economic Development Act; and

(12) public infrastructure in state-authorized main street projects or arts and cultural districts;

F. "revenue bonds" means bonds, notes or other securities evidencing an obligation and issued pursuant to the powers granted by the Metropolitan Redevelopment Code by a

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local government for purposes authorized by that code;

G. "user" means one or more persons who enter into a financing agreement with a local government relating to a project, except that the user need not be the person actually occupying, operating or maintaining the project; and

H. "utility plant" means any facility used for or in connection with the generation, production, transmission or distribution of electricity; the production, manufacture, storage or distribution of gas; the transportation or conveyance of gas, oil or other fluid substance by pipeline; or the diverting, developing, pumping, impounding, distributing or furnishing of water."

SECTION SFC→8.←SFC SFC→9.←SFC Section 3-60A-30 NMSA 1978 (being Laws 1979, Chapter 391, Section 30, as amended) is amended to read:

"3-60A-30. BONDS AS LEGAL INVESTMENTS.--All banks, trust companies, bankers, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking or investment business; all insurance companies, insurance associations and other persons carrying on an insurance business; and all executors, administrators, curators, trustees and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds or other obligations issued by a local government pursuant to the Metropolitan Redevelopment

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Code or by any agency vested with metropolitan redevelopment project powers under the Redevelopment Law; provided that the bonds and other obligations shall be secured by a pledge of [~~property or~~] revenues [~~or combinations thereof~~] that is of sufficient value to equal the principal and interest of the bonds at maturity. The bonds and other obligations shall be authorized security for all public deposits. Nothing contained in this section with regard to legal investments shall be construed as relieving any person of any duty of exercising reasonable care in selecting securities."

SECTION SFC→9.←SFC SFC→10.←SFC Section 3-60A-33 NMSA 1978 (being Laws 1979, Chapter 391, Section 33, as amended) is amended to read:

"3-60A-33. REVENUE BONDS--BOND SECURITY.--The principal of, the interest on and any prior redemption premiums due in connection with the revenue bonds shall be payable from, secured by a pledge of and constitute a lien on the revenues out of which the bonds shall be made payable. In addition, they may be secured by a mortgage covering all or any part of the project or upon any other property of the user or both by a pledge of the revenues from or a financing agreement for the project or both as the local government in its discretion may determine; but no local government shall be authorized by the Redevelopment Bonding Law to pledge any of its property or to otherwise secure the payment of any bonds with its property,

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except that the local government may pledge the [property of the project or] revenues from the project."

SECTION SFC→10.←SFC SFC→11.←SFC A new section of the Tax Administration Act is enacted to read:

"[NEW MATERIAL] DISTRIBUTION--METROPOLITAN REDEVELOPMENT FUND.--A distribution for a metropolitan redevelopment project pursuant to the Metropolitan Redevelopment Code shall be made to the metropolitan redevelopment fund in accordance with a notice filed by a municipality or county pursuant to Section 3-60A-21 NMSA 1978 with respect to a dedication of a gross receipts tax increment."

SECTION SFC→11.←SFC SFC→12.←SFC Section 7-1-6.12 NMSA 1978 (being Laws 1983, Chapter 211, Section 17, as amended) is amended to read:

"7-1-6.12. TRANSFER--REVENUES FROM MUNICIPAL LOCAL OPTION GROSS RECEIPTS AND COMPENSATING TAXES.--

A. A transfer pursuant to Section 7-1-6.1 NMSA 1978 shall be made to each municipality for which the department is collecting a local option gross receipts tax and municipal compensating tax imposed by that municipality in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the net receipts attributable to the local option gross receipts tax and municipal compensating tax imposed by that municipality, less any deduction for administrative cost determined and made by the department

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pursuant to the provisions of the act authorizing imposition by that municipality of the local option gross receipts tax and municipal compensating tax and any additional administrative fee withheld pursuant to Section 7-1-6.41 NMSA 1978.

B. A transfer pursuant to this section may be adjusted for a distribution made to a tax increment development district with respect to a portion of a gross receipts tax increment dedicated by a municipality pursuant to the Tax Increment for Development Act.

C. A transfer pursuant to this section shall be adjusted for a distribution made to the Local Economic Development Act fund pursuant to Section ~~[5 of this 2021 act]~~ 7-1-6.67 NMSA 1978 and with respect to the amount dedicated by a municipality pursuant to Subsection B of Section ~~[2 of this 2021 act]~~ 5-10-17 NMSA 1978.

D. A transfer pursuant to this section shall be adjusted for a distribution made to the metropolitan redevelopment fund pursuant to Section SFC→10←SFC SFC→11←SFC of this 2023 act and with respect to the amount dedicated by a municipality pursuant to Section 3-60A-23 NMSA 1978."

SECTION SFC→12←SFC SFC→13←SFC Section 7-1-6.13 NMSA 1978 (being Laws 1983, Chapter 211, Section 18, as amended) is amended to read:

"7-1-6.13. TRANSFER--REVENUES FROM COUNTY LOCAL OPTION GROSS RECEIPTS AND COMPENSATING TAXES.--

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A. A transfer pursuant to Section 7-1-6.1 NMSA 1978 shall be made to each county for which the department is collecting a local option gross receipts tax and county compensating tax imposed by that county in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the net receipts attributable to the local option gross receipts tax and county compensating tax imposed by that county, less any deduction for administrative cost determined and made by the department pursuant to the provisions of the act authorizing imposition by that county of the local option gross receipts tax and county compensating tax and any additional administrative fee withheld pursuant to Section 7-1-6.41 NMSA 1978.

B. A transfer pursuant to this section may be adjusted for a distribution made to a tax increment development district with respect to a portion of a gross receipts tax increment dedicated by a county pursuant to the Tax Increment for Development Act.

C. A transfer pursuant to this section shall be adjusted for a distribution made to the Local Economic Development Act fund pursuant to Section [~~5 of this 2021 act~~] 7-1-6.67 NMSA 1978 and with respect to the amount dedicated by a county pursuant to Subsection B of Section [~~2 of this 2021 act~~] 5-10-17 NMSA 1978.

D. A transfer pursuant to this section shall be

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adjusted for a distribution made to the metropolitan redevelopment fund pursuant to Section SFC→10←SFC SFC→11←SFC of this 2023 act and with respect to the amount dedicated by a county pursuant to Section 3-60A-23 NMSA 1978."

SECTION SFC→13.←SFC SFC→14.←SFC REPEAL.--Section 3-60A-24 NMSA 1978 (being Laws 1979, Chapter 391, Section 24) is repealed.

SECTION SFC→14.←SFC SFC→15.←SFC EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, STBTC→2023←STBTC STBTC→2024←STBTC .