

LFC Requester:	
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
*(Analysis must be uploaded as a PDF)***

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/4/2026 *Check all that apply:*
Bill Number: HB 290 Original Correction
 Amendment Substitute

Sponsor: <u>Cynthia Borrego, Meredith A. Dixon</u>	Agency Name and Code Number: <u>Economic Development Department 41900</u>
Short Title: <u>Metro Redev Project Property Tax Exemption</u>	Person Writing Phone: <u>Austin Anaya 505-618-0889</u>
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House Bill 290 amends provisions of the Metropolitan Redevelopment Code to extend the property tax exemption period applicable to project property within designated metropolitan redevelopment areas (MRAs). Specifically, the Bill extends the exemption period from seven years to twenty years following acquisition of project property.

The Bill also makes conforming changes to related statutes governing payments in lieu of property taxes (PILOTs) and the tax status of lessee interests in metropolitan redevelopment property. The extended exemption period would apply to leases of project property executed on or after the effective date of the Act.

FISCAL IMPLICATIONS

HB 290 extends the period during which redeveloped project property within metropolitan redevelopment areas is assessed for property tax purposes at its pre-redevelopment value. Property tax revenues from new improvements would therefore not be realized until the exemption period expires.

During the exemption period, PILOTs continue to be collected and distributed to taxing jurisdictions pursuant to the existing statute. Upon expiration of the exemption, the full post-redevelopment assessed value becomes subject to property taxation.

The fiscal impact of the Bill is a deferral of property tax revenue growth associated with redevelopment projects. Impacts vary by project and locality. HB 290 has no direct fiscal impact on the State General Fund.

SIGNIFICANT ISSUES

Metropolitan redevelopment incentives are intended to support private reinvestment in areas where redevelopment is constrained by high upfront costs, obsolete infrastructure, or other site-specific barriers. Extending the exemption period may improve the financial feasibility of capital-intensive projects with long development horizons.

The structure of the incentive proportionately ties the value of the tax relief to the new assessed value created through redevelopment. As a result, the magnitude of the incentive increases with the scale of new investment, concentrating benefits on projects that substantially improve underutilized or blighted property.

Redevelopment incentives are commonly used by peer jurisdictions as part of broader economic development strategies. The extension contained within the Bill may positively affect the ability of municipalities to compete for private investment in designated redevelopment areas. Actual economic and fiscal outcomes will depend on project selection, job growth, and coordination with municipal planning and development objectives.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

There are no administrative implications for EDD. County and municipal governments administer property tax exemptions and PILOT payments for metropolitan redevelopment projects.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without enactment of HB 290, redevelopment projects within metropolitan redevelopment areas would continue to operate under a shorter exemption period, which may limit the feasibility of projects with substantial upfront costs or extended development timelines. This could limit the pace or scale of redevelopment in designated areas and affect the ability of municipalities to compete for private investment relative to jurisdictions offering longer redevelopment incentives.

AMENDMENTS