NEW MEXICO FINANCE AUTHORITY

Recommended Changes to SWEDFA

2003: Statewide Economic Development Finance Act (SWEDFA") pairs NMFA with the Economic Development Department ("EDD") to provide financing to stimulate economic development.

- Authorizes NMFA to buy loan participations;
- Issue conduit revenue bonds; and
- Issue Industrial Revenue Bonds that provide property tax relief to economic development project
  - Creates a Tax Impact Fund in NMFA to provide payment in lieu of taxes to offset revenue loss

2005: SWEFDA is amended to significantly expand NMFA's economic development tools -- direct loans and guarantees -- and to provide one method of implementing the economic development assistance provisions of Subsection D of Article 9, Section 14 of the constitution of New Mexico for state projects.

- Defines two types of projects: State (LEDA) and Standard (non-LEDA)
- Requires NMFA to receive legislative authorization prior to funding projects from the Economic Development Revolving Fund ("EDRF")
- Authorizes NMFA to issue EDRF revolving fund bonds to allow NMFA to replenish the EDRF
- Provides IPRA protections for confidential information

2006: SWEDFA amendments authorize NMFA to form, operate, own/co-own one or more nonprofit or for-profit qualified community development entities for the purpose of participation in the federal New Markets Tax Credit Program, and to:

- Apply for and obtain one or more allocations of new markets tax credits;
- Market and sell qualified equity investments;
- Make qualified low-income community investments; and
- Take all actions necessary or convenient to carry out the purposes of the qualified community development entity or to participate in the federal New Markets Tax Credit Program.

NEW MEXICO FINANCE AUTHORITY

Recommended Changes to SWEDFA

NMFA recommends changes to SWEDFA to streamline the Act to focus on those Financial Assistance programs where NMFA can add the greatest value:

- Loans
- Loan participations
- Other securities (limited guarantees, capital access programs)
- Issuance on Conduit Revenue Bonds
- New Markets Tax Credits (through Finance New Mexico, LLC)

NMFA recommends eliminating sections of SWEDFA dealing with LEDA projects

- 6-25-4. Economic development department; additional powers.
- 6-25-5. Additional duties of the economic development department and the New Mexico finance authority; opt-in agreements
- 6-25-6. New Mexico finance authority; additional powers and duties.
  - B – State projects
  - C – Standard projects
  - F – NMFA's staffing assistance to EDD
- 6-25-8. Leases of projects
- 6-25-14. Tax impact fund.

NMFA recommends

- Amending the definition of eligible entity to provide that NMFA may determine applicant eligibility
- Eliminating the prior legislative authorization for projects funded from the EDRF
- Eliminating the ability to use the EDRF to purchase project revenue bonds