F I S C A L I M P A C T R E P O R T

SPONSOR:	Burpo	DATE TYPED:	02/12/00	HB	103/aHFl#1
SHORT TITLE:	Amend Tax Increment Financing Procedures			SB	
			ANALYST:	Williams	

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	**FY01**			
No Significant Fiscal Impact				

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of HFl#1 Amendment

This amendment states that bonds and notes issued pursuant to this section are not general obligation bonds of the municipality and shall be collectable only from the proper pledged revenues.

Synopsis of Original Bill

The bill modifies the metropolitan redevelopment program in that it:

1. Extends the time limit for projects from 10 to 20 years;

2. Expands the definitions of "local governing body" and "municipality" such that any incorporated county or municipality or H-class county can participate;

3. Adds to the definition of "qualifying entity" to include a business that is the developer of a metropolitan redevelopment project;

4. Potential presentation to governor or representatives and all participating units of government on the project including an estimate of the general effect and application of tax increment methods on property values and tax revenues.

The bill also authorizes issuance of tax increment bonds or tax increment bond anticipation notes secured by incremental property taxes to the metropolitan redevelopment fund. These bonds would not be counted within the constitution or state debt limit. These bonds and interest would be exempt from state taxes. Maximum maturity for bonds would be 20 years and notes would be 5 years. Interest and appreciated principal would be subject to the Public Securities Act Bonds and notes may be sold competitively or by negotiated placement.

Significant Issues

TRD notes the House Floor amendment language is helpful, but may still not solve the problem that the payment of bonds cannot be made from "general taxation" sources as specified in Article IX, Section 12 of the New Mexico Constitution. The TRD analysis of the bill with legal discussion is attached.

FISCAL IMPLICATIONS

The potential fiscal impact is driven by doubling the time period and expanding eligibility as property tax revenue would be diverted to the redevelopment project from local governments. The impact on recipients of property tax-related revenues is not expected to be large.

AW/gm

Attachment