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AN ACT
RELATING TO SPECIAL DISTRICTS; CREATING THE REGIONAL AIR
CENTER SPECIAL ECONOMIC DISTRICT ACT; ALLOWING FOR THE
FORMATION OF INDUSTRIAL AIR CENTER SPECIAL ECONOMIC DISTRICTS
AND AUTHORITIES TO GOVERN THE DISTRICTS; PROVIDING POWERS AND
DUTIES; PROVIDING A PROPERTY TAX EXEMPTION.

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

SECTION 1. SHORT TITLE.--Sections 1 through 10 of this
2019 act may be cited as the "Regional Air Center Special
Economic District Act".

SECTION 2. DEFINITIONS.--As used in the Regional Air
Center Special Economic District Act:

A. "authority" means the governing body of a
district; and

B. "district" means an industrial air center
special economic district governed by an authority.

SECTION 3. CREATION OF A DISTRICT.--A municipality and
the county in which the municipality is located may agree to
form a district:

A. the initial boundaries of which lie within the
jurisdiction of the municipality, the county or both;

B. that includes an industrial air center composed
of infrastructure associated with a former United States
military base; and

1 C. that consists of land and real property
2 formerly associated with the former United States military
3 base and other land and real property made part of the
4 district.

5 SECTION 4. CREATION OF AN AUTHORITY--MEMBERS--TERMS--
6 QUALIFICATIONS.--

7 A. A municipality and county that form a district
8 shall create an authority to govern the district that
9 consists of an odd number of members, but not fewer than five
10 or more than nine in number.

11 B. The terms of the members shall be reasonably
12 staggered. Of the members initially appointed, that number
13 of members closest to, but not more than, one-half of the
14 membership shall serve for two years. The term of all other
15 members shall be four years.

16 C. A member shall not serve more than two
17 consecutive four-year terms on the authority. A member who
18 has served two consecutive four-year terms on the authority
19 shall not serve another term until after four years following
20 the second term have elapsed.

21 D. The authority may authorize a county that
22 borders the county that created the district or a
23 municipality or an Indian nation, tribe or pueblo in a county
24 that borders the county that created the district to become
25 part of the authority. The municipality and county that

1 created the district and any subsequently accepted entities,
2 as set forth in this subsection, may change the membership of
3 the authority, up to the maximum allowed by Subsection A of
4 this section, and change the terms of the members to allow
5 the newly accepted entity to appoint one or more members to
6 the authority.

7 E. An elected official shall not serve on the
8 authority. A member of the authority shall not receive a
9 salary or other compensation from the authority, but the
10 authority may reimburse any reasonable expenses incurred by a
11 member in conducting the business of the authority.

12 F. Before appointing a person to the authority, an
13 appointing entity shall first determine that the person:

14 (1) has experience in the field of aviation,
15 business, economic development, finance, commercial real
16 estate investment or accounting; or

17 (2) possesses other qualifications that the
18 entity determines are necessary or appropriate for carrying
19 out the duties of the authority; and

20 (3) has no direct substantial conflict of
21 interest in the business or operation of the authority.

22 G. An authority member shall abstain from an
23 authority vote if the matter voted on poses a conflict of
24 interest for the member. A member or employee of the
25 authority shall not:

1 (1) acquire a financial interest in a new or
2 existing business venture or business property if the member
3 or employee believes or has reason to believe that the
4 financial interest will be directly affected by an official
5 act conducted in that membership or employment capacity;

6 (2) use confidential information acquired by
7 virtue of membership on or employment by the authority for
8 the member's or employee's or another person's private gain;
9 or

10 (3) as a person with a financial or other
11 interest in a business that is party to a contract, enter
12 into a contract with the authority without there being public
13 notice of the contract, a competitive bidding process for
14 entry into the contract and full disclosure of that financial
15 or other interest.

16 H. The governing body that appoints a member to an
17 authority may remove the member if it determines that the
18 member:

19 (1) willfully neglected or refused to
20 perform an official duty;

21 (2) has violated the policies or procedures
22 adopted by the authority; or

23 (3) has developed a direct, substantial
24 conflict of interest in the business of the authority.

25 **SECTION 5. AUTHORITY--POWERS--DUTIES.--**

1 A. An authority is a political subdivision of the
2 state that may, in accordance with law and to effectuate the
3 purposes of the district it governs:

4 (1) have perpetual existence;
5 (2) sue and be sued;
6 (3) adopt bylaws, policies and procedures;
7 (4) employ a director, who may employ staff
8 as necessary to administer the authority;

9 (5) fix the time and place of meetings and
10 the method of providing notice of the meetings;

11 (6) make and pass orders and resolutions
12 necessary for governing and managing the authority and
13 executing the powers of the authority;

14 (7) adopt and use a seal;
15 (8) create and define the duties of advisory
16 committees;

17 (9) enter into contracts and agreements;

18 (10) borrow money and issue bonds;

19 (11) pledge all or a portion of its revenue
20 to the payment of its bonds;

21 (12) issue refunding revenue bonds to
22 refinance, pay or discharge all or part of its outstanding
23 revenue bonds;

24 (13) impose liens;

25 (14) acquire, dispose of or encumber real or

1 personal property or interests in real or personal property,
2 including leases and easements;

3 (15) manage the land and property
4 constituting and associated with the district, including by
5 imposing rental charges and fees for the use of that land and
6 property;

7 (16) sixty days after delivering written
8 notice to the municipality and county that formed the
9 district, exercise the power of eminent domain within the
10 boundaries of the district as provided by law for the
11 condemnation of private property for public use with just
12 compensation;

13 (17) sell, transfer or convey real or
14 personal property or interests in real or personal property
15 acquired by the authority;

16 (18) alter the boundaries of the district
17 with the approval of the affected municipality or county;

18 (19) construct and maintain airport
19 facilities;

20 (20) establish standards and long-term
21 development plans;

22 (21) apply to a public or private source for
23 a loan, grant, guarantee or other type of financial
24 assistance;

25 (22) exercise the rights and powers

1 necessary or incidental to or implied by the specific powers
2 granted by this section; and

3 (23) by resolution, delegate to a member or
4 agent of the authority any of its powers, except the power
5 to:

6 (a) adopt authority policies or
7 procedures;

8 (b) initiate or continue legal action;

9 (c) establish policies on the use of
10 revenue;

11 (d) acquire real or personal property
12 or interests in real or personal property;

13 (e) expand the district; or

14 (f) issue bonds.

15 B. An authority shall:

16 (1) govern the district;

17 (2) adopt rules to govern its conduct,
18 including standards and procedures for calling emergency
19 meetings and a conflicts-of-interest policy;

20 (3) provide meaningful opportunities for
21 public input on its policymaking;

22 (4) accept title to the real and personal
23 property within the area constituting the district's initial
24 boundaries;

25 (5) use district property to manage airport

1 operations, create jobs and foster economic development in
2 all areas it deems appropriate and in the public welfare; and

3 (6) comply with all applicable laws,
4 ordinances or rules enacted by the municipality or county
5 having jurisdiction over the district's land or real
6 property.

7 SECTION 6. REVENUE BONDS--EXEMPTION FROM TAXATION.--

8 A. To effectuate the purposes of the district it
9 governs, an authority may issue revenue bonds to:

10 (1) encourage the location of commercial,
11 research or industrial or other enterprises to a district; or

12 (2) acquire, purchase, lease, construct or
13 improve commercial, research or industrial sites or buildings
14 or make other capital improvements, including the
15 construction or maintenance of energy or pollution abatement
16 or control facilities, as necessary.

17 B. An authority may issue special facility revenue
18 bonds backed by a long-term lease of the facility to finance
19 a specific tenant facility.

20 C. The bonds authorized by the Regional Air Center
21 Special Economic District Act, the income from those bonds,
22 mortgages or other security instruments executed as security
23 for those bonds, lease agreements authorized by the Regional
24 Air Center Special Economic District Act and revenue derived
25 from a lease or sale by an authority are exempt from taxation

1 by the state and its subdivisions.

2 SECTION 7. BONDING AUTHORITY.--

3 A. A district may issue revenue bonds, the pledged
4 revenue for which shall be fees, charges, lease payments,
5 installment sale payments or other revenue sources by a
6 project for any one or more of the purposes authorized by the
7 Regional Air Center Special Economic District Act.

8 B. A district may pledge irrevocably any or all of
9 the revenue received by the district to the payment of the
10 interest on and principal of revenue bonds for any of the
11 purposes authorized in the Regional Air Center Special
12 Economic District Act.

13 C. Revenues in excess of the annual principal and
14 interest due on revenue bonds secured by a pledge of revenue
15 may be accumulated in a debt service reserve account. The
16 district may appoint a commercial bank trust department to
17 act as paying agent or trustee of the revenues and to
18 administer the payment of principal of and interest on the
19 bonds.

20 D. Except as otherwise provided in the Regional
21 Air Center Special Economic District Act, revenue bonds:

22 (1) may have interest, principal value or
23 any part thereof payable at intervals or at maturity as may
24 be determined by the authority;

25 (2) may be subject to a prior redemption at

1 the district's option at a time and upon terms and
2 conditions, with or without the payment of a premium, as
3 determined by the authority;

4 (3) may mature at any time not exceeding
5 thirty years after the date of issuance;

6 (4) may be serial in form and maturity, may
7 consist of one bond payable at one time or in installments or
8 may be in another form determined by the authority;

9 (5) shall be sold for cash at, above or
10 below par and at a price that results in a net effective
11 interest rate that does not exceed the maximum permitted by
12 the Public Securities Act and the Public Securities
13 Short-Term Interest Rate Act; and

14 (6) may be sold at public or negotiated
15 sale.

16 E. At a regular or special meeting, the authority
17 may adopt a resolution that:

18 (1) declares the necessity for issuing
19 revenue bonds;

20 (2) authorizes the issuance of revenue bonds
21 by an affirmative vote of a majority of all the members of
22 the authority; and

23 (3) designates the sources of revenues to be
24 pledged to the repayment of the revenue bonds.

25 **SECTION 8. REFUNDING BONDS.--**

1 A. A district that has issued bonds in accordance
2 with the Regional Air Center Special Economic District Act
3 may issue refunding bonds for the purpose of refinancing,
4 paying and discharging all or any part of outstanding bonds
5 for the:

6 (1) acceleration, deceleration or other
7 modification of the payment of the outstanding bonds,
8 including, without limitation, any capitalization of any
9 interest thereon in arrears or about to become due for any
10 period not exceeding two years from the date of the refunding
11 bonds;

12 (2) purpose of reducing interest costs or
13 effecting other economies; or

14 (3) purpose of modifying or eliminating
15 restrictive contractual limitations:

16 (a) pertaining to the issuance of
17 additional bonds; or

18 (b) concerning the outstanding bonds or
19 facilities relating to the outstanding bonds.

20 B. A district may pledge irrevocably for the
21 payment of interest, principal and premium, if any, on
22 refunding bonds the appropriate pledged revenues, which may
23 be pledged to an original issue of bonds.

24 C. Refunding bonds may be issued separately or in
25 combination in one series or more.

1 D. Refunding bonds shall be authorized by
2 resolution. Bonds that are refunded shall be paid at maturity
3 or on any permitted prior redemption date in the amounts, at
4 the time and places and, if called prior to maturity, in
5 accordance with any applicable notice provisions, all as
6 provided in the proceedings authorizing the issuance of the
7 refunded bonds or otherwise appertaining thereto, except for
8 any such bond that is voluntarily surrendered for exchange or
9 payment by the holder or owner.

10 E. The principal amount of the refunding bonds may
11 exceed the principal amount of the refunded bonds and may
12 also be less than or the same as the principal amount of the
13 bonds being refunded if provision is duly and sufficiently
14 made for the payment of the refunded bonds.

15 F. The proceeds of refunding bonds, including
16 accrued interest and premiums appertaining to the sale of
17 refunding bonds, shall be immediately applied to the
18 retirement of the bonds being refunded or placed in escrow in
19 a commercial bank or trust company that possesses and
20 exercises trust powers and that is a member of the federal
21 deposit insurance corporation. The proceeds shall be applied
22 to the principal of, interest on and any prior redemption
23 premium due in connection with the bonds being refunded;
24 provided that the refunding bond proceeds, including accrued
25 interest and premiums appertaining to a sale of refunding

1 bonds, may be applied to the establishment and maintenance of
2 a reserve fund and to the payment of expenses incidental to
3 the refunding and the issuance of the refunding bonds, the
4 interest on those bonds and the principal of those bonds, or
5 both interest and principal as the authority determines.

6 This section does not require the establishment of an escrow
7 if the refunded bonds and the amounts necessary to retire the
8 refunded bonds within that time are deposited with the paying
9 agent for the refunded bonds. Any such escrow shall not
10 necessarily be limited to proceeds of refunding bonds but may
11 include other money available for its purpose. Proceeds in
12 escrow pending such use may be invested or reinvested in
13 bills, certificates of indebtedness, notes or bonds that are
14 direct obligations of, or the principal and interest of which
15 obligations are unconditionally guaranteed by, the United
16 States or in certificates of deposit of banks that are
17 members of the federal deposit insurance corporation;
18 provided that the par value of the certificates of deposit is
19 collateralized by a pledge of obligations or by a pledge of
20 payment that is unconditionally guaranteed by the United
21 States; and further provided that the par value of those
22 obligations is at least seventy-five percent of the par value
23 of the certificates of deposit. Such proceeds and
24 investments in escrow, together with any interest or other
25 income to be derived from any such investment, shall be in an

1 amount at all times sufficient as to principal, interest, any
2 prior redemption premium due and any charges of the escrow
3 agent payable therefrom to pay the bonds being refunded as
4 they become due at their respective maturities or at any
5 designated prior redemption date or dates in connection with
6 which the municipality shall exercise a prior redemption
7 option. A purchaser of a refunding bond issued is not
8 responsible for the application of the proceeds by the
9 district or any of its officers, agents or employees.

10 G. Refunding bonds may bear additional terms and
11 provisions as determined by the district subject to the
12 limitations in this section relating to original bond issues.
13 Refunding bonds are not subject to the provisions of any
14 other statute.

15 H. District refunding bonds:

16 (1) may have interest, principal value or
17 any part thereof payable at intervals or at maturity, as
18 determined by the authority;

19 (2) may be subject to prior redemption at
20 the district's option at a time or times and upon terms and
21 conditions with or without payment of premium or premiums, as
22 determined by the authority;

23 (3) may be serial in form and maturity or
24 may consist of a single bond payable in one or more
25 installments or may be in another form, as determined by the

1 authority; and

2 (4) shall be exchanged for the bonds and any
3 matured unpaid interest being refunded at not less than par
4 or sold at public or negotiated sale at, above or below par
5 and at a price that results in a net effective interest rate
6 that does not exceed the maximum permitted by the Public
7 Securities Act.

8 I. At a regular or special meeting, an authority
9 may adopt a resolution by majority vote to authorize the
10 issuance of the refunding bonds.

11 SECTION 9. BONDS NOT OBLIGATION OF THE STATE.--Except
12 as otherwise provided in the Regional Air Center Special
13 Economic District Act, all bonds or other obligations issued
14 pursuant to that act are payable solely from the revenues of
15 the district that may be pledged to the payment of such
16 obligations, and the bonds or other obligations shall not
17 create an obligation, debt or liability of the state or any
18 other of its political subdivisions. No breach of any
19 pledge, obligation or agreement or a district shall impose a
20 pecuniary liability or a charge upon the general credit or
21 taxing power of the state or any other of its political
22 subdivisions.

23 SECTION 10. DISSOLUTION.--The municipality and county
24 that formed the district and any counties, municipalities,
25 Indian nations, tribes or pueblos that have become part of

1 the district may, by unanimous vote, agree to unwind and
2 dissolve the district and dismiss the authority members if
3 they find the district is not meeting the needs of the
4 community in managing airport operations, creating jobs or
5 fostering economic development. The assets and all debts and
6 obligations of the district shall be transferred to and
7 assumed by the county or municipality as set forth in the
8 unwinding or dissolution agreement.

9 SECTION 11. Section 7-36-3 NMSA 1978 (being Laws 1975,
10 Chapter 218, Section 1, as amended by Laws 2006, Chapter 90,
11 Section 1 and by Laws 2006, Chapter 92, Section 1) is amended
12 to read:

13 "7-36-3. INDUSTRIAL REVENUE BOND, POLLUTION CONTROL
14 BOND, ECONOMIC DEVELOPMENT BOND AND REGIONAL AIR CENTER
15 SPECIAL ECONOMIC DISTRICT BOND PROJECT PROPERTY--HEALTH-
16 RELATED EQUIPMENT--TAX STATUS.--

17 A. Property interests of a lessee in project
18 property held under a lease from a county or a municipality
19 under authority of an industrial revenue bond or pollution
20 control revenue bond act, the Statewide Economic Development
21 Finance Act or the Regional Air Center Special Economic
22 District Act are exempt from property taxation for as long as
23 there is an outstanding bonded indebtedness under the terms
24 of the revenue bonds issued for the acquisition of the
25 project property, but in no event for a period of more than

1 thirty years from the date of execution of the first lease of
2 the project to the lessee by the county or municipality.

3 B. Property interests of a person, other than a
4 public utility, arising out of the purchase of a project
5 authorized by the Industrial Revenue Bond Act, the County
6 Industrial Revenue Bond Act, the Pollution Control Revenue
7 Bond Act, the Statewide Economic Development Finance Act or
8 the Regional Air Center Special Economic District Act are
9 exempt from property taxation for as long as the project
10 purchaser remains liable to the project seller for any part
11 of the purchase price, but not to exceed thirty years from
12 the date of execution of the sale agreement.

13 C. Property interests of a participating health
14 facility in health-related equipment purchased, acquired,
15 leased, financed or refinanced with the proceeds of bonds
16 issued under the Hospital Equipment Loan Act are exempt from
17 property taxation for as long as the participating health
18 facility remains liable for any amount under any lease, loan
19 or other agreement securing the bonds, but not to exceed
20 thirty years from the date the bonds were issued for the
21 health-related equipment.

22 D. The exemptions from property taxation under
23 this section are not cumulative; provided, however, that the
24 exemptions may be applied consecutively if subsequent
25 exemptions relate to the financing of a new project or new

1 health-related equipment."

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