

LFC Requester:	Ismael Torres
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

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

Date Prepared: 3/13/25

Check all that apply:

Bill Number: STBTC/SB 481

Original Correction
Amendment Substitute x

Sponsor: Senate Tax, Business and
Transportation Committee

Agency Name and Code Number: 305 – New Mexico
Department of Justice

Short Title: State Fairgrounds District Act

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	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

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator's request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis: Senate Tax, Business and Transportation Committee's Committee Substitute for Senate Bill 481 has new provisions in law regarding the creation and powers of the State Fairgrounds District. According to the committee substitute, Sections 1-12 will be placed in Chapter 6 of NMSA. Section 13 will be placed in the Tax Administration Act. Section 14 amends NMSA 1978, Section 4-53-1. Section 15 will be placed in the Special District Procedures Act. Section 16 amends NMSA 1978, Section 4-54-1. Section 17 will be placed in the Community Service District Act.

Section 1. Short Title. "State Fairgrounds District Act."

Section 2. Definitions. This section provides definitions for "board", "community benefit", "district", "person", "project", "public entity", "public improvements."

Section 3. Powers. This section provides that the "state fairgrounds district" is "created as a political division of the state, separate and apart from the state." The district consists of land known as the state fairgrounds but includes land that "may be subsequently acquired by the district." The district may enter into contracts, expend money for any public purpose, enter into agreement with another public entity, enter into intergovernmental agreement (for the planning, design, ownership, maintenance, operation of public infrastructure), sell/lease property of the district, donate property in accordance with the Local Economic Development Act (LEDA), the Affordable Housing Act and anti-donation clause, acquire land, undertake projects, employ staff/counsel/advisors/consultants, pay people for providing services, accept gifts, repay loans, levy property taxes, pay financial/legal/administrative costs, enter into contracts or trust indentures to obtain credit enhancement or liquidity support, process the issuance and payment of district bonds, borrow money and issue bonds, use public easements and rights of way in or across public property, roadways, alter the boundaries of the district to add land contiguous to the state fairgrounds and exercise rights and powers implied by the specific listed powers.

Section 4. State Fairgrounds District Board. This section creates a seven-person governing body ("board") composed of the governor (or designee), state senator representing this area (or designee), state representative representing this area (or designee), county commissioner representing this area (or designee), city councilor representing this area (or designee), mayor of Albuquerque and a community member designated by the Governor. The director of DFA

Local Government Division shall serve as clerk and treasurer. All meetings are subject to the Open Meetings Act and minutes, resolutions, accounts, budget are public documents. The governing body shall serve for 6 years. The board may then hold an election for new directors elected by the majority vote of qualified electors in accordance with the Local Election Act. In the absence of an election, the governing body shall serve another 6 years. The governing body shall account for all revenues and indebtedness based on property tax, GRT, and gaming tax.

Section 5. Authority to Impose Property Tax. This section authorizes the district to establish a property tax on real property located within the boundaries of the district. The property tax is limited to a maximum of \$5.00 on each \$1,000 of net taxable value. The district may impose a property tax after the authorization by a majority of votes cast by the qualified electors of the district in accordance with an election held under Local Election Act. The district's property tax shall not be effective for more than four years.

Section 6. Property Tax Levy Rescission Election. This section provides that the property tax may be rescinded within a 4-year period after which the property tax was imposed if: (a) 33.33% of the number of persons who voted in the election authorizes the property tax sign a petition to rescind the property tax and (b) each person who signs the petition is a qualified elector of the district. The rescission petition shall be filed with the governing body. If the governing body verifies the petition as meeting the requirements of Section 6, then the district will hold an election on the question of the rescission. The election shall be held under the provisions of the special election procedures of the Election Code. A rescission petition may only be submitted once during the four-year period when the property tax is in place.

Section 7. Authorization of Issuance of Bonds. This section authorizes the district to issue bonds not to exceed \$500,000,000 in net proceeds. The district may pledge the revenue from the district from: (a) gross receipts tax distribution and (b) gaming tax distribution. This section states revenue bonds or refunding bonds or loans may authorized only by resolution and majority vote of the governing body. The district may issue the bonds only after the State Board of Finance approves the proposed issuance of bonds, the State Board of Finance makes a determination that the proceeds of the bonds will be used for projects in furtherance of the district's development plan, the State Board of Finance makes a determination that the projects will generate sufficient revenue to repay the bonds, the NMFA approves the master indenture and amendments to the master indenture. There must also be legislative approval of the proposed issuance of bonds. This section states that the district's revenue bonds or refunding bonds are not general obligations or any other public entity, payable from properly pledged revenue and that bondholders/lenders may not look at any other fund for payment of principal and interest on the bond or loan. The bonds may have principal value and interest payable at intervals as determined by the governing body, may be subject to prior redemption, may mature no more than 25 years after date of the first issuance, may be serial in form and maturity, shall be sold for cash at or above or below par value and may be sold at public or negotiated sale.

Section 8. Refunding Bonds. This section authorizes the district to issue refunding bonds for the purpose of refinancing, paying and discharging all or any part of the outstanding bonds. This would include the acceleration, deceleration or modification of payment of the bonds, including any capitalization of any interest on the outstanding bonds in arrears or about to become due for any period not exceeding two years from the date of the refunding. It may

also be for the purpose of reducing interest costs, modifying or eliminating restrictive contractual limitations, pertaining to the issuance of additional bonds. The governing body may pledge for the payment of principal, interest and premium on refunding bond the revenues received from distributions of the GRT and gaming tax. The refunding bonds may be issued separately. The refunding bonds may be authorized only by resolution of the board. Bonds that are refunded shall be paid at maturity or on any permitted prior redemption date in the amounts as provided in the proceedings authorizing the issuance of the refunded bonds. The principal amount of the refunding bonds may exceed the principal amount of the refunded bonds and may be less than or the same as the principal amount of the bonds being refunded. The proceeds of the refunding bonds shall be used to retire the bonds being refunded or may be placed in escrow in a FDIC commercial bank. The proceeds shall be applied to principal and interest on any prior redemption premium due. The refunding bond proceeds may be applied to the sale of refunding bonds and may be used to create and maintain a reserve fund as well payment for the expenses used in the refunding process. Proceeds that are placed in escrow may be invested in bills, certificates of indebtedness, notes or bonds that are the direct obligation, or the principal and interest of which obligations are guaranteed, by the United States. Proceeds in escrow may also be invested in CDs of FDIC banks provided the par value of the CD is collateralized by a pledge of payment guaranteed by the United States and the par value of these obligations is at least 75% of the par value of the CD. The proceeds and investments in escrow shall be in an amount sufficient as to principal, interest, any prior redemption premium due and any charges of the escrow agent. The refunding bond may have principal and interest payable at intervals as determined by the governing body and may be subject to prior redemption at the governing body's option. The refunding bonds shall be exchanged for the bond and any matured unpaid interest being refunded at no less than par or sold at public or negotiated sale.

Section 9. Tax Modifications. This section provides that the legislature is not prohibited from modifying any tax. The terms of the bonds issued by the district shall explicitly state that the repayment of bonds is subject to modifications to taxes imposed by the State. The terms of the bonds shall expire no more than 25 years after the date of the first issuance.

Section 10. District Development Plan. This section states that the district shall prepare a district development plan with items, such as: (a) map with boundaries, (b) estimate of time necessary to complete district projects; (c) description and estimated cost of projects and public improvements for the district; (d) whether to use GRT, gaming or property tax bonds to finance projects; (e) estimated annual revenues; (f) proposed land use; (g) number and types of jobs expected to be created; (h) amount of affordable housing expected to be created; (i) location of school facilities expected to be created or improved; (j) description of planning techniques and (k) amount of private investment.

Section 11. Exemption from Taxation. This section exempts the district from "all taxation by the state or any political subdivision of the state."

Section 12. Report Required. This section requires an annual report on September 1 filed with the State Board of Finance and LFC on the district's expenditures, bond issuance, debt service reserve fund, status on retirement of bonds, estimated capital investment, estimated of jobs created by the district.

Section 13. Distribution. This section states that NM TRD, beginning on 7/1/25, shall make a

distribution to a special fund of the district in the amount of “seventy-five percent of the net receipts attributable” to the GRT from business location in the district. This section also states that beginning on 7/1/25, NM TRD shall make a distribution to a special fund of the district in the amount of “seventy-five percent of net receipts attributable to the gaming tax” from locations in the district. These distributions shall be made until the bonds are fully discharged. This section provides that after the district issues bonds, the district shall notify NM TRD and the State Board of Finance and NMFA shall notify the NM TRD. If by June 30, 2029, the State Board of Finance and NMFA have not approved the proposed issuance of bonds, no further TRD distributions shall be made and all prior TRD distributions to the special funds shall be reverted.

Section 14. This section deletes the phrase “This act” and replaces with “Chapter 4, Article 53, NMSA 1978.”

Section 15. This section amends the Special District Procedures Act to exempt the state fairgrounds district.

Section 16. This section deletes the phrase “This act” and replaces with “Chapter 4, Article 54, NMSA 1978.”

Section 17. This section amends the Community Service District Act to exempt the state fairground district.

Section 18. Effective Date. This section states the effective date is 7/1/25.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

N/A

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 482

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

N/A