

1 SENATE BILL 236

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO THE METROPOLITAN REDEVELOPMENT CODE; AMENDING  
12 PROCEDURES FOR DETERMINING GROSS RECEIPTS TAX INCREMENTS USED  
13 TO FUND METROPOLITAN REDEVELOPMENT PROJECTS; DELAYING THE  
14 EFFECTIVE DATE OF LAWS 2023, CHAPTER 112.

15  
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. That version of Section 3-60A-21 NMSA 1978  
18 (being Laws 1979, Chapter 391, Section 21, as amended) that is  
19 to become effective January 1, 2025 is amended to read:

20 "3-60A-21. PROPERTY AND GROSS RECEIPTS TAX INCREMENTS--  
21 PROCEDURES.--

22 A. The procedures to be used in determining a  
23 property tax increment are:

24 (1) the local government shall, after approval  
25 of a metropolitan redevelopment plan, notify the county

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1 assessor of the taxable parcels of property within the  
2 metropolitan redevelopment area;

3 (2) upon receipt of the notification, the  
4 county assessor shall identify the parcels of property within  
5 the metropolitan redevelopment area within their respective  
6 jurisdictions and certify to the county treasurer the net  
7 taxable value of the property at the time of notification as  
8 the base value for the distribution of property tax revenues  
9 authorized by the Property Tax Code. If because of acquisition  
10 by the local government the property becomes tax exempt, the  
11 county assessor shall note that fact on their respective  
12 records and so notify the county treasurer, but the county  
13 assessor and the county treasurer shall preserve a record of  
14 the net taxable value at the time of inclusion of the property  
15 within the metropolitan redevelopment area as the base value  
16 for the purpose of distribution of property tax revenues when  
17 the parcel again becomes taxable. The county assessor is not  
18 required by this section to preserve the new taxable value at  
19 the time of inclusion of the property within the metropolitan  
20 redevelopment area as the base value for the purposes of  
21 valuation of the property;

22 (3) if because of acquisition by the local  
23 government the property becomes tax exempt, when the parcel  
24 again becomes taxable, the local government shall notify the  
25 county assessor of the parcels of property that because of

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1 their rehabilitation or other improvement are to be revalued  
2 for property tax purposes. A new taxable value of this  
3 property shall then be determined by the county assessor. If  
4 no acquisition by the local government occurs, improvement or  
5 rehabilitation of property subject to valuation by the assessor  
6 shall be reported to the assessor as required by the Property  
7 Tax Code, and the new taxable value shall be determined as of  
8 January 1 of the tax year following the year in which the  
9 improvement or rehabilitation is completed; and

10 (4) current tax rates shall then be applied to  
11 the new taxable value of property included in the metropolitan  
12 redevelopment area. The amount by which the revenue received  
13 exceeds that which would have been received by application of  
14 the same rates to the base value before inclusion in the  
15 metropolitan redevelopment area shall be multiplied by the  
16 percentage of the increment dedicated by the local government  
17 pursuant to Section 3-60A-23 NMSA 1978, credited to the local  
18 government and deposited in the metropolitan redevelopment  
19 fund. This transfer shall take place only after the county  
20 treasurer has been notified to apply the procedures pursuant to  
21 this subsection to property included in a metropolitan  
22 redevelopment area. Unless the entire metropolitan  
23 redevelopment area is specifically included by the local  
24 government for purposes of tax increment financing, the payment  
25 by the county treasurer to the local government shall be

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1 limited to those properties specifically included. The  
2 remaining revenue shall be distributed to participating units  
3 of government as authorized by the Property Tax Code.

4 B. The procedures to be used in determining a gross  
5 receipts tax increment are:

6 [~~(1) after approval of a metropolitan~~  
7 ~~redevelopment area, a dedication is made pursuant to Section~~  
8 ~~3-60A-23 NMSA 1978 and at least one hundred twenty days before~~  
9 ~~the effective date of the dedication, the local government~~  
10 ~~shall notify the taxation and revenue department of the~~  
11 ~~geographical area within the metropolitan redevelopment area~~  
12 ~~and the percentages of a gross receipts tax increment;~~

13 ~~(2) within ninety days of receipt of the~~  
14 ~~notification, the taxation and revenue department shall certify~~  
15 ~~to the local government the base year gross receipts tax~~  
16 ~~revenue amounts, which shall be calculated as]~~

17 (1) the local government shall notify the  
18 taxation and revenue department of the geographic boundaries of  
19 the metropolitan redevelopment area;

20 (2) by the January 1 or July 1 following at  
21 least ninety days after receipt of the notice of the geographic  
22 boundaries, the taxation and revenue department shall designate  
23 a reporting location code for the metropolitan redevelopment  
24 area pursuant to Section 7-1-14 NMSA 1978;

25 (3) using data from the twelve months of

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1 reporting periods following designation of the reporting  
2 location code, the taxation and revenue department shall  
3 calculate the gross receipts tax revenue for the base year as  
4 follows:

5 (a) the amount of the local government's  
6 local option gross receipts tax revenue attributable to the  
7 gross receipts ~~[of persons engaging in business in]~~ sourced to  
8 the metropolitan redevelopment area pursuant to Section 7-1-14  
9 NMSA 1978 in the previous ~~[fiscal year, less any local option~~  
10 ~~gross receipts tax revenue attributable to construction~~  
11 ~~activities located within the metropolitan redevelopment area]~~  
12 twelve months; and

13 (b) the amount of state gross receipts  
14 tax revenue attributable to ~~[the]~~ gross receipts ~~[of persons~~  
15 ~~engaging in business in]~~ sourced to the metropolitan  
16 redevelopment area pursuant to Section 7-1-14 NMSA 1978 in the  
17 previous ~~[fiscal year]~~ twelve months, less any ~~[state gross~~  
18 ~~receipts tax revenue attributable to construction activities~~  
19 ~~located within the metropolitan redevelopment area and, if the~~  
20 ~~local government is a municipality, any]~~ amount distributed to  
21 the municipality pursuant to Section 7-1-6.4 NMSA 1978  
22 attributable to ~~[the]~~ gross receipts ~~[of persons engaging in~~  
23 ~~business in]~~ sourced to the metropolitan redevelopment area;  
24 and

25 ~~[(3) within six months of the end of each~~

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1 ~~fiscal year following]~~

2 (4) following making the calculation of the  
3 gross receipts tax revenue for the base year:

4 (a) the taxation and revenue department  
5 shall compare the amounts of gross receipts tax revenues of the  
6 base year with the amounts of gross receipts tax revenues of  
7 that following ~~[fiscal year]~~ twelve months, using the same  
8 calculation methods as provided in Paragraph ~~[+2+]~~ (3) of this  
9 subsection ~~[except the amounts of gross receipts tax revenues~~  
10 ~~of the following fiscal year shall include revenue attributable~~  
11 ~~to construction activities located within the metropolitan~~  
12 ~~redevelopment area]; and~~

13 (b) if there is an increase between the  
14 gross receipts tax revenue of the base year and the gross  
15 receipts tax revenue of that following ~~[fiscal year]~~ twelve  
16 months, the taxation and revenue department shall distribute,  
17 pursuant to Section 7-1-6.71 NMSA 1978, the sum of: 1) the  
18 product of the total rate of the local government's local  
19 option gross receipts tax multiplied by the increased amount of  
20 the local government's local option gross receipts tax revenue,  
21 further multiplied by the percentage of the gross receipts tax  
22 increment dedicated by the local government pursuant to Section  
23 3-60A-23 NMSA 1978; plus 2) the product of the state gross  
24 receipts tax rate multiplied by the increased amount of the  
25 state gross receipts tax revenue, further multiplied by the

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1 percentage of the gross receipts tax increment dedicated by the  
2 state board of finance pursuant to Section 3-60A-23 NMSA 1978.

3 C. The procedures specified in this section shall  
4 be followed annually for a maximum period of twenty years  
5 following the date of notification provided by this section.

6 D. As used in this section:

7 (1) "local option gross receipts tax revenue"  
8 means revenue transferred to the local government pursuant to  
9 Section 7-1-6.12 or 7-1-6.13 NMSA 1978, as appropriate; and

10 (2) "state gross receipts tax revenue" means  
11 revenue received from the gross receipts tax imposed pursuant  
12 to Section 7-9-4 NMSA 1978."

13 SECTION 2. Section 7-1-6.71 NMSA 1978 (being Laws 2023,  
14 Chapter 112, Section 11) is amended to read:

15 "7-1-6.71. DISTRIBUTION--METROPOLITAN REDEVELOPMENT  
16 FUND.--A distribution for a metropolitan redevelopment project  
17 pursuant to the Metropolitan Redevelopment Code shall be made  
18 to the metropolitan redevelopment fund in accordance with [~~a~~  
19 ~~notice filed by a municipality or county pursuant to~~] the  
20 provisions of Subparagraph (b) of Paragraph (4) of Subsection B  
21 of Section 3-60A-21 NMSA 1978 with respect to a dedication of a  
22 gross receipts tax increment."

23 SECTION 3. Laws 2023, Chapter 112, Section 15 is amended  
24 to read:

25 "SECTION 15. EFFECTIVE DATE.--The effective date of the  
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1 provisions of this act is [~~July 1, 2024~~] January 1, 2025."

2 SECTION 4. EFFECTIVE DATE.--The effective date of the  
3 provisions of Sections 1 and 2 of this act is January 1, 2025.

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