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AN ACT

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

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

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

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

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

(1) the local government shall, after approval of a metropolitan redevelopment plan, notify the county assessor of the taxable parcels of property within the metropolitan redevelopment area;

(2) upon receipt of the notification, the county assessor shall identify the parcels of property within the metropolitan redevelopment area within their respective jurisdictions and certify to the county treasurer the net taxable value of the property at the time of notification as the base value for the distribution of property tax revenues authorized by the Property Tax Code. If because of

1 acquisition by the local government the property becomes tax  
2 exempt, the county assessor shall note that fact on their  
3 respective records and so notify the county treasurer, but  
4 the county assessor and the county treasurer shall preserve a  
5 record of the net taxable value at the time of inclusion of  
6 the property within the metropolitan redevelopment area as  
7 the base value for the purpose of distribution of property  
8 tax revenues when the parcel again becomes taxable. The  
9 county assessor is not required by this section to preserve  
10 the new taxable value at the time of inclusion of the  
11 property within the metropolitan redevelopment area as the  
12 base value for the purposes of valuation of the property;

13 (3) if because of acquisition by the local  
14 government the property becomes tax exempt, when the parcel  
15 again becomes taxable, the local government shall notify the  
16 county assessor of the parcels of property that because of  
17 their rehabilitation or other improvement are to be revalued  
18 for property tax purposes. A new taxable value of this  
19 property shall then be determined by the county assessor. If  
20 no acquisition by the local government occurs, improvement or  
21 rehabilitation of property subject to valuation by the  
22 assessor shall be reported to the assessor as required by the  
23 Property Tax Code, and the new taxable value shall be  
24 determined as of January 1 of the tax year following the year  
25 in which the improvement or rehabilitation is completed; and

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

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

23                   (1) the local government shall notify the  
24 taxation and revenue department of the geographic boundaries  
25 of the metropolitan redevelopment area;

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

7                   (3) using data from the twelve months of  
8 reporting periods following designation of the reporting  
9 location code, the taxation and revenue department shall  
10 calculate the gross receipts tax revenue for the base year as  
11 follows:

12                               (a) the amount of the local  
13 government's local option gross receipts tax revenue  
14 attributable to the gross receipts sourced to the  
15 metropolitan redevelopment area pursuant to Section 7-1-14  
16 NMSA 1978 in the previous twelve months; and

17                               (b) the amount of state gross receipts  
18 tax revenue attributable to gross receipts sourced to the  
19 metropolitan redevelopment area pursuant to Section 7-1-14  
20 NMSA 1978 in the previous twelve months, less any amount  
21 distributed to the municipality pursuant to Section 7-1-6.4  
22 NMSA 1978 attributable to gross receipts sourced to the  
23 metropolitan redevelopment area; and

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

1 (a) the taxation and revenue department  
2 shall compare the amounts of gross receipts tax revenues of  
3 the base year with the amounts of gross receipts tax revenues  
4 of that following twelve months, using the same calculation  
5 methods as provided in Paragraph (3) of this subsection; and

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

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

25 D. As used in this section:

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

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

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

10 "7-1-6.71. DISTRIBUTION--METROPOLITAN REDEVELOPMENT  
11 FUND.--A distribution for a metropolitan redevelopment  
12 project pursuant to the Metropolitan Redevelopment Code shall  
13 be made to the metropolitan redevelopment fund in accordance  
14 with the provisions of Subparagraph (b) of Paragraph (4) of  
15 Subsection B of Section 3-60A-21 NMSA 1978 with respect to a  
16 dedication of a gross receipts tax increment."

17 SECTION 3. Laws 2023, Chapter 112, Section 15 is  
18 amended to read:

19 "SECTION 15. EFFECTIVE DATE.--The effective date of the  
20 provisions of this act is January 1, 2025."

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