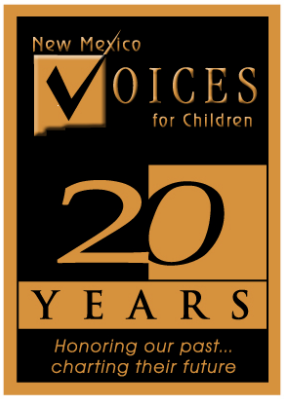

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Bipartisan bill to halt raid of state General Fund

$1.1 billion in future state General Fund promised for just two developments

ALBUQUERQUE—Big developers are lining up to receive a direct line to hundreds of millions in state revenue in a way that sidesteps oversight by both the state executive and legislative branches and provides no transparency for the taxpayers picking up the tab. A bipartisan bill (HB 451), co-sponsored by Representative Elias Barela (D-Valencia; Dist. 8) and Representative Keith Gardner (R-Roswell; Dist. 66), would put important safeguards in place. It is scheduled to be heard today at 1:30pm by the House Judiciary Committee.

HB 451 would reform the Tax Increment Development Act (TIDA) that was passed in 2006. Senator Cisco McSorley (D-Albuquerque; Dist. 16) is also sponsoring a bill (SB 434) to address the flaws in TIDA that have come to light since it was enacted.

Tax increment financing (or TIF) is nothing new, but it has almost exclusively been used by local governments as an incentive for redevelopment of blighted areas. Usually the TIF diverts a portion of the tax revenue that will be generated by new economic activity in the blighted area to the developer for the purpose of building infrastructure there. However, New Mexico's TIDA allows the TIF to be used in "greenfield" areas -- or land that has never been developed. Generally, development in these areas does not require incentives, and is likely to happen without a big tax giveaway.

The state's TIDA also allows for up to 75 percent of the new state gross receipts tax (GRT) revenue to go to the developer for as long as 25 years. In the case of the first two developments to request this funding -- Mesa del Sol and SunCal (which has not yet been approved) -- this would amount to $1.1 billion in future General Fund money being diverted from the rest of the state. The $1.1 billion would go just to these two developments, both of

which are in Albuquerque. Without TIDA this revenue would go into the state General Fund to pay for programs all over the state like education, health care, and public safety. The state would have no say in how this $1.1 billion is spent.

"This is not a Democratic or Republican issue, but an issue of fiscal responsibility," said Bill Jordan, Policy Director for New Mexico Voices for Children. "Lawmakers are rightly concerned that giving more than $1 billion to these private developers will lead to a raid on the state fund and cuts in public services like education and health care," he added. The child advocacy group endorses the bill.

HB 451 would lower the possible tax increment to 50 percent of the state GRT revenue and would also require that TIF in greenfields be tied to public policy goals such as affordable home ownership, good jobs, and walk-able neighborhoods. It would also give the state more oversight of the spending process and would require that any excess GRT revenue revert back to the state.

Sen. McSorley's bill would set a two-year moratorium on approvals of new greenfield tax increment development districts (TIDDs) and establish a Task Force to study the long-term fiscal impact.

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New Mexico Voices for Children is a nonpartisan, nonprofit organization advocating for policies to improve the health and well-being of New Mexico's children, families and communities.
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