



LEDA LOGRT

Funny Name but Serious Impact
on Jobs & Quality of Life

Economic Development, Defined

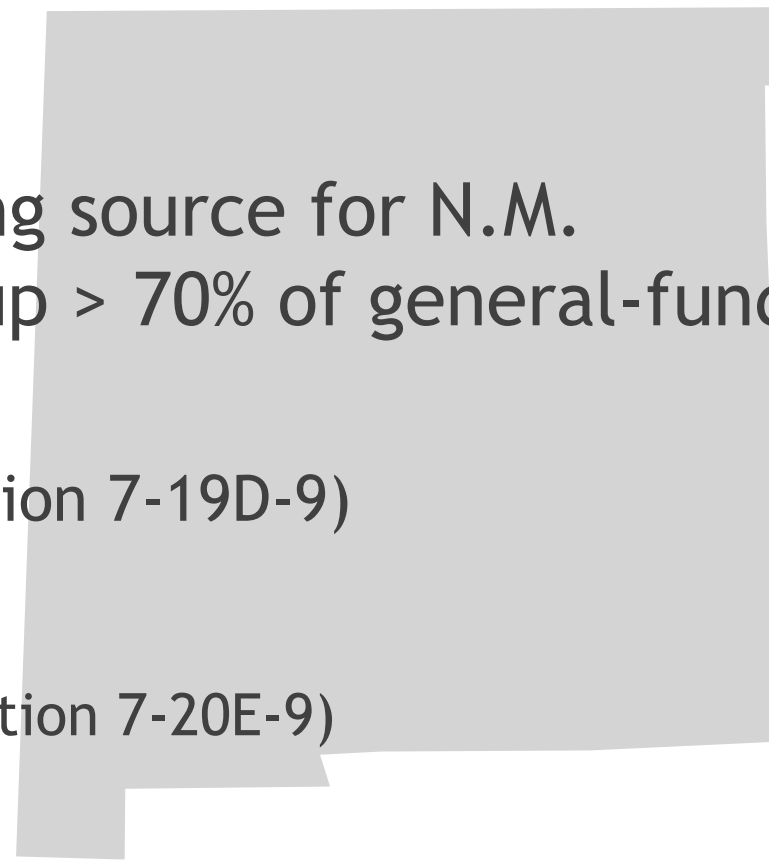
- ▶ International Economic Development Council (IEDC)
 - ▶ Economic development is programs, policies and activities that seek to improve the economic well-being and quality of life for a community by creating and retaining jobs and providing a stable tax base.
- ▶ New Mexico
 - ▶ Supporting economic-base businesses -- those that export goods and services out of New Mexico, causing the import of new money into the state.
 - ▶ Direct (manufacturer, e.g.)
 - ▶ Indirect (local vendors of the manufacturer)
 - ▶ Induced (local retail and services doing business with workers)

LEDA: Anti-donation Exception

- ▶ 1994: N.M. voters passed constitutional amendment to “allow public support of economic development.”
- ▶ LEDA
 - ▶ Enables state and local governments to offer money, land, buildings and infrastructure to qualifying entities for eligible economic-development projects

GRT: Authority to Impose

- ▶ State GRT: 4.875%
- ▶ Municipal GRT: Primary funding source for N.M. municipalities. Often makes up > 70% of general-fund revenues.
 - ▶ 2.5 percent may be imposed (Section 7-19D-9)
- ▶ County GRT
 - ▶ 1.25 percent may be imposed (Section 7-20E-9)



2019 HB 479: Thank you, Rep. Harper

- ▶ Amended Section 5-10-4 NMSA 1978 to double the municipal and county GRT increments for “furthering or implementing economic development plans and projects as defined in [LEDA]...”
 - ▶ Municipal, from one-eighth to one-fourth of a percent
 - ▶ County, from one-sixteenth to one-eighth of a percent
 - ▶ Subsection F requires the question to be approved by referendum
 - ▶ Municipalities and counties can spend no more than the greater of \$50,000 or 10 percent of the revenue collected on “promotion and administration of or professional services contracts related to the implementation of any such economic development plan adopted by the governing body.”

It Just Makes ‘Cents’



Municipalities that impose the quarter-cent GRT increment would collect **25 cents per \$100** of purchases.

Counties that impose the eighth-cent GRT increment would collect **12.5 cents per \$100** of purchases.



In a study of 100 municipalities and counties, if eligible jurisdictions were to dedicate the maximum or the remaining increment to economic development, capacity to create jobs and improve lives would increase by more than \$250 million annually.

Livin' La LEDA LOGRT: Bottom Line

County Local Tax Options - Lea			
401 County Wide 7-20E-9c(1)	402 County Wide 7-20E-9c(2)	403 County Wide 7-20E-9d(1)	404 County Wide 7-20E-9d(2)
0.2500%	0.0000%	0.1250%	0.0000%

Lea County Taxable Receipts (November 2023-October 2024 Business Activity)	
January	\$1,150,840,030.56
February	1,209,578,326.65
March	1,155,884,033.18
April	1,179,947,831.20
May	1,172,356,306.26
June	1,142,547,960.85
July	1,019,825,408.08
August	1,175,732,659.07
September	1,159,926,001.83
October	1,216,351,225.88
November	1,139,996,576.94
December	1,148,003,364.58
Total	\$13,870,989,725.08
LEDA LOGRT County Rate	0.00125
LEDA LOGRT Revenue	\$17,338,737.16

Texas' Secret Sauce: EDC Tax

- ▶ Municipalities are primarily funded with property taxes
- ▶ Texas' sales and use tax = 6.25%
- ▶ AND municipalities may, with voter approval, add up to 2% for local purposes
- ▶ Prevailing effective Texas sales tax rate = 8.25%
- ▶ 500+ communities have passed EDC taxes Type A, Type B or both (up to a half-percent for each type)
 - ▶ \$1.15 billion* in annual revenue
 - ▶ Type A Avg. Rev.: \$1.4 million



*Economic development tax revenue for FY 2021

Source: Texas Comptroller of Public Accounts

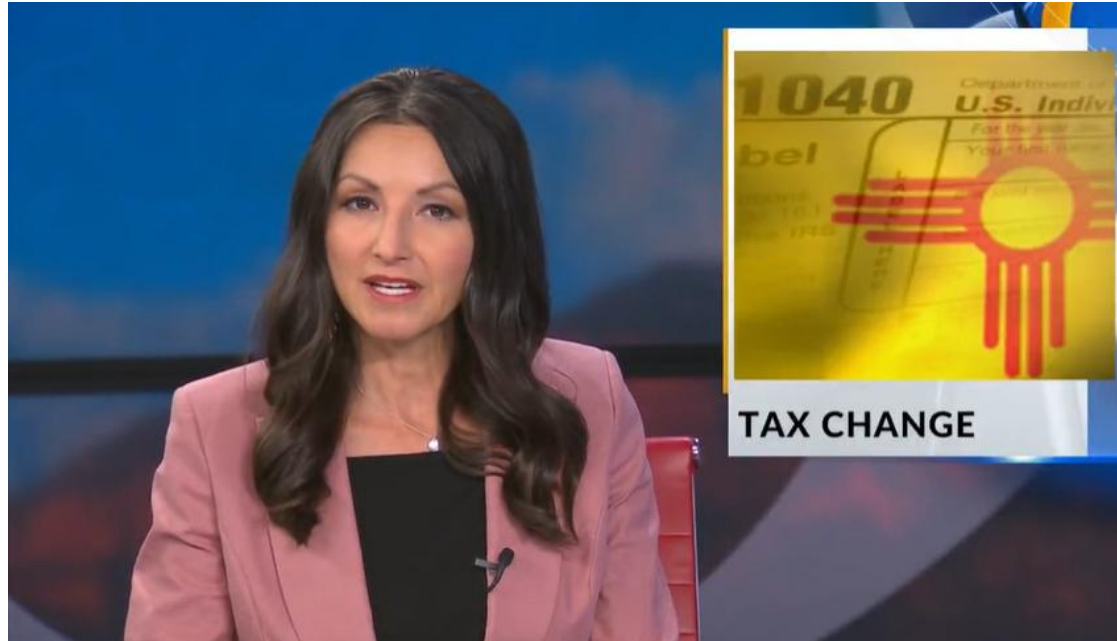
Eligible Uses

- ▶ "Public support" includes the provision of:
 - ▶ Land, buildings or other infrastructure
 - ▶ New broadband infrastructure that does not serve a public facility
 - ▶ Public-works improvements essential to the location or expansion of a qualifying entity (THINK SITE READINESS)
 - ▶ Direct loans or grants for land, buildings or infrastructure
 - ▶ Technical assistance to cultural facilities
 - ▶ Loan guarantees securing the cost of land, buildings or infrastructure
 - ▶ Grants for public-works infrastructure improvements essential to the location or expansion of a qualifying entity (THINK SITE READINESS)
 - ▶ Grants or subsidies to cultural facilities
 - ▶ Land for a publicly held industrial park (THINK SITE READINESS)
 - ▶ Land for a publicly owned cultural facility
 - ▶ Construction of a building for use by a qualifying entity

Eligible Recipients

- ▶ "Qualifying entities" are:
 - ▶ Those that manufacture, process or assemble manufactured products or agricultural products
 - ▶ Commercial enterprises for storing, warehousing, distributing or selling products of agriculture, mining or industry
 - ▶ Restaurants and lodgers
 - ▶ Indian nations, tribes or pueblos or federally chartered tribal corporations
 - ▶ Telecommunications sales enterprises
 - ▶ Facilities for farmers' markets
 - ▶ Metropolitan redevelopment project developers
 - ▶ Cultural facilities
 - ▶ Retail businesses:
 - ▶ in municipalities with populations of 15,000 or less; or
 - ▶ in municipalities with populations of more than 15,000 if the project does not receive state backing; or
 - ▶ in a county's unincorporated area

News: New Mexico GRT Drops 1/4th Percent



- ▶ On July 1, 2023, the effective GRT rate in most communities decreased a quarter-percent since Jan. 1, 2022.
- ▶ The Legislature and the Governor effectively created headroom for LEDA LOGRT.

Lea County

January 2022 GRT Rate: 5.5000%

January 2025 GRT Rate: 5.2500%

Timing is Everything

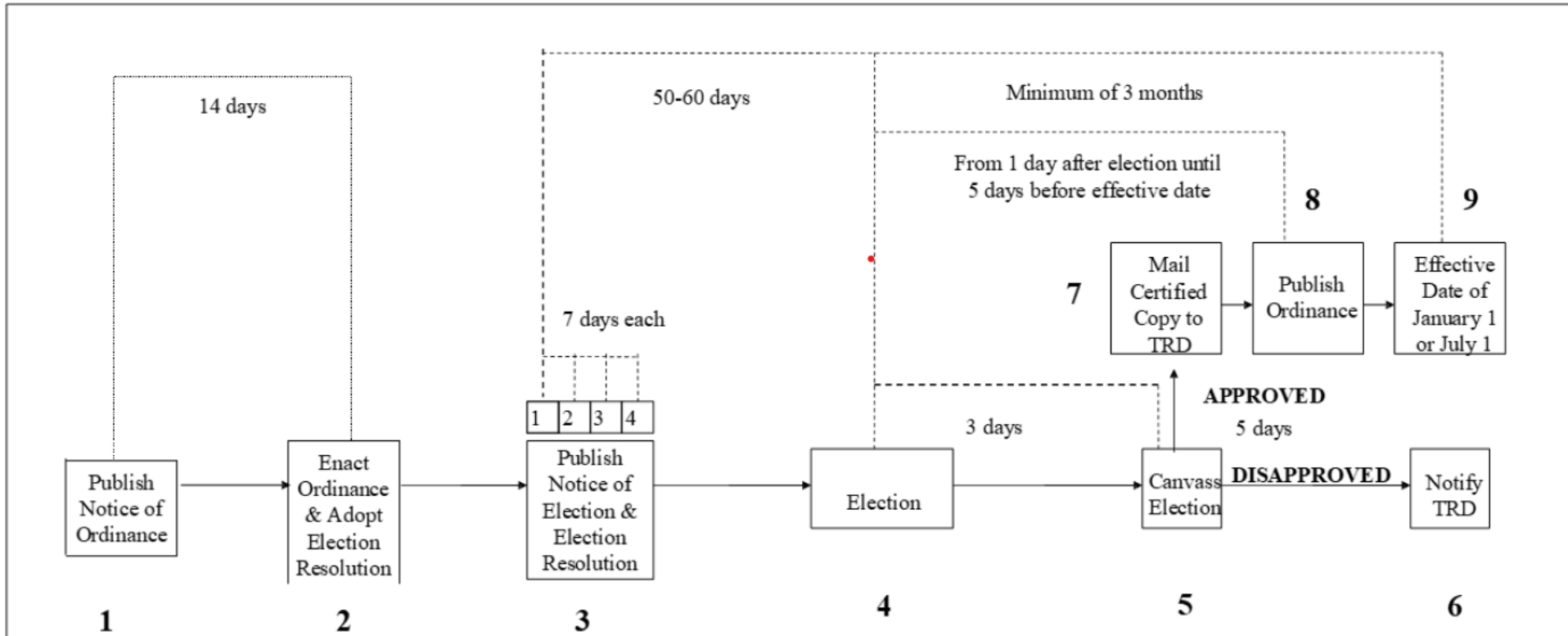
- ▶ Ballot question has to appear at a regular local election (March of even-numbered years), statewide local election, November general election or special election, pursuant to provisions of the Local Election Act.

Upcoming Statewide Elections

2026 Election

November 3

Election Process Calendar



Source: FYI-M121 Municipal Gross Receipts Tax Local Options, NMTRD

As Seen on tax.newmexico.gov

TRD Public / Current and Historic Tax Rates / Gross Receipts and Compensating Tax Rates / LEDA Model Ordinance

Title

Open File

County LEDA LOGRT Model Ordinance

Municipal LEDA LOGRT Model Ordinance

MODEL ORDINANCE - County LEDA LOGRT - 2025

Local Economic Development Act Local Option Gross Receipts Tax Adopting a Tax Increment

ORDINANCE NUMBER
ADOPTING A LOCAL ECONOMIC DEVELOPMENT ACT LOCAL OPTION
GROSS RECEIPTS TAX

BE IT ORDAINED BY THE GOVERNING BODY OF
(Name of County):

Section 1. Imposition of Tax. There is imposed on any person engaging in business in the county, for the privilege of engaging in business in this county, an excise tax equal to one-eighth of one percent (0.125%) of the gross receipts reported or required to be reported by the person pursuant to the New Mexico Gross Receipts and Compensating Tax Act as it now exists or as it may be amended. The tax imposed under this ordinance is pursuant to the County Local Option Gross Receipts and Compensating Taxes Act and the Local Economic Development Act as they now exist or as they may be amended and shall be known as the "Local Economic Development Act local option gross receipts tax."

Section 2. General Provisions. This ordinance hereby adopts by reference all definitions, exemptions and deductions contained in the Gross Receipts and Compensating Tax Act as it now exists or as it may be amended.

Section 3. Specific Exemptions. No Local Economic Development Act local option gross receipts tax shall be imposed on the gross receipts arising from:

- A. transporting persons or property for hire by railroad, motor vehicle, air transportation or any other means from one point within the county to another point outside the county; or
- B. direct broadcast satellite services.

Section 4. Dedication. Revenue from the Local Economic Development Act local option gross receipts tax will be used for the purposes below:
A. Economic development plans and projects as defined in the Local Economic Development Act or projects as defined in the Statewide Economic Development Finance Act, provided:

- 1) arts and cultural districts created pursuant to the Arts and Cultural District Act are a qualifying purpose;
- 2) cultural facilities are a qualifying entity; and
- 3) retail businesses are a qualifying entity.

Model Ballot Question

Shall Lea County impose a one-eighth of one percent (0.125%, or 12.5 cents per \$100 of taxable gross receipts) Local Economic Development Act local option gross receipts tax, with the revenue being dedicated to furthering or implementing economic development plans and projects, among which arts and cultural districts, cultural facilities and retail businesses would be qualifying uses?

Sample Resolution

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE
BOARD OF TRUSTEES
RESOLUTION NO. _____

A RESOLUTION PLACING THE QUESTION ON THE NOVEMBER 3, 2026, BALLOT OF WHETHER THE VILLAGE OF LOS RANCHOS DE ALBUQUERQUE SHALL ESTABLISH A ONE-FOURTH OF ONE PERCENT LOCAL ECONOMIC DEVELOPMENT ACT LOCAL OPTION GROSS RECEIPTS TAX, WITH THE REVENUE BEING DEDICATED TO FURTHERING OR IMPLEMENTING ECONOMIC DEVELOPMENT PLANS AND PROJECTS.

WHEREAS, the Board of Trustees, the governing body of the Village of Los Ranchos de Albuquerque, is duly elected to represent and address the needs of its residents; and

WHEREAS, a goal of the Board of Trustees is to sustain and enhance economic activity throughout the Village through public and private efforts, based on Village identity and scale, and, in particular; along the commercial corridor of Fourth Street, including the Village Center and Gateway District; and

WHEREAS, among the findings of the Local Economic Development Act (LEDA), Chapter 5 Article 10 NMSA 1978, the New Mexico Legislature found it is difficult for municipalities in the state to attract and retain businesses capable of enhancing the local and state economy without the resources necessary to compete with other states and their locales; and

WHEREAS, the purpose of LEDA is to allow public support of economic development to foster, promote and enhance local economic development efforts while continuing to protect against the unauthorized use of public money and other public resources; and

WHEREAS, LEDA allows municipalities to establish by ordinance a local option gross receipts tax (LOGRT), the revenue of which shall be dedicated to furthering or implementing economic development plans and projects; and

WHEREAS, the tax, called "LEDA LOGRT," shall be effective only by the referendum of the majority of Village voters voting on the question approving the ordinance; and

WHEREAS, LEDA LOGRT, if established, shall be paid by any person engaging in business in the Village, for the privilege of engaging in business in the Village, at a rate equal to one-fourth of one percent (0.25%, or 25 cents per \$100 of taxable gross receipts); and

WHEREAS, in accordance with LEDA, "public support" includes the provision of:

- Land, buildings or other infrastructure
- New broadband infrastructure that does not serve a public facility
- Public-works improvements essential to the location or expansion of a qualifying entity
- Direct loans or grants for land, buildings or infrastructure
- Technical assistance to cultural facilities
- Loan guarantees securing the cost of land, buildings or infrastructure
- Grants for public-works infrastructure improvements essential to the location or expansion of a qualifying entity
- Grants or subsidies to cultural facilities
- Land for a publicly held industrial park
- Land for a publicly owned cultural facility
- Construction of a building for use by a qualifying entity; and

WHEREAS, pursuant to LEDA, "qualifying entities" are:

- Those that manufacture, process or assemble manufactured products or agricultural products
- Commercial enterprises for storing, warehousing, distributing or selling products of agriculture
- Restaurants and lodgers
- Facilities for farmers' markets
- Metropolitan redevelopment projects
- Cultural facilities
- Retail businesses; and

WHEREAS, as per LEDA, no more than 10 percent of the revenue collected through LEDA LOGRT shall be used for promotion and administration of or professional services contracts related to the implementation of an economic development plan adopted by the Board of Trustees;

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees to submit the following ballot question to the Bernalillo County Clerk, as required by New Mexico Election Code Subsection B of Section 1-16-3, for registered qualified electors of the Village on the November 4, 2025, General Election Ballot:

Shall the Village of Los Ranchos de Albuquerque impose a one-fourth of one percent (0.25%, or 25 cents per \$100 of taxable gross receipts) Local Economic Development Act local option gross receipts tax, with the revenue being dedicated to furthering or implementing economic development plans and projects, among which arts and cultural districts, cultural facilities and retail businesses would be qualifying uses?

Thank you!