



# LEDA LOGRT

Funny Name but Serious Impact  
on Jobs & Quality of Life

# Economic Development, Defined

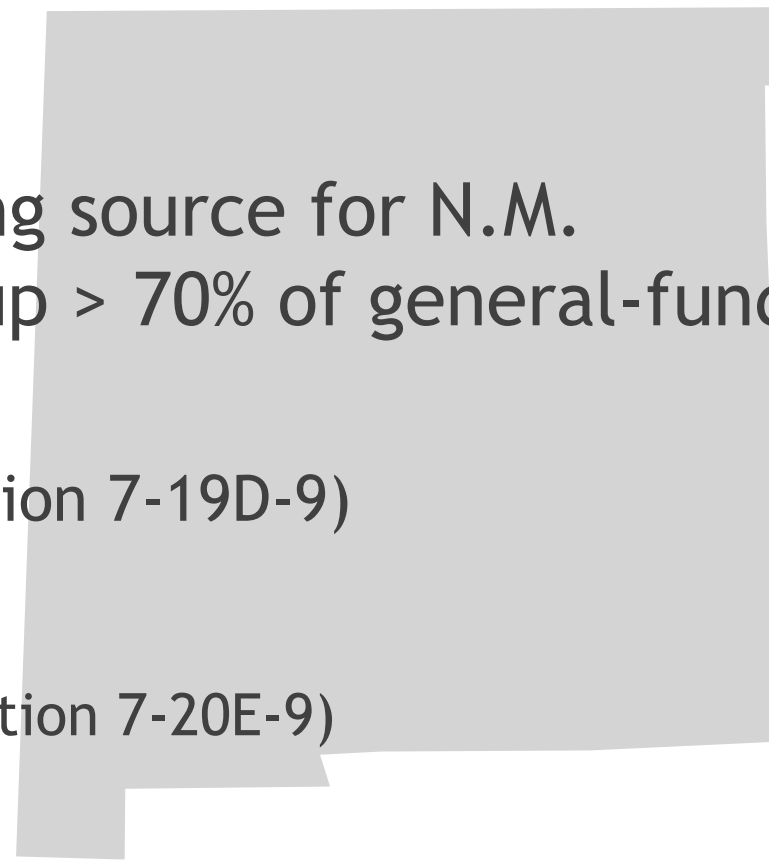
- ▶ International Economic Development Council (IEDC)
  - ▶ Economic development is programs, policies and activities that seek to improve the economic well-being and quality of life for a community by creating and retaining jobs and providing a stable tax base.
- ▶ New Mexico
  - ▶ Supporting economic-base 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

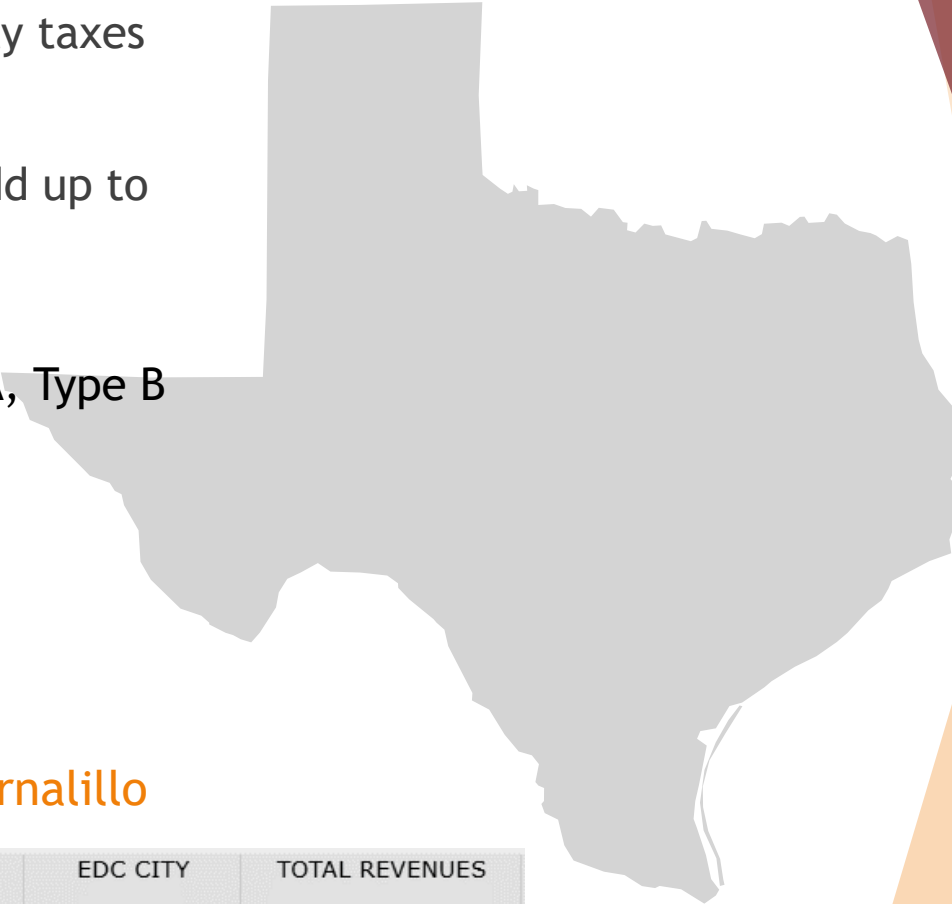
## Municipal Local Tax Options - Bernalillo

601 Municipal 7-19D-9c(1)	602 Municipal 7-19D-9c(2)
1.4375%	0.1250%

Bernalillo Taxable Receipts (November 2023-October 2024 Business Activity)	
January	\$23,396,178.30
February	26,379,916.08
March	22,797,536.75
April	24,110,621.76
May	26,782,020.73
June	23,099,336.03
July	24,368,488.17
August	27,647,264.23
September	23,865,818.50
October	25,344,188.01
November	25,079,984.31
December	22,600,418.34
<b>Total</b>	<b>\$295,471,771.21</b>
<b>LEDA LOGRT Municipal Rate</b>	<b>0.0025</b>
<b>LEDA LOGRT Revenue</b>	<b>\$738,679.43</b>

# 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



## For Scale: Cities with Populations Similar to Bernalillo

FISCAL YEAR	HEADQUARTERS CITY	EDC TYPE	EDC NAME	EDC CITY	TOTAL REVENUES
2023	Commerce	Type A	Commerce Economic Development Corporation	Commerce	\$1,039,544
2023	Joshua	Type A	City Of Joshua Economic Development Corpora...	Joshua	\$2,134,227
2023	Kaufman	Type A	Kaufman Economic Development Corporation	Kaufman	\$636,256
2023	Northlake	Type A	Northlake Economic Development Corporation	Northlake	\$880,981

\*Economic development tax revenue for FY 2021

Source: Texas Comptroller of Public Accounts

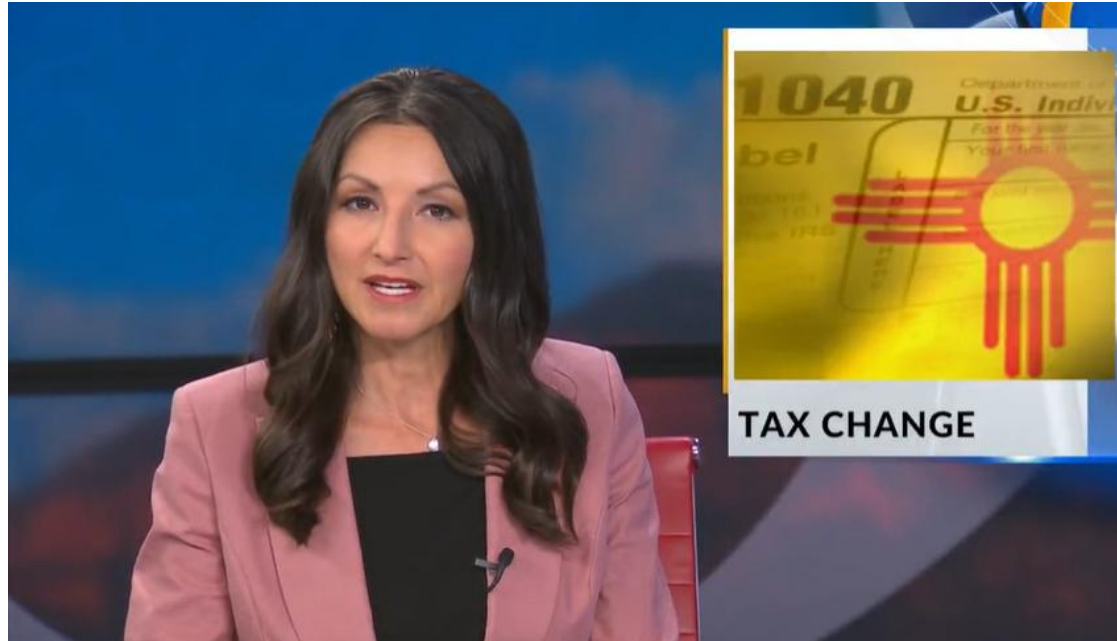
# Eligible Uses

- ▶ "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 1/4<sup>th</sup> 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.

## Town of Bernalillo

January 2022 GRT Rate: 7.1875%

July 2025 GRT Rate: 6.9375%

# Timing is Everything

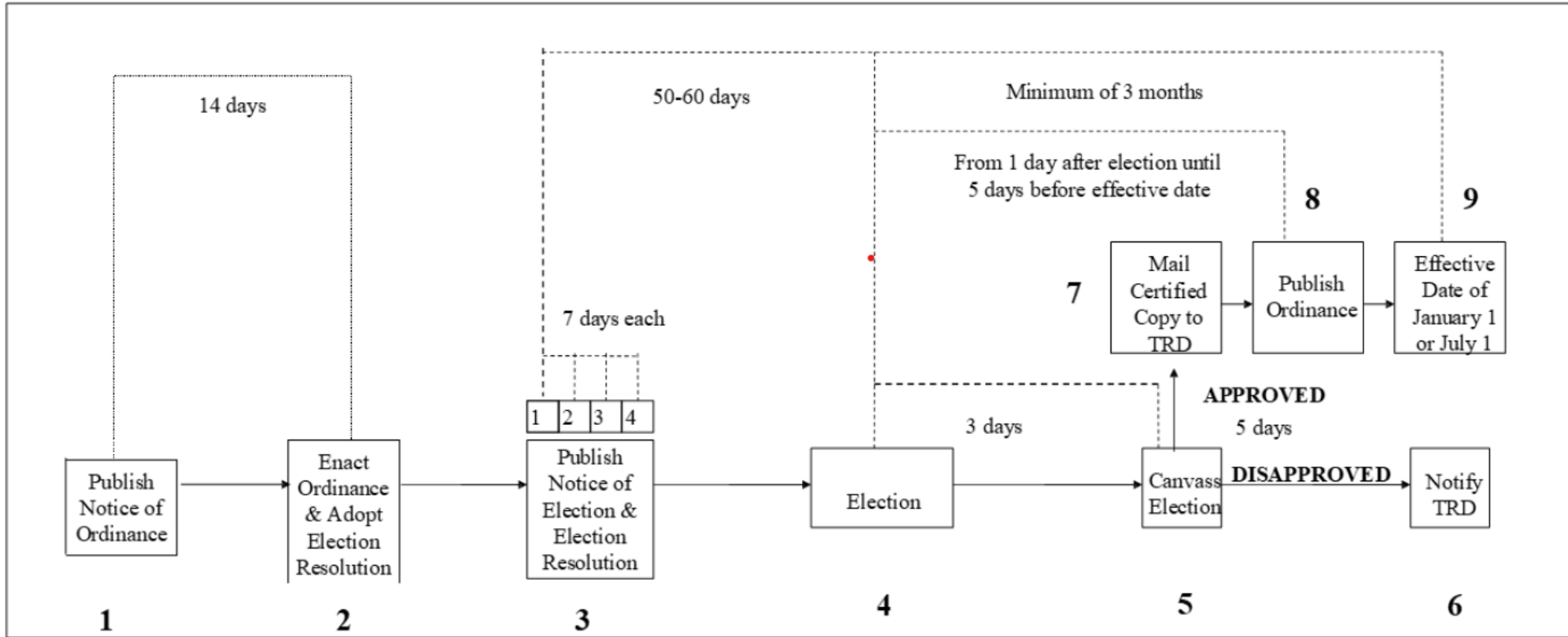
- ▶ Ballot question has to appear at a regular local election (March of even-numbered years), statewide local election, November general election or special election, pursuant to provisions of the Local Election Act.

## 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 - Municipal 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 Municipality):

**Section 1. Imposition of Tax.** There is imposed on any person engaging in business in this municipality, for the privilege of engaging in business in this municipality, an excise tax equal to one-fourth of one percent (0.25%) 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 Municipal 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 municipality to another point outside the municipality;
- B. a business located outside the boundaries of a municipality on land owned by that municipality for which a state gross receipts tax distribution is made pursuant to Subsection C of Section 7-1-6.4 NMSA 1978; or
- C. 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 the Town of Bernalillo 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?

# 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!**