



October 17, 2025

Ashley Leach
Director
State Board of Finance
Department of Finance & Administration
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VIA ELECTRONIC MAIL

Dear Ms. Leach,

The Heritage Companies are committed to partnering with local governments to foster development and redevelopment across New Mexico. We have a history of using economic development tools to support projects such as the Sawmill District in Albuquerque, an emergent area offering housing, artist studios, retail space, and support for small local businesses. We appreciate the Legislature's recognition of the need to further investment in our communities through the dedication of a portion of state gross receipts tax increment to metropolitan redevelopment areas and offer the following comments to the proposed rule, entitled Dedication of a Portion of the State's Gross Receipts Tax Increment For Metropolitan Redevelopment (the "Rule"), for your consideration:

- **Reduce Administrative Burden:** The cumbersome and costly nature of the application requirements contained in the proposed Rule may prove onerous to local governments and delay the deployment of much needed capital into underserved areas. We suggest simplifying the application process by encouraging, rather than requiring, market absorption, housing supply, and economic analysis studies. A tiered approach to application analysis, based on community and/or project size, also may allow redevelopment funds to flow to local governments and the community more expeditiously. We would be pleased to participate in the application process, providing expertise and resources to local government staff charged under the proposed Rule with commissioning costly independent consultants. Collaboration between local governments and developers would enhance application quality and catalyze private investment in metropolitan redevelopment projects.

- **Facilitate Timely Access to Capital:** The proposed Rule requires applications to be submitted to the State Board of Finance by July 1 for consideration at its December meeting. Limiting consideration of proposed projects to once a year may delay planning and preparation for redevelopment that could otherwise begin during the review period in advance of a legislative session. We suggest shortening the application review period to three months and accepting applications on a rolling basis to expedite redevelopment efforts. The ability to use state gross receipts tax increment on a pay-as-you go basis, in combination with local government gross receipts and property tax increment funds, also would increase access to capital for important redevelopment projects in a timely manner. As it stands, whether state gross receipts tax can be used on a pay as you go basis remains unclear. The earliest a project or projects likely could be considered by the Legislature and funds deployed to support redevelopment and implement the 2023 amendments to the Metropolitan Redevelopment Code will be 2027 or later.
- **Effectuate Legislative Intent:** The primary intent of the Metropolitan Redevelopment Code is to prepare blighted areas for economic activity and enable redevelopment. Both vertical and horizontal infrastructure are imperative to improving conditions in blighted areas in preparation for housing installation and job creation. We ask that the Rule specifically: recognize the use of dedicated state gross receipts tax increment for financing vertical infrastructure in areas where horizontal infrastructure, such as road, water, and sewer improvements, have been constructed; and prioritize the use of state gross receipts tax increment for both public and private redevelopment projects benefitting the public good.

Thank you for the opportunity to contribute to the refinement of the Rule. Please do not hesitate to reach out if you would like to have further discussions regarding the proposed Rule and its implementation.


Sincerely,
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