

Tax Increment Development Districts

Bernalillo County Ordinance 2007-20 established County guidelines for Tax Increment Development Districts (TIDD) and became effective October 13, 2007. The ordinance spells out the process for the County to consider a TIDD and describes County requirements and procedures.

What is a TIDD?

TID Districts have been used nationwide for over 50 years as a means of funding public infrastructure in both redevelopment areas and new, undeveloped areas using “incremental” new taxes collected. However, the New Mexico state legislature only recently approved them for use in 2006 for economic development and job creation. Only one state, Arizona, has not passed this type of legislation.

Essentially, a TIDD is a geographic area with distinct boundaries in which a development is to occur. Baseline measures of current gross receipts and property taxes are established using the prior year’s actual property tax assessments and/or gross receipts taxes generated within the proposed boundaries. The development plan estimates the increased (above the established baseline) property and gross receipts tax revenues to be generated as a result of new economic activity brought in by the developer.

A percentage (up to 75% is allowed by law) of the new, incremental tax revenue is then requested by the developer to build necessary public infrastructure and improvements (typically roads, water and sewer facilities, storm drainage systems, etc.). The TIDD’s governing board then sells bonds with the proceeds used to pay for the new public infrastructure. A portion of the new, incremental tax revenues are used to pay off these bonds.

Where do we stand?

To date, the County has approved one Master Development Agreement (MDA) with Westland Devco for the formation of the Upper Petroglyphs TIDDs 1-9. The MDA is a comprehensive document with timeframes for each TIDD that outline specific milestones that must be achieved before additional development takes place. Typically, jobs created within the District and associated economic activity is the driver for planned development.

In summary, the TIDD process is a tool that can be used to finance public infrastructure and improvements at the front end of a development rather than over a more extended period of time. This allows for master planned developments to be constructed with the infrastructure already in place which results in more efficient development.