Utilizing the Local Economic Development Act (LEDA) for Arts and Cultural Districts

Elmo Baca, Program Associate
New Mexico Main Street Program
New Mexico’s Local Economic Development Act (LEDA)

- Adopted by the Legislature in the 1990s as a response to the Anti-Donation Clause of the state Constitution
- Intention is to enable public investments in local economic development projects
Both state (through EDD) and local governments may make LEDA investments.

Process requires a project application with documentation of job creation.

Governing body appoints an agency to review LEDA projects.

Projects must conform to an economic development plan.
LEDA Process

- Community passes a LEDA ordinance based on state statute
- Local government adopts an economic development plan
- Municipality may have one or more ED plans
- LEDA review agency usually an EDO
LEDA Nitty-Gritty

“What is a qualifying entity?”

- Must be one or more of the following:

  - A corporation, limited liability corporation (LLC), partnership, joint venture syndicate, association, or other person and one of the following:
    - Warehouses, distribution centers
    - Service supply centers
    - Telecommunications call centers

- An Indian Nation
- Farmers Markets
- An industry for manufacturing, processing, or assembly of agricultural or manufactured products
- A business that is the developer of a metro redevelopment project
- A cultural facility (2007 amendment)
LEDA Qualified Uses

- Purchase, lease, grant, construction, improvement or conveyance of land, buildings or other infrastructure;
- Public works improvements
- Payments for professional services contracts
- Direct loans or grants for land, buildings or infrastructure
- Technical assistance to cultural facilities
- Loan guarantees
2007 Amendments to LEDA

- NM Arts and Cultural Districts Act also amended LEDA and HP tax credit statutes
- 2007 LEDA amendments intended to support “creative economy”
- “Cultural facilities” is description and definition of “qualifying entity”
- Local municipalities have broad powers of interpretation with local funds
- Non-profits are eligible but LEDA untested
ACDs and LEDA

Local LEDA ordinance must be amended to include community investments in “cultural facilities”

Community economic development plans must be amended to include cultural economic development strategies and priority projects

Private and non-profit developers of cultural facilities may be considered
Cultural Facilities Defined

“cultural facility” means a facility that is owned by the state, a county, a municipality or a qualifying entity that serves the public through preserving, educating, and promoting the arts and culture of a particular locale, including theaters, museums, libraries, galleries, cultural compounds, educational organizations, performing arts venues and organizations, studios and media laboratories, and live-work housing facilities.
Funding LEDA projects in ACDs

- Determine “qualifying entity”
- Assess community support for project
- Prepare project application - request samples from city and state
- Demonstrate economic and public benefits
- Balanced budget should include diverse investors and cash flows
- Pledge security equal to LEDA investment
Thanks!

Elmo Baca
elmobaca@gmail.com
505-577-2415