

Utilizing the **Local Economic Development Act** **(LEDA)** for Planning & Community Revitalization

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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

LEDA Overview

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



Palace Hotel, Raton

Community Capacity

— [What is it and why is it important?

— [Community Capacity, Planning and Economic Development



Lovington Streetscape Improvements

What is LOGRT?

Local Option Gross Receipts Tax

- [After a community has passed the Local Economic Development Act (LEDA), the local government can bring to ballot a measure to raise the municipal local options gross receipts tax (LOGRT) by 1/8th of 1%. The additional revenue is used specifically for economic development projects.

How does LOGRT work?

— [There are four increments that comprise the Municipal Infrastructure Gross Receipts (MIGR) section of Local Option Gross Receipts Taxes, each accounting for 1/16% of Gross Receipts.

— [Many communities have already imposed the first two increments of the MIGR for various funds.

— [The LEDA LOGRT allows communities the option of designating two of the four increments of the MIGR for economic development plans, payment of bonds, and infrastructure improvement. This is where the 1/8% comes from.

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 economic development agency/org. (EDO)



Drylands Brewery Site Construction, Lovington

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 (MRA)

a cultural facility (2007 amendment)

a retail business (towns under 10,000 population) (2013 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

Early Successes - LOGRT & LEDA

Artesia

Artesia - utilizes "metro redevelopment" qualifying entity to do economic development planning - Theater District, new Artesia Hotel, "white elephants"



Ocotillo Theater, Artesia

Early Successes - LOGRT and LEDA Portales

— [Activist Mayor and City staff uses local LEDA program to “clean up” blighted properties

— [Tradition of “can do” capacity and development

— [Yam Theater funds include EDA grant, private donations and city funds



2007 Amendments to LEDA

— [NM Arts and Cultural Districts Act also amended LEDA and Historic Preservation 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



Gila Theater, Silver City

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

— [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



Castañeda Hotel, Las Vegas

NM Historic Theaters Initiative

Clayton & Lovington



Community purchased theater in 2006

State NMMS Capital Outlay funds support renovation

State LEDA program supports digital upgrade of projection and sound system, seating



City of Lovington uses local LEDA Funds to Purchase LEA Theater in May 2014; state LEDA grant for projection in 2014



Historic Theaters Initiative

Silver City

Community Initiated development project by Silver City Main Street and Town of Silver City

Rehabilitate historic theater as a first-run movie house

State capital outlay funds, NMFA public facilities loan, private donations, state LEDA grants, city funding



Lovington's LEDA program

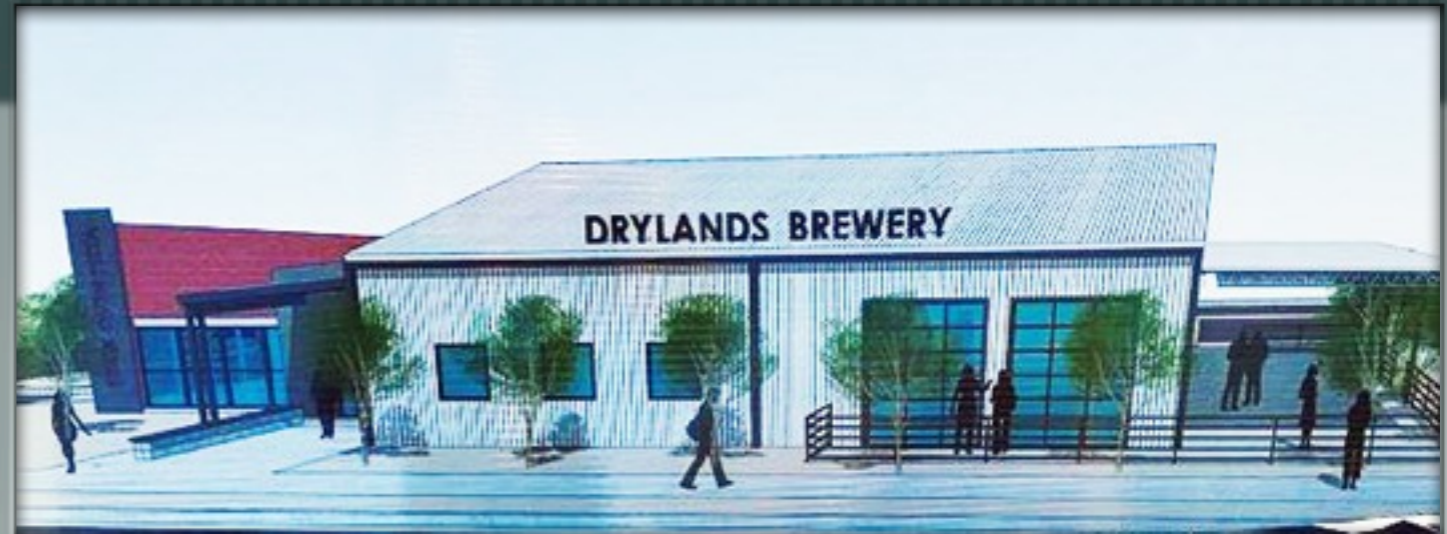
LOGRT passed 2010 (?)

LEDA ordinance
amended for Cultural
Facilities

Local and State LEDA
funds used for Lea
Theater



Drylands Brewery, Lovington



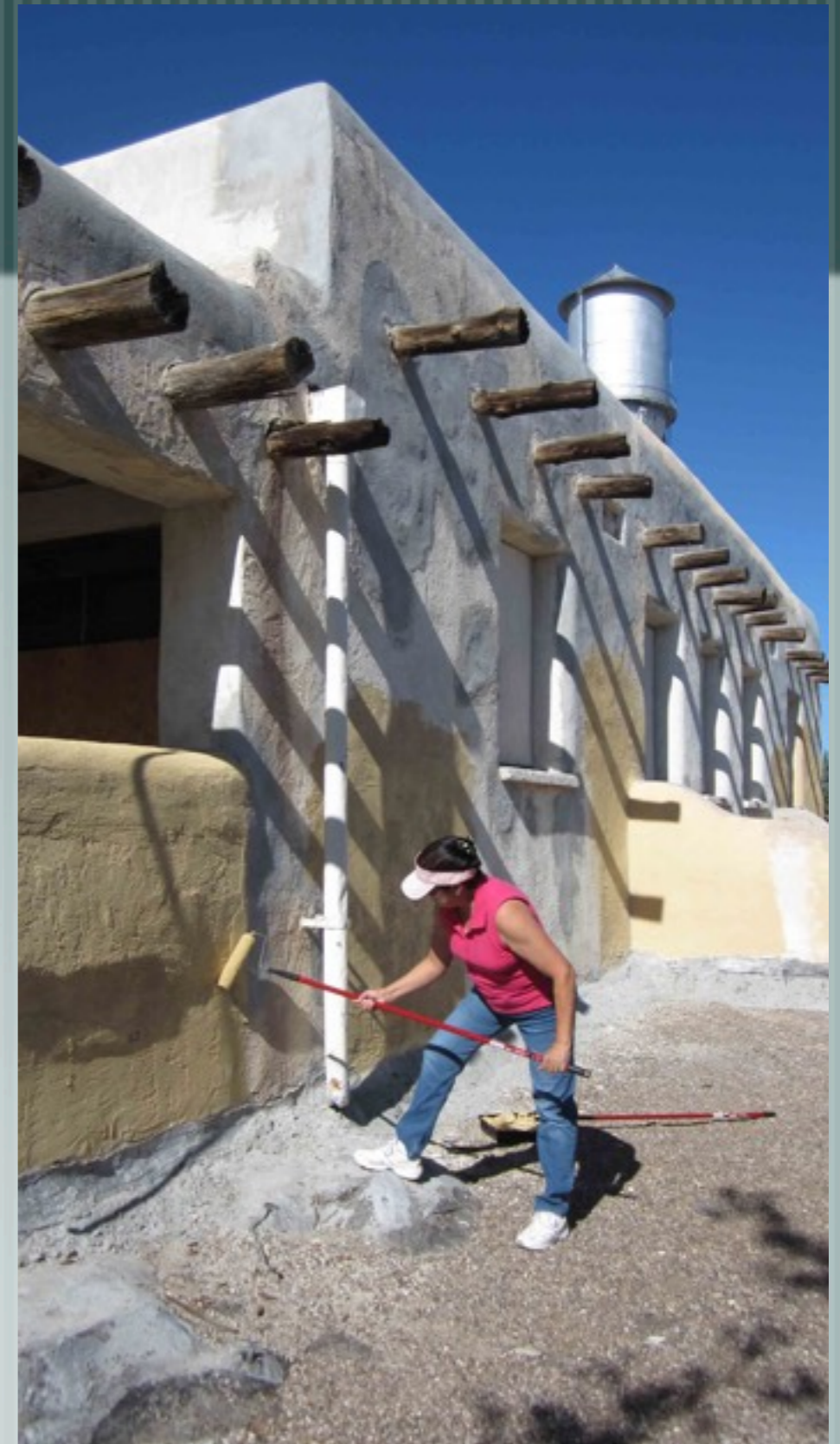
- [Andres Arreola and Daniel Torres, young entrepreneurs assemble unused city lots in downtown, raise \$1.2 million
- [Lovington MS and NMMS assist with design assistance, business plan
- [Lovington LEDA grant of \$80,000 for brewing equipment, create 5 jobs
- [Guaranteed SBA bank loan

LEDA News.....

— [**Retail** allowed as new “qualifying entity” in 2013 Legislature in communities less than 10,000 pop.

— [“Clawback” provisions now required by state law

— [EDD awarded over \$50m by Legislature for LEDA projects supporting e-base jobs in 2015



Old City Hall, Belen

Thanks!

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