

WHY EXTENDING THE MRA PROPERTY TAX EXEMPTION PERIOD IS SOUND PUBLIC POLICY



■ Overview

This legislation strengthens the Metropolitan Redevelopment Act by extending the property tax exemption period from seven to fourteen years. The change improves the effectiveness of an existing redevelopment tool, better aligns policy with real-world project timelines, and supports successful reinvestment in blighted areas—without creating new tax exemptions or reducing local control.

■ Aligns Policy with Redevelopment Reality

Projects in designated MRAs typically face high upfront costs, including environmental remediation, infrastructure replacement, site assembly, and market repositioning. These projects often require more than seven years to stabilize. Extending the exemption period reflects actual redevelopment timelines and increases the likelihood that complex projects can reach long-term viability.

■ No Expansion of Eligibility or Authority

The bill does not create a new incentive or broaden eligibility. It only adjusts the duration of an exemption already authorized in statute. All existing safeguards remain:

- Limited to adopted MRA boundaries
- Requires consistency with an approved MRA Plan
- Local government discretion through program policy and development agreements
- Maintains tax revenues through PILOT payments based on pre-redevelopment value

■ Supports Blight Remediation and Infill Development

MRAs are targeted to areas experiencing disinvestment and deterioration. Extending the exemption period helps make difficult sites financially feasible, encouraging reinvestment in existing communities, reducing pressure for sprawl, and advancing infill and revitalization goals.

■ Protects Taxing Entities While Improving Long-Term Returns

During the exemption period, taxing jurisdictions continue to receive revenue based on the pre-development assessed value in the form of a Payment in Lieu of Taxes (PILOT). The exemption defers taxes only on the new value created by redevelopment. Once the exemption expires, jurisdictions benefit from substantially higher assessed values that would likely not exist without the project.

■ Conclusion

This is a modest, targeted adjustment that improves the performance of the MRA statute. It strengthens blight remediation efforts, supports long-term economic growth, and preserves local oversight—while positioning New Mexico to remain competitive for redevelopment investment.