

**PROGRAM:** New Mexico Industrial Revenue Bonds (IRBs)

**AGENCY:** New Mexico incorporated municipalities and counties

**DESCRIPTION:** Pursuant to the Industrial Revenue Bond Act, New Mexico municipalities and counties are authorized to issue IRBs to stimulate the expansion and relocation of commercial and industrial projects in the state.

**ELIGIBLE USE:**

- IRB financing for land, buildings and equipment is available for:
  - Headquarter office buildings,
  - Warehouses,
  - Manufacturing facilities,
  - Service-oriented facilities not primarily engaged in the sale of goods and commodities at retail,
  - A 501(c)3 non-profit organization, and
  - All expenses, attorneys', engineering and architects' fees, premiums and commissions that the commission may deem necessary.

**PROGRAM/LOAN STRUCTURE:**

- Maximum Program Benefits: IRB financed projects are exempt from ad valorem tax for as long as the bonds are outstanding and title to the project is held by the issuing agency
- New Mexico law exempts governmental agencies from paying property taxes. The IRB financing mechanism provides for an installment sales agreement or lease agreement whereby the issuer acquires the project and then sells or leases the project to the business. At the end of the installment sale or lease, the project is conveyed by the issuer to the business. . For exemptions see **4-59-12 NMSA**
- Bonds may be issued in different series with variable principal amounts, interest rates and maturities to accommodate the acquisition of assets with different useful lives.
- The State Investment Council's direct investments in New Mexico companies may represent no more than 51% of the investment capital in a business and must be made in conjunction with one or more qualified co-investors.

**QUALIFICATION CRITERIA/COMMENTS:**

- The municipality or county must approve the project and introduce an inducement resolution.
- The issuing agency is not responsible for the indebtedness; it serves only as a conduit to the financing.
- In addition to a property tax exemption, personal property in facilities financed with IRBs is exempt from gross receipts and compensating tax.
- IRBs may be taxable or tax free. Tax free IRBs only apply to manufacturing facilities and must meet certain tests set out by the Internal Revenue Service.
- The State Investment Council may also make equity and /or debt investments directly in New Mexico businesses.
- See **4-59 et. al. NMSA**
- For more information, visit <http://legis.state.nm.us/lcs/> or call your local government office.