

Council Meeting Staff Report

May 14, 2019

Agenda No.:

Indexes (Council Goals): * 2019 Council Goal - Enhancing Support and Opportunities for the Local Business Environment

Presenters: Steven Lynne

Legislative File: 11970-19

Title

Industrial Revenue Bond Discussion

Body

The purpose of this item is to provide a brief overview of what an Industrial Revenue Bond (IRB) is.

IRBs are an economic development tool available to counties and municipalities in New Mexico. and have been utilized here in Los Alamos in the past.

IRBs incentivize development of projects within a county, providing job growth, capital investment and increased economic activity.

IRBs provide tax abatements to companies for eligible projects. Without the tax abatements the projects are often not feasible. ***The usual project is pitched as requiring a property tax abatement in order to be economically feasible.***

Issuers of IRBs typically receive payments in lieu of taxes ("PILOTs") to compensate the issuer and the school district in which the project is located, and occasionally other taxing jurisdictions for a portion of the tax revenue the project would generate if it were taxable.

The very simplified process is as follows:

- A company makes an ask or an application to the County

- The County reviews the request

- The County takes action in the form of an Ordinance

- The County, the Company, the Purchaser and the Trustee close the transaction

Attached is a much more detailed overview of the process for an IRB that was drafted by LAC's Bond Counsel, Peter Franklin from Modrall Sperling.

Attachments

A - IRB Memo_Peter Franklin