



# The Case of the Missing Mill Levy

Effect of County Tax Exemptions on  
Conservation District Income

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# NM Conservation District Mill Levy

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- Authorized by voters
- Stated period up to ten years (may be extended if in debt or reauthorized by voters)
- Stated amount not exceeding one dollar per thousand dollars of *net taxable value*
- Assessed on real property (land and improvements)

District boundary  
may exclude  
residential or  
non-agricultural  
land



# NM Conservation District Mill Levy

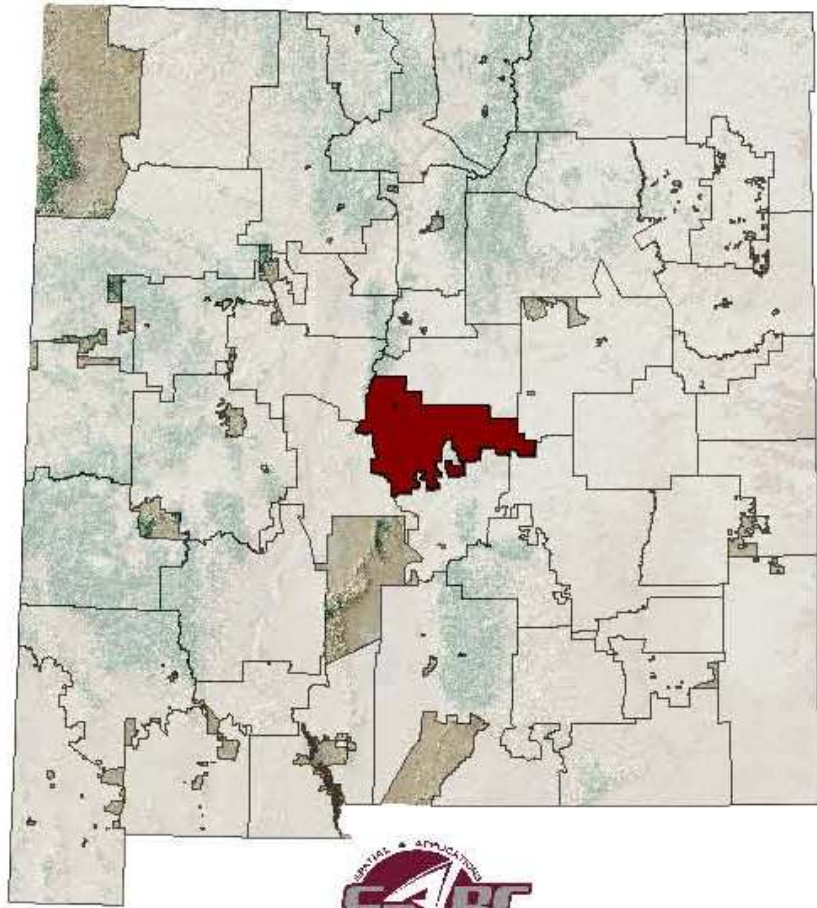
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- Computed by county assessor and presented on the regular tax bill
- Taxation & Revenue Dept. assesses multi-county property and telecommunications, railroads, oil and gas pipelines and refineries and *electrical utilities*.

Incorporated municipalities may be excluded from mill levy by wording of referendum ballot



# Claunch-Pinto SWCD



- All types of land (ag, residential, commercial, non-ag) included within its boundary
- Municipality not included in the mill levy



# Industrial Revenue Bonds (IRB)

- Offered by states and local governments for economic development
- A loan to a company to build or buy a facility, land and/or equipment.
- Government owns title to the facility, giving tax advantages to company
- Leased to the company long term, title transferred to the company after 20-30 years

IRBs are typically used for large capital projects over \$2 million



# County Industrial Revenue Bonds (IRB)

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- Allowed by statute (4-59-1 NMSA 1978)
- Requires *notice* to county assessor and largest municipality
  - *Approval* by assessor and municipality not required
- Company usually agrees to “payment in lieu of taxes” (PILT or PILOT)

IRBs are typically used for large capital projects -- over \$2 million



# County Industrial Revenue Bonds (IRB)

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- Statute (4-59-1 NMSA 1978)
- IRB for electrical generation facility requires approval of school district
- School district is allowed to negotiate on PILT



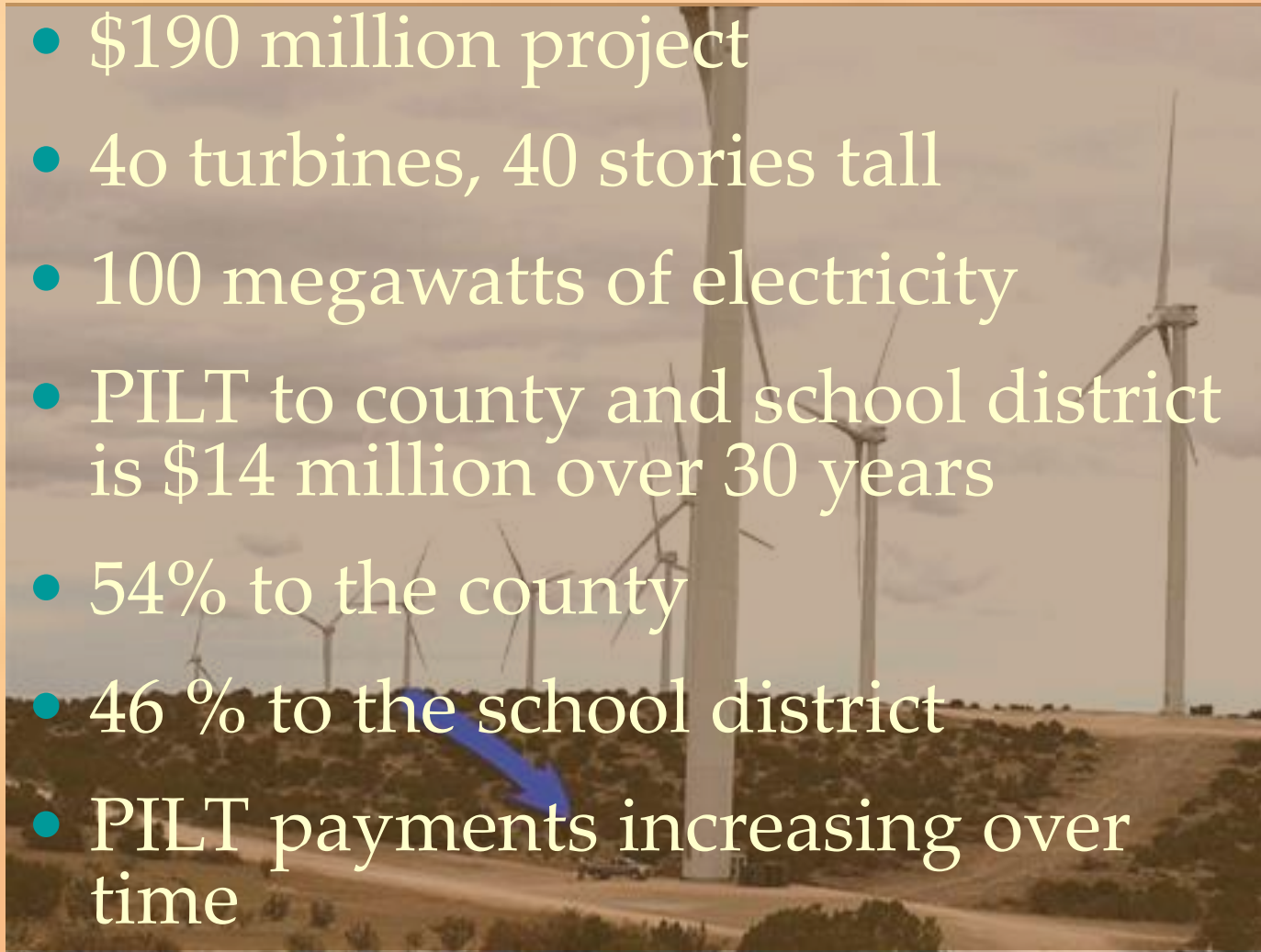
# High Lonesome Mesa



Photo by John Kline, [Klinetime.com](http://Klinetime.com)

# High Lonesome Mesa

- \$190 million project
- 40 turbines, 40 stories tall
- 100 megawatts of electricity
- PILT to county and school district is \$14 million over 30 years
- 54% to the county
- 46 % to the school district
- PILT payments increasing over time



# So what happened?

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- During meetings prior to IRB agreements, the district was told their mill levy would not be affected
- Net taxable value is “determined by deducting from taxable value the amount of any exemption authorized by the Property Tax Code.”
- Tax exempt status of property subject to IRB Act brings the net taxable value to zero
- School districts also collect mill levy on “net taxable value”



# Should Conservation Districts be funded by PILT from Wind Farms?



Resource concerns include:

- Fires
- Soil erosion
- Noxious weeds
- Potential effects on wildlife



# Next Steps?

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- Change the IRB statute
- Change the conservation district statute
- Pay more attention to county IRBs
- Ask to be part of the negotiations up front along with the school district

