

Utilizing the Local Economic Development Act (LEDA)

for Arts and Cultural Districts

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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

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 EDO



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
 - a cultural facility (2007 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

2007 Amendments to LEDA

- NM Arts and Cultural Districts Act also amended LEDA and HP 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 in ACDs

- 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

Thanks!

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