

GROSS RECEIPTS INVESTMENT POLICY

1. What is a Gross Receipts Investment Policy (GRIP)?

- a. A GRIP is a policy established by a home rule municipality to establish standards and procedures for developing and constructing infrastructure to secure commercial activity within the municipality.

2. What is the legal authority for a GRIP?

- a. Attorney General Opinion No. 02-02 in response to an inquiry by then Representative Roger Magdelana concluded that the City of Rio Rancho had the authority under its constitutional home rule authority, found New Mexico Constitution Article X, Section 6 D., to enter into contracts with private parties for infrastructure development pursuant to standards set forth in a GRIP ordinance, so long as these agreements are otherwise consistent with New Mexico law.

3. Is Gallup a home rule municipality?

- a. Yes. Gallup was first incorporated in 1891, and later adopted a home rule charter last amended in 1997.

4. Have any New Mexico municipalities adopted a GRIP?

- a. Yes. The cities of Rio Rancho and Alamogordo have adopted GRIPs. Recently the City of Gallup has approved an ordinance creating a GRIP.

5. What types of transactions are authorized by the Gallup GRIP?

- a. The Gallup GRIP Ordinance envisions its applicability to large scale retail or targeted commercial development, including malls, regional sports and entertainment venues or complexes; large volume destination restaurants, destination hotels and conference centers; automobile dealerships or auto malls; regional health centers; central office or headquarters of firms and other mixed use centers and projects otherwise deemed in the public interest. The GRIP Ordinance establishes specific criteria regarding size, scope, and use.

6. Does the Gallup GRIP contain sufficient protection regarding chosen projects?

- a. Yes. Prior to the adoption of any GRIP project, the governing body must hold a public hearing to determine if the project qualifies for GRIP funding and is in the public interest. The amount of the gross receipts taxes available is limited to 75% of the gross receipts tax received by the city, and subject to further limitation at the discretion of the governing body. The GRIP Ordinance outlines the specific types of infrastructure that may be developed and establishes specific criteria imposing significant covenants and criteria on any developer. All GRIP agreements must be entered into in accordance with state statutory and constitutional law.

