

LEDA

LOCAL ECONOMIC DEVELOPMENT ACT POLICY/PROCEDURES MANUAL

Fiscal Year 2026



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LOCAL ECONOMIC DEVELOPMENT ACT (LEDA) POLICY MANUAL

Overview

The mission of the New Mexico Economic Development Department (NM EDD) is to improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive. Our programs and initiatives support this mission by delivering direct assistance to New Mexico businesses and communities.

The Local Economic Development Act (LEDA) was passed to help communities foster local economic development. Since 2002, 83 New Mexico communities have enacted LEDA, which allows public support for economic development efforts and fosters public-private partnerships. These partnerships are intended to stimulate job creation and economic growth, ensuring a transparent and accountable use of public funds.

LEDA primarily supports the recruitment and expansion of companies that create jobs in New Mexico. It operates through performance milestones, reimbursing funds only as performance benchmarks are met. Projects eligible for LEDA funding must meet specific criteria that demonstrate economic and community impact.

LEDA also requires businesses to provide security to safeguard taxpayer funds in case of project failure. The project lifecycle and the reimbursement process are outlined in the subsequent sections.

Company Eligibility

LEDA funding is available to eligible entities that meet the following criteria:

- **Economic-Base Employers:** Companies that manufacture, companies that process agricultural products, assembled goods, companies that create software or non-retail related services that generate more than 50% of their revenue from outside New Mexico. ([LEDA Statue](#))
- **Retail Businesses:** Retail businesses may be eligible if they are located in municipalities with populations under 15,000 or in unincorporated county areas, provided certain conditions are met—such as the absence of existing competition for that type of retail activity. ([Retail LEDA Amendment](#)) The 15,000 threshold does not apply to local LEDA funds.
- **Cultural Facilities:** Designated cultural facilities under local LEDA ordinances. ([Cultural Facilities Amendment](#))

The funding is available to both new businesses seeking to relocate to New Mexico and existing businesses looking to expand. Qualifying companies must create full-time jobs and demonstrate their financial readiness to proceed with the project.

Eligible reimbursable expenditures include land, buildings, infrastructure improvements (e.g., roads, utilities).

ELIGIBILITY AND QUALIFICATION PHASE

After the business has met with its local regional representative(s) and is determined to be eligible for LEDA, the qualifying entity will work with the local representative to complete the Economic Impact Analysis (EIA) data collection sheet. This form will be utilized to run an analysis of the project for statutory incentives that may be used in conjunction with LEDA as well as an Economic Impact Report. This data will then be submitted to the Governor's office to determine the potential LEDA award amount. Once an award amount is determined, an official offer letter will be submitted to the awardee. The award letter will stipulate the offer. The offer is conditional and is subject to formal application, due diligence, and public approvals by the local governing body.

PROGRAM APPLICATION REQUIREMENTS

Once an offer of LEDA has been made for LEDA funds, companies will be provided a link to an online portal for the online application. The application will include, at a minimum, the following components:

- **Project Scope of Work:** Description of the project, including the use of requested funds.
- **Financial Statements/Pro Forma:** Provide 3 years of financial statements and supporting documents (purchase agreements, loan approvals, etc.).
- **Job Creation and Salary Information:** Detailed projections of the jobs to be created and salary/benefit packages.
- **Capital Investment:** Breakdown of capital investments to be made for the project.
- **Economic Impact Data Sheet:** Completed by the company and reviewed by the regional representative.
- **Security:** Collateral in an amount equal to the LEDA award to ensure repayment in case of project failure.([Security Requirement](#)). The amount of security required is the amount of LEDA funds requested to receive, security for additional LEDA funds under the agreement will be required at the time of request for the funds.

Types of acceptable security include letters of credit, surety bonds, and 1st lien position on mortgage. Other security can be considered on a case-by-case basis.

LEDA PROJECT LIFE CYCLE

1. **Project Initiation:** Once the project application is submitted and reviewed for eligibility, the company, regional representative, and local government agree on project details including but not limited to:
 - Job creation - Payroll
 1. Job ramp annually
 - Capital Investment
 - Construction Spend
 - Disbursement milestones (when the LEDA money is disbursed to the company)
 - Reporting requirements
 - Security

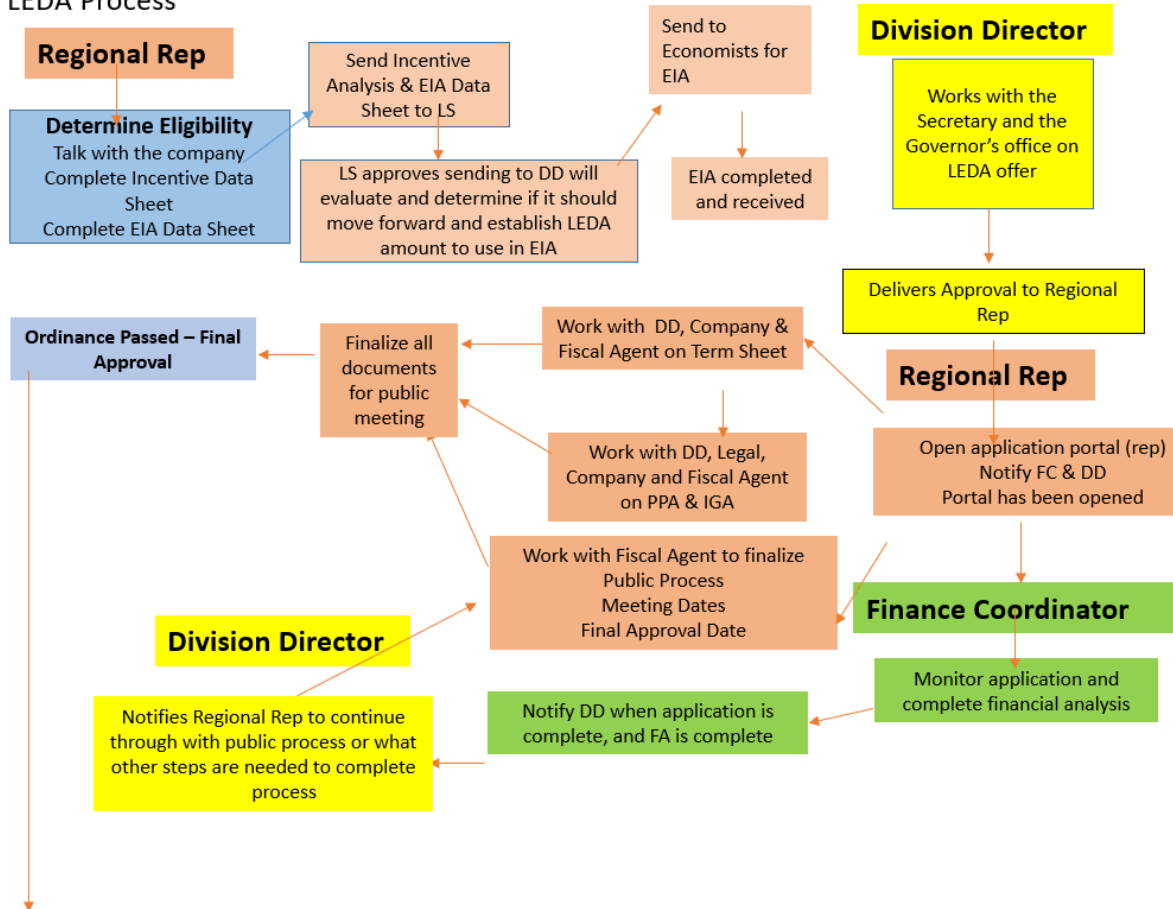
- Clawbacks
2. **Agreement Formation:** A Project Participation Agreement (PPA) includes the parameters agreed upon by all parties and is incorporated into the Ordinance passed and signed by the local governing entity. This agreement is signed between the company, the fiscal agent (local government),
 - Additional documents to be included with the passage of the Ordinance
 1. An Intergovernmental Agreement (IGA). This agreement will show how the state funds will flow to the local government entity and how they are managed. This agreement is signed between the fiscal agent and NM EDD.
 2. Security Agreement. The security agreement will outline the security being used for the LEDA funds, to be held for the purpose of clawbacks.
 3. **Funding Disbursement:** Upon meeting specific milestones which are outlined in the PPA, funds are disbursed to cover eligible expenses (e.g., land, building, and infrastructure).
 4. **Performance Monitoring:** Ongoing monitoring through quarterly job reports and an annual Economic Incentive Analysis (EIA) ensures the project is meeting its goals.

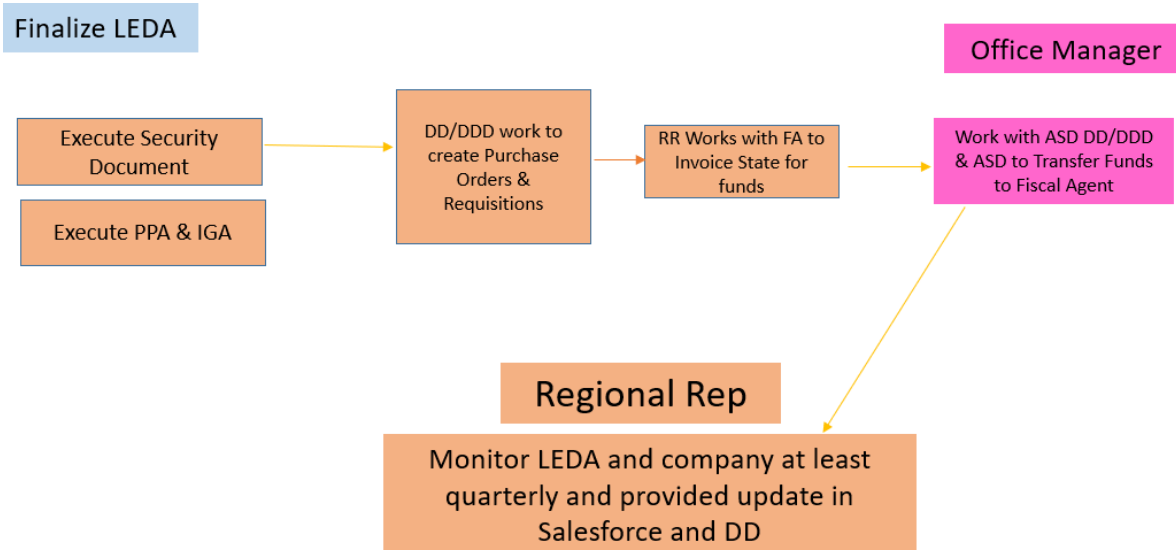
Project Completion: At the end of the project term (typically 5 -10 years), a final evaluation of the investment is made, and the security is released.

LEDA PROJECT LIFE CYCLE

KEY:
 DD = Division Director
 FC = Financial Coordinator
 FA = Fiscal Agent
 LS = LEDA Specialist
 DDD = Deputy Division Director
 EIA = Economic Impact Analysis
 PPA = Project Participation Agreement
 IGA = Intergovernmental Agreement

LEDA Process





REIMBURSEMENT PROCESS

All LEDA projects must go through a public approval process, as explained in the prior section, which includes an introduction and a final vote by ordinance from the governing body of the fiscal agent (30-60 days). Once the local governing body approves the LEDA ordinance and project agreements, the company can begin incurring project-related expenses. Reimbursement for these expenses, incurred after the passage of the Ordinance, will be based on eligible costs and is tied to specific milestones outlined in the Project Participation Agreement (PPA).

Eligible expenses include:

- **Land Costs:** Acquisition, lease payments.
- **Building Costs:** Construction costs, tenant improvements to leased facility that are paid for by the LEDA company.
- **Infrastructure Costs:** Roads, utilities, drainage improvements.
- **Professional Services:** Soft costs associated with the construction or acquisition of land and facilities such as, architectural and engineering costs, permitting fees, etc.

Reimbursement will only be processed once the required performance milestones are met and substantiated by appropriate documentation (invoices, receipts, etc.). The qualifying entities will submit invoices and LEDA-eligible expenses to the fiscal agent, and reimbursement is provided after NM EDD and the fiscal agent have reviewed and approved the request.

PROGRAM REPORTING REQUIREMENTS

To ensure compliance and monitor project progress, LEDA recipients must submit the following reports:

1. **Quarterly Job Reports:** The company must submit reports documenting employment details using the ES903A or its equivalent, as required by the New Mexico Department of Workforce Solutions (DWS).
2. **Annual Economic Incentive Analysis (EIA):** Recipients must submit an EIA data sheet provided by NM EDD each year to assess the project's economic impact and its progress. Penalties apply for non-compliance.

After the qualifying entity has completed the milestones outlined in the PPA, contact the local representatives to initiate the closeout procedures. The project must undergo the public approval process before it can be officially closed out. Once the project is finalized, the security deposit will be released.

MUNICIPAL (or Local Government) LEDA

Local governments (municipalities, counties, and tribal entities) may apply for LEDA funding to assist in making publicly owned industrial parks shovel-ready properties in rural communities. This includes funding for horizontal infrastructure such as roads, drainage, and utilities. This does not cover soft costs or planning costs.

Program Eligibility:

- **Local Economic Development Plan:** The local government must adopt a plan outlining how they will meet LEDA's requirements.
- **Invest in local Economic Development Organizations (EDOs) and activities.**
- **Capital Infrastructure Plans:** Projects must include detailed plans for construction and associated engineering cost estimates.
- **Must have completed a Site Readiness Evaluation.**

Processing times for municipal LEDA applications can vary but typically take weeks to months. Once approved, the local government enters a contract with NM EDD to manage the project's fiscal and administrative matters.

GLOSSARY

AMENDING THE PPA: Changes made to the Project Participation Agreement, subject to approval from the local governing body.

ANNUAL EIA REPORT: An annual performance review that assesses the project's compliance with the agreed-upon goals.

CBRD (Community, Business, and Rural Development): Regional representatives who assist with LEDA projects and ensure businesses, cities, counties, and tribal entities have the resources and guidance needed.

CLAWBACK: A penalty that requires the company to pay back a portion of the funds if it fails to meet the requirements of the PPA. Clawbacks are usually initiated using the security on file with the fiscal agent.

ECONOMIC IMPACT ANALYSIS (EIA): A report that evaluates the economic and fiscal impact of the project, including job creation and tax revenue generation.

FISCAL AGENT: The local government or entity that manages the approval process and disbursement of LEDA funds.

SECURITY: Collateral provided by the company to ensure repayment in the event of project failure.

REGIONAL REPRESENTATIVE: A staff member from CBRD responsible for assisting businesses and governments in navigating the LEDA process.

CONTACTING CBRD REGIONAL REPRESENTATIVES

For assistance with LEDA applications, guidance on project eligibility, or for general inquiries, reach out to your local CBRD regional representative. [Community & Business Development - Regional Representatives - New Mexico EDD](#)

This manual serves as a comprehensive guide for businesses and local governments seeking to utilize LEDA funding to foster economic development and job creation in New Mexico. For additional questions or specific guidance, please contact the NM EDD office or your regional representative.