



ECONOMIC DEVELOPMENT

INTRODUCTION

Many communities in New Mexico engage in economic development to increase employment opportunities and generate income for local residents. However, the demographics of the Village reveal a resident population that is fully employed and who earn a much higher income than residents in other communities throughout Taos County. A majority of residences are used as seasonal vacation homes. Accordingly, economic development assumes a much different purpose and requires different strategies. The Village is engaged in economic development to provide employment and income for the broader communities across Taos County. And of course, the Village is also engaged in economic development to increase the tax base necessary to enhance public services for the local population and to ensure the health and safety of visitors. These services include police and fire protection, road maintenance, water and sewer utilities, and protecting water quality and other natural resources from pollution and inappropriate development.

"Few mountain resorts can expect to become communities in the fullest sense, for developing mountain areas will likely continue to rely heavily on seasonal tourism. Because of their relative remoteness and the inadequacy of nearby resources to support other enterprises, they are limited in their potential for economic diversification and in their ability to pay for a full range of community services. Nevertheless, there are clear advantages for residents and visitors alike to pursue that goal." – Dorward. p. 15

EXISTING CONDITIONS

The Regional Economy

The regional economy is characterized by pervasive poverty, lack of workforce development, failing infrastructure, poor educational attainment and dropout rates, dependency on transfer payments and government jobs, and the "brain drain" of young, educated, and talented adults moving to urban areas in pursuit of employment opportunities and a greater quality of life.

The Town of Taos developed the "Taos Economic Report Card" through their consultants Leap Partners in 2013. The Report shows that Taos' key economic

indicators have all been in decline. These indicators include income, the sources of income (earned income versus transfer payments), declines in the population of working people (ages 20 to 54) and increases in retirement age people (age 55+), the number of proprietors, and the amount of business activity and business income.

The Local Economy

As the name implies, the Village of Taos Ski Valley economy is dominated by skiing and winter sports. The consequence is a heavily seasonal economy. Business must make their profits within the 4 month timeframe during the ski season in order to pay their bills for the remaining months of the year.

The Village issues business licenses every year. The types of businesses reflect the tourism economy. These businesses include restaurants, construction contractors,

"Taos Ski Valley is currently a highly seasonal operation, with winter (ski) operations accounting for almost 98 percent of total revenues."

"Employment at mountain resorts like Taos Ski Valley is typically seasonal in nature, much more so than for most industries; while approximately 100 workers currently have full--- time, year--- round jobs at the resort, the resort employs up to 745 workers during peak activity periods in the ski season."

- 2nd Revised Economic Impact Analysis for: Taos Ski Valley (TSVI) Presented to: New Mexico State Board of Finance By: Doug Kennedy Advisors Date: January 7, 2014

condominium associations, hotels, and retail businesses. There were 76 business licenses issued in 2015; 21 were issued to condominium associations, B&Bs, or hotels.

Taos Ski Valley Inc. and Twining Development are investing heavily in the local economy. They anticipate \$350 million in investments over the next decade. The investments will be made in snow making equipment, hotel, retail, and condominium developments. The Village investment occurs by providing the necessary infrastructure improvement to support this development at a cost of approximately \$54 million and financed primarily by the Tax Incremental Development District (TIDD).

The Taos Ski Valley Chamber of Commerce supports local businesses through collaborative marketing and advertising. The mission of the Taos Ski Valley Chamber of commerce is "to develop and promote tourism as a vehicle to

strengthen the local economy and improve the economic well-being of Village businesses, residents, Chamber members, and the community at large.”

PREVIOUS PLANS

The Village has entertained numerous economic development initiatives since the Village was first incorporated in 1996. Below is a summary of these plans and a brief description of the economic development efforts that have been considered.

- 2001 Comprehensive Plan

The Comprehensive Plan included the following recommendations for economic development efforts in the Village.

1. The Village encourages development of a year-round resort community.
2. The Village supports and encourages winter sports activities.
3. All new commercial and retail development should be located within or adjacent to the existing Village commercial/retail core, in order to allow for economy of scale in providing and improving infrastructure, to develop a distinct “center” for visitors, and to strengthen the existing core of visitor accommodations, restaurants, shops and ski resort facilities.
4. All commercial and retail businesses will conform to all federal, state and Village standards. It is specifically not the intent of the Village to encourage any development which has major environmental impacts that could impair the existing environment and which does not have any method of satisfactorily abating negative impacts.
5. In evaluating development, the Village will encourage the contribution of such development to the goal of a year-round economy, and the possibility of creating year round employment.

- 2010 Master Plan

The 2010 Master Plan included a variety of recommendations to improve the economy. The recommendations largely centered on the strategy of “place-making” and developing a year round economy. Specific recommendations included the following:

- improve way-finding
- provide broadband internet
- construct a conference center or music amphitheater to promote year-round cultural, entertainment and recreational events.

- Infrastructure Capital Improvements Plan

The Village Council adopts an ICIP every year. The ICIP is a list of unfunded projects presented in priority order for a five year period. Although the Village has not yet included any projects in the ICIP that are directly related to economic development, such as the development and subsidy of a business incubator, practically all of the projects that have been included in previous ICIPs support economic activity and business development indirectly, such as the new waste water treatment plant or a trail. Demolition of the Terry Sports building was included in the 2013 – 2017 ICIP, however, with an estimated cost of \$50,000.

- 2015 Tax Increment Development District (TIDD)

The Village Council unanimously approved the formation of the TIDD. Village residents and property owners overwhelmingly approved the TIDD in early 2015. The TIDD identifies over \$54 million in infrastructure improvements to enhance the Village as a resort destination.

- Town of Taos 2013 UPDATED Community Economic Development Strategic Foundational Plan & Community Economic Development Element

After presenting a sobering outlook for various industries in the Taos regional economy, this plan identified four promising industries as areas of focus for economic development efforts.

The areas of focus are:

1. ***Creative Industries***; The fabrication of artistic/creative goods and provision of artistic/creative services
2. ***Business Retention, Expansion and Incubation***; Improving all facets of the business climate for all businesses
3. ***Technology***; Any business whose core foundation is the development of technology, provision of technological services and its advances
4. ***Retail and Tourism***; Includes accommodations, food and beverage, adventure/guiding and ancillary businesses, and retail

Fortunately the Village has an advantage and opportunity to capitalize on all of these focus areas.

- 2015 Updated Comprehensive Economic Development Strategy (CEDS)
North Central New Mexico Economic Development District

This plan provides an exhaustive amount of information about the economic conditions in northern New Mexico. It also provides a list of economic clusters “as targets for future emphasis.” The target industry clusters identified are:

1. Healthcare and social services
2. Tourism and Recreation—cultural and visitor based
3. Renewable Energy/Green Industry
4. Technology—emerging high tech, information technology and data
5. Agriculture
6. Digital Media/Film
7. Education
8. Exported Services (Financial, Research, Environmental, Construction Management, Philanthropic)
9. Government
10. Solo-workers—-independent workers suitable for the District geographic environment

With some exceptions, the Village is in a strong position to be a leader in several of these industry clusters, including tourism and recreation, renewable energy, technology, exported services, government, and solo-workers.

EXISTING ORDINANCES

The Village Council has adopted several ordinances that shape the taxation of business activities. These ordinances are outlined below:

- **ADOPTING A BUSINESS REGISTRATION FEE**

This ordinance imposes a \$35 annual registration fee for all business conducted in the Village.

- **ADOPTING MUNICIPAL GROSS RECEIPTS TAXES**

There have been several ordinances adopted between 1997 and 2004 to impose gross receipts taxes on business activity. The total GRT is currently 8.6875% of gross receipts; however, of this total amount, the state receives 5.1250% and Taos County receives 1.5%. Additionally, 1.225% of the state’s allocation is returned to the Village. The state also agreed to return 50% of the incremental GRT above the established baseline to the TIDD

- **RELATING TO OUTDOOR ENTERTAINMENT**

This ordinance requires a permit for outdoor public celebrations and events that are intended to promote tourism and provide recreational opportunities.

- **IMPOSING A LODGERS TAX**

The Village imposes a 5% lodger's tax on the "gross taxable rent" as of June 2004. The tax may be used for "advertising, publicizing and promoting tourist-related attractions, facilities and events, and acquiring, establishing and operating tourist-related facilities, attractions or transportation systems." The Lodger's Tax Advisory Board recommends the uses of the tax to the Village Council.

GOAL, POLICIES, OBJECTIVES

The goal, policies, and objectives present a framework for evaluating new development proposals and for implementing economic development.

GOAL

The Village economy develops as a source of employment and income for the region through a diversity of year-round business activity and employment opportunities.

POLICIES

1. Economic development is best carried out by the private sector; however, the Village recognizes its critical role in supporting the private sector through reliable infrastructure and public services.
2. The natural beauty of the Village is a primary reason so many people visit the Village to ski, hike, relax, and enjoy the natural beauty. The Village will preserve and protect the natural beauty and environmental integrity not only for its inherent value but for the economic value it contributes to the local economy.
3. Land development and construction is a large contributor to the economy and generates substantial revenues to support essential government services. The Village will facilitate land development through efficient and transparent development review procedures.
4. The Village will enforce its Revenue Collection Policy (amended) and adopted December 4, 2014 related to collecting lodgers taxes and other revenues.
5. The Village encourages entrepreneurial activities through home-occupations and live/work developments. The Village also recognizes the critical importance of high speed internet to make home occupations attractive to entrepreneurs.
6. The Village recognizes that sustainable, long-term economic development can only take place with cooperation among dedicated government agencies, community organizations, and private sector investors. The Village will participate in regional economic development planning efforts
7. Blighted properties impair development potential and have negative impacts to property values, particularly when considering the stunning architecture and natural beauty of the Village.

OBJECTIVES

1. Develop an entertainment venue.

The Village will seek partnerships with private businesses and property owners to develop a venue to promote year-round cultural, entertainment and recreational events.



The Bavarian Restaurant is a popular location for outdoor entertainment; however, it has limited capacity for large events due to limitations in parking.

2. Invest in workforce housing.

The Village will seek funding for developing affordable workforce housing.

3. Update the Village ordinance to facilitate special events.

The existing ordinance will be updated to clarify the permitting requirements.

4. Require redevelopment of blighted properties.

Village Council Resolution 2012-215 initiated the condemnation proceedings to enable the ultimate demolition of the Terry's Sports building. The Village decided not to pursue condemnation in 2014. The Village will consider condemnation procedures to declare the "hole in the ground" and Terry's Sports as blighted and to require their timely redevelopment.

The "Hole in the Ground" & Terry's Sports are blighted properties located in the Village core.



5. Expand broadband throughout the Village.

The Village will use franchise fees to expand broadband services to all properties within the Village.

6. Update the zoning regulations to facilitate land development that is consistent with the Master Plan and to improve the efficiency and transparency of the development review process.

7. The Village will update the zoning regulations to facilitate home occupations and live/work developments.

Home occupations and live / work developments will encourage permanent residency and entrepreneurship. Year-round residents will create social and economic vitality. Make the permitted in all zones.

CONCLUSIONS

To be concluded...

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