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## **PROPERTY TAX REVENUES INCREASE WHEN CASINO IS BUILT**

In a continuing effort to be responsive to the citizens of Doña Ana County and the County Commission, and to make sure the casino project pays its own way, the Pueblo of Jemez and Circle P Investments have structured the casino project documents to preserve and enhance the county's tax base. These most recent documents virtually eliminate "trust status" as a property tax issue. There will be only "cash-positive" property tax implications when the proposed casino's 78-acre site becomes federal trust land.

This is an example of the good-faith effort the Pueblo of Jemez and Circle P are making toward the people of Doña Ana County, and is welcome news to County Commissioner D. Kent Evans. "I raised the issue of preserving the property tax base in October, and was told then that the Pueblo of Jemez and Circle P would work to make sure the county came out ahead property tax-wise. Once again, they delivered on their promises," Evans stated. "This is another example of the casino being responsive to the County Commission to make this project a win-win project for everyone."

Property taxes have been a concern for the County Commission, especially Commissioners Evans and Butler, who raised concerns about the potential impact on the property tax base if land became tax-exempt as a result of it being placed into federal trust for the casino. Preserving the property tax base has also been a concern of Attorney General Patricia Madrid.

The current owners of the property pay \$2,841.00 a year in property taxes on this undeveloped land. The Pueblo and Circle P instructed their lawyers to research the law to find the best way to not only preserve the Doña Ana tax base, but to enhance it.

Under the proposed project, the casino will be built on Trust Land and a hotel built on private fee land.

Some of the legal agreements between the Pueblo of Jemez Enterprise Board and Circle P are written in a way to allow Doña Ana County to tax the developer on the property tax value of the casino building built on the trust land and the equipment inside the building, even though the casino will be built on trust land which is usually tax-exempt. While the Pueblo will not be paying property taxes on the land, Circle P will be paying property taxes on the leasehold value of the casino. Under New Mexico law, this value is approximately equal to the property tax that would be levied if a casino were built on the property and the land was not held in trust.

Doña Ana County Assessor Gary Perez said, "The (property tax) money that Circle P

proposes to pay in this agreement is significant. The amount is equal to 32% of the entire property taxes currently generated from non-residential properties in tax district 17.” Perez added that, “This district includes the communities of Anthony, Chaparral, Mesquite, La Union, Berino, Chamberino, Vado and La Mesa.”

“New Mexico law and these documents work together to make the Trust status of the casino site irrelevant from a property tax standpoint,” said Mr. Gerald Peters, President of Circle P. “Circle P wanted to help the schools in the county and to contribute to other general governmental services not directly related to the casino. This innovative arrangement will add approximately \$100,000 a year in property tax payments to the county.” In addition, the hotel will be built on private land and will probably pay approximately \$40,000 to \$60,000 a year in property taxes based on the tax bills of other hotels in the county.

Michael Toledo, Jr, Governor of the Pueblo of Jemez noted that the Pueblo and Circle P didn’t have to structure the casino deal in this manner, but voluntarily decided to do so in order to eliminate any possible detrimental impact on the county from a property tax perspective.

The Pueblo and Circle P intentionally drafted some of the project documents to create a ”fractional leasehold interest” in the casino for Circle P that is also a taxable interest. Fractional leasehold interests in improvements like a casino building are subject to valuation for property tax purposes. Circle P will pay the property taxes as long as it is involved in the casino.

This means that it will make no difference to the county – from a property-tax standpoint – that the 78 acres are going into a trust. In fact, the county will stand to gain greatly from the property taxes paid on the casino leasehold interest and the new hotel. The Intergovernmental Agreement between the Pueblo and the County provides for another \$540,000 a year in payments to the county. Added to prior commitments in the Intergovernmental Agreement the county will receive approximately \$680,000 annually when the casino is built. The casino project will also bring 950 good-paying jobs with benefits to the area, making the positive economic impacts of the project one of the largest in many years.

**(For additional information, contact David Wilson @ 505-524-8118)**

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