

SECOND SESSION, 2024

February 13, 2024

Mr. President:

Your **FINANCE COMMITTEE**, to whom has been referred

SENATE BILL 275

has had it under consideration and reports same with recommendation that it **DO NOT PASS**, but that

**SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 275**

DO PASS, amended as follows:

1. On page 1, line 23, after the semicolon, insert "AUTHORIZING THE ISSUANCE OF SEVERANCE TAX BONDS FOR CERTAIN TRANSPORTATION PROJECTS AND PROJECTS WITHIN TRIBAL COMMUNITIES; ESTABLISHING CONDITIONS FOR THE EXPENDITURE AND APPROPRIATION OF THE BOND PROCEEDS AND FOR THE REVERSION OF UNEXPENDED BALANCES OF BOND PROCEEDS; ESTABLISHING CRITERIA FOR THE BONDS;".

2. On page 248, between lines 2 and 3, insert:

"SECTION 57. SEVERANCE TAX BONDS--AUTHORIZATIONS--
APPROPRIATION OF PROCEEDS.--

A. The state board of finance may issue and sell severance tax bonds up to three hundred twenty million dollars (\$320,000,000) in compliance with the Severance Tax Bonding Act in fiscal year 2025 for the transportation projects certified pursuant to Subsection B of this section; provided that the state board of finance shall only issue bonds with a term that does not extend beyond the fiscal year in which they are issued. The state board of finance shall schedule the issuance and sale of the bonds in the most expeditious and economical manner possible upon a finding by the board that the

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project has been developed sufficiently to justify the issuance and that the project can proceed to contract within a reasonable time. The state board of finance shall further take the appropriate steps necessary to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the department of transportation for the projects provided in Subsection B of this section.

B. The department of transportation shall certify to the state board of finance when the money from the proceeds of the severance tax bonds authorized in this section is needed for the following transportation projects. If the department of transportation has not certified the need for severance tax bond proceeds for a project by the end of fiscal year 2025, the authorization for that project is void:

(1) up to forty-five million dollars (\$45,000,000) for acquisition of rights of way, reconstruction and improvement of the interchange at the intersection of state highway 213 and state highway 404;

(2) up to forty million dollars (\$40,000,000) for acquisition of rights of way, reconstruction and improvement of the interstate 25 corridor from milepost 276 to milepost 291;

(3) up to sixty-two million eight hundred thousand dollars (\$62,800,000) for acquisition of rights of way, reconstruction and improvement of the bridge on interstate 40 east of Gallup from milepost 28.7 to milepost 30.7;

(4) up to forty-five million dollars (\$45,000,000) for acquisition of rights of way, reconstruction and improvement of United States highway 380 from Roswell to the Texas state line;

(5) up to twenty-five million dollars (\$25,000,000) for acquisition of rights of way, reconstruction and improvement of

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the interchange at the intersection of interstate 25 and United States highway 64 in Raton;

(6) up to seventy million dollars (\$70,000,000) for acquisition of rights of way, reconstruction and improvement of United States highway 180 from milepost 128.27 to milepost 142.5;

(7) up to eight million dollars (\$8,000,000) for acquisition of rights of way and the first phase of construction of an interchange in Los Lunas to access interstate 25 at milepost 202;

(8) up to seventy-five million dollars (\$75,000,000) for acquisition of rights of way, reconstruction and improvement of New Mexico highway 128 from milepost 28.8 to 50.5; and

(9) up to one hundred seven million dollars (\$107,000,000) for acquisition of rights of way, reconstruction and improvement of Rio Bravo boulevard in Albuquerque and Bernalillo county from milepost 8.98 to 10.32.

C. Before the department of transportation may certify for the need of severance tax bond proceeds, the project shall be developed sufficiently so that the department reasonably expects to:

(1) incur within six months after the applicable bond proceeds are available for the project a substantial binding obligation to a third party to expend at least five percent of the bond proceeds for the project; and

(2) spend at least eighty-five percent of the bond proceeds within three years after the applicable bond proceeds are available for the project.

D. Except as otherwise specifically provided by law:

(1) the unexpended balance from the proceeds of

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severance tax bonds appropriated for a project shall revert to the severance tax bonding fund within six months of completion of the project, but no later than the end of fiscal year 2027; and

(2) all remaining balances from the proceeds of severance tax bonds appropriated for a project shall revert to the severance tax bonding fund three months after the latest reversion date specified for that type of project in Paragraph (1) of this subsection.

E. Money from severance tax bond proceeds provided pursuant to this section shall not be used to pay indirect project costs.

F. Money that is appropriated from the proceeds of severance tax bonds pursuant to this section shall not be subject to a binding written agreement with a third party prior to the department of transportation's approval to enter into that agreement.

G. For the purposes of this section, "unexpended balance" means the remainder of an appropriation after reserving for unpaid costs and expenses subject to a binding written agreement with a third party.

SECTION 58. SEVERANCE TAX BONDS--AUTHORIZATIONS--APPROPRIATION OF PROCEEDS.--

A. The state board of finance may issue and sell severance tax bonds up to thirty million dollars (\$30,000,000) in compliance with the Severance Tax Bonding Act in fiscal year 2025 for projects within tribal communities certified pursuant to Subsection B of this section; provided that the state board of finance shall only issue bonds with a term that does not extend beyond the fiscal year in which they are issued. The state board of finance shall schedule the issuance and sale of the bonds in the most expeditious and

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economical manner possible upon a finding by the board that the project has been developed sufficiently to justify the issuance and that the project can proceed to contract within a reasonable time. The state board of finance shall further take the appropriate steps necessary to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to Indian affairs department for the projects provided in Subsection B of this section.

B. The Indian affairs department shall certify to the state board of finance when the money from the proceeds of the severance tax bonds authorized in this section is needed to complete a prior approved project or fund a project provided for in this act within a tribal community. If the Indian affairs department has not certified the need for severance tax bond proceeds for a project by the end of fiscal year 2025, the authorization for that project is void.

C. Except as otherwise specifically provided by law:

(1) the unexpended balance from the proceeds of severance tax bonds appropriated for a project shall revert to the severance tax bonding fund within six months of completion of the project, but no later than the end of fiscal year 2027; and

(2) all remaining balances from the proceeds of severance tax bonds appropriated for a project shall revert to the severance tax bonding fund three months after the latest reversion date specified for that type of project in Paragraph (1) of this subsection.

D. Money from severance tax bond proceeds provided pursuant to this section shall not be used to pay indirect project costs.

E. Money that is appropriated from the proceeds of

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severance tax bonds pursuant to this section shall not be subject to a binding written agreement with a third party prior to the Indian affairs department's approval to enter into that agreement.

F. For the purposes of this section, "unexpended balance" means the remainder of an appropriation after reserving for unpaid costs and expenses subject to a binding written agreement with a third party."

3. Renumber the succeeding section accordingly.

Respectfully submitted,

Senator George Muñoz, Chair

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 10 For 0 Against

Yes: 10

No: 0

Excused: Hemphill

Absent: None

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