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AN ACT

RELATING TO SEVERANCE TAX BONDING; PROVIDING FOR A MINIMUM DISTRIBUTION FROM THE SEVERANCE TAX BONDING FUND TO THE SEVERANCE TAX PERMANENT FUND EVERY YEAR FOR TEN YEARS; LIMITING THE AMOUNT OF SUPPLEMENTAL SEVERANCE TAX BONDS OR NOTES ISSUED IN 2019.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-27-10 NMSA 1978 (being Laws 1961, Chapter 5, Section 8, as amended) is amended to read:

"7-27-10. STATE BOARD OF FINANCE SHALL ISSUE BONDS.--

A. The state board of finance is authorized to issue and sell severance tax bonds within the provisions of the Severance Tax Bonding Act, and no other agency of the state is authorized to issue or sell severance tax bonds.

B. The state board of finance may issue and sell supplemental severance tax bonds within the provisions of the Severance Tax Bonding Act, and no other agency of the state is authorized to issue or sell supplemental severance tax bonds. As a temporary measure for fiscal year 2019, the state board of finance shall not issue and sell more than one hundred eighty-one million eight hundred thousand dollars (\$181,800,000) of supplemental severance tax bonds or notes."

SECTION 2. Section 7-27-10.1 NMSA 1978 (being Laws 2003, Chapter 134, Section 1, as amended) is amended to read:

1 "7-27-10.1. TRANSFER TO SEVERANCE TAX PERMANENT FUND
2 BEFORE DETERMINING BONDING CAPACITY--AUTHORIZATION FOR
3 SEVERANCE TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL
4 INFRASTRUCTURE PROJECTS.--

5 A. On December 31 of each year from 2019 through
6 2028, the division shall transfer twenty-three million six
7 hundred ninety thousand dollars (\$23,690,000) from the
8 severance tax bonding fund to the severance tax permanent
9 fund, unless the state board of finance determines that a
10 lesser transfer amount is necessary pursuant to Section
11 7-27-8 NMSA 1978 to avoid a potential shortfall in debt
12 service obligations.

13 B. By January 15 of each year, the division shall
14 estimate the amount of bonding capacity available for
15 severance tax bonds to be authorized by the legislature.

16 C. For each year except 2017, the division shall
17 allocate nine percent of the estimated bonding capacity each
18 year for water projects, and the legislature authorizes the
19 state board of finance to issue severance tax bonds in the
20 annually allocated amount for use by the water trust board to
21 fund water projects statewide. The water trust board shall
22 certify to the state board of finance the need for issuance
23 of bonds for water projects. The state board of finance may
24 issue and sell the bonds in the same manner as other
25 severance tax bonds in an amount not to exceed the authorized

1 amount provided for in this subsection. If necessary, the
2 state board of finance shall take the appropriate steps to
3 comply with the federal Internal Revenue Code of 1986, as
4 amended. Proceeds from the sale of the bonds are
5 appropriated to the water project fund in the New Mexico
6 finance authority for the purposes certified by the water
7 trust board to the state board of finance.

8 D. The division shall allocate the following
9 percentage of the estimated bonding capacity for tribal
10 infrastructure projects:

11 (1) in 2016, six and one-half percent; and

12 (2) in 2017 and each subsequent year, four
13 and one-half percent.

14 E. The legislature authorizes the state board of
15 finance to issue severance tax bonds in the amount provided
16 for in this section for use by the tribal infrastructure
17 board to fund tribal infrastructure projects. The tribal
18 infrastructure board shall certify to the state board of
19 finance the need for issuance of bonds for tribal
20 infrastructure projects. The state board of finance may
21 issue and sell the bonds in the same manner as other
22 severance tax bonds in an amount not to exceed the authorized
23 amount provided for in this section. If necessary, the state
24 board of finance shall take the appropriate steps to comply
25 with the federal Internal Revenue Code of 1986, as amended.

1 Proceeds from the sale of the bonds are appropriated to the
2 tribal infrastructure project fund for the purposes certified
3 by the tribal infrastructure board to the state board of
4 finance.

5 F. Money from the severance tax bonds provided for
6 in this section shall not be used to pay indirect project
7 costs. Any unexpended balance from proceeds of severance tax
8 bonds issued for a water project or a tribal infrastructure
9 project shall revert to the severance tax bonding fund within
10 six months of completion of the project. The New Mexico
11 finance authority shall monitor and ensure proper reversions
12 of the bond proceeds appropriated for water projects, and the
13 department of finance and administration shall monitor and
14 ensure proper reversions of the bond proceeds appropriated
15 for tribal infrastructure projects.

16 G. As used in this section:

17 (1) "division" means the board of finance
18 division of the department of finance and administration;

19 (2) "tribal infrastructure project" means a
20 qualified project under the Tribal Infrastructure Act; and

21 (3) "water project" means a capital outlay
22 project for:

23 (a) the storage, conveyance or delivery
24 of water to end users;

25 (b) the implementation of federal

1 Endangered Species Act of 1973 collaborative programs;

2 (c) the restoration and management of
3 watersheds;

4 (d) flood prevention; or

5 (e) conservation, recycling, treatment

6 or reuse of water."

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