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SENATE BILL 449

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Ben D. Altamirano

AN ACT

RELATING TO PUBLIC SCHOOLS; PROVIDING AN ONGOING AUTHORIZATION FOR SUPPLEMENTAL SEVERANCE TAX BONDS FOR PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS; CREATING THE PUBLIC SCHOOL CAPITAL OUTLAY TASK FORCE; MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.

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

Section 1. Section 7-27-12 NMSA 1978 (being Laws 1961, Chapter 5, Section 10, as amended) is amended to read:

"7-27-12. WHEN SEVERANCE TAX BONDS TO BE ISSUED. --

A. The state board of finance shall issue and sell all severance tax bonds when authorized to do so by any law that sets out the amount of the issue and the recipient of the money.

B. The state board of finance shall also issue and sell severance tax bonds authorized by Sections 72-14-36

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1 through 72-14-42 NMSA 1978, and such authority as has been
2 given to the interstate stream commission to issue and sell
3 such bonds is transferred to the state board of finance. The
4 state board of finance shall issue and sell all severance tax
5 bonds only when so instructed by resolution of the governing
6 body or executive head of the recipient of the bond money.

7 C. Except as provided in Subsection D of this
8 section, proceeds from supplemental severance tax bonds shall
9 be used only for public school [eritieal] capital outlay
10 projects pursuant to the Public School Capital Outlay Act [~~or~~
11 ~~for infrastructure renovation and expansion at the state's~~
12 ~~public post-secondary educational institutions and other~~
13 ~~institutions confirmed as state educational institutions in~~
14 ~~Article 12, Section 11 of the constitution of New Mexico~~
15 ~~pursuant to a plan developed and approved by the commission on~~
16 ~~higher education to fund the highest priority significant~~
17 ~~needs identified by the commission.~~

18 D. ~~The state board of finance shall issue and sell~~
19 ~~all supplemental severance tax bonds when authorized to do so~~
20 ~~by any law that sets out the amount of the issue and names the~~
21 ~~public school capital outlay council or the commission on~~
22 ~~higher education as the recipient of the money. The state~~
23 ~~board of finance shall issue and sell supplemental severance~~
24 ~~tax bonds only when so instructed by resolution of the public~~
25 ~~school capital outlay council or by resolution of the~~

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1 ~~commission on higher education pursuant to certification by~~
2 ~~the governing bodies of the appropriate educational~~
3 ~~institutions].~~

4 D. Proceeds from supplemental severance tax bonds
5 issued pursuant to Paragraph (2) of Subsection A of Section 19
6 of Chapter 6 of Laws 1999 (1st S.S.) shall be used for the
7 purposes specified in that paragraph.

8 E. Except as provided in Subsection F of this
9 section, the state board of finance shall issue and sell all
10 supplemental severance tax bonds when so instructed by
11 resolution of the public school capital outlay council
12 pursuant to Section 7-27-12.2 NMSA 1978.

13 F. The state board of finance shall issue and sell
14 supplemental severance tax bonds authorized by Paragraph (2)
15 of Subsection A of Section 19 of Chapter 6 of Laws 1999 (1st
16 S.S.) when so instructed by resolution of the commission on
17 higher education pursuant to certification by the governing
18 bodies of the appropriate educational institutions."

19 Section 2. A new section of the Severance Tax Bonding
20 Act, Section 7-27-12.2 NMSA 1978, is enacted to read:

21 "7-27-12.2. [NEW MATERIAL] SUPPLEMENTAL SEVERANCE TAX
22 BONDS--PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS.--

23 A. The public school capital outlay council is
24 authorized to certify by resolution that proceeds of
25 supplemental severance tax bonds are needed for public school

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1 capital outlay projects pursuant to Section 22-24-5 NMSA 1978.
2 The resolution shall specify the total amount needed.

3 B. The state board of finance may issue and sell
4 supplemental severance tax bonds in compliance with the
5 Severance Tax Bonding Act when the public school capital
6 outlay council certifies by resolution the need for the
7 issuance of the bonds. The amount of the bonds sold at each
8 sale shall not exceed the lesser of the amount certified by
9 the public school capital outlay council or the amount that
10 may be issued pursuant to the restrictions of Section 7-27-14
11 NMSA 1978.

12 C. The state board of finance shall schedule the
13 issuance and sale of the bonds in the most expeditious and
14 economical manner possible.

15 D. The proceeds from the sale of the bonds are
16 appropriated to the public school capital outlay fund for the
17 purpose of making awards of grant assistance pursuant to
18 Section 22-24-5 NMSA 1978. "

19 Section 3. Section 7-27-27 NMSA 1978 (being Laws 1961,
20 Chapter 5, Section 27, as amended) is amended to read:

21 "7-27-27. PURPOSE AND INTENT.--The purpose of the
22 Severance Tax Bonding Act is to establish the authority who
23 shall issue and sell all severance tax bonds [~~and supplemental~~
24 ~~severance tax bonds~~] for financing specific projects
25 authorized by the legislature and all supplemental severance

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1 tax bonds pursuant to Section 7-27-12.2 NMSA 1978 and to
2 guarantee redemption of such bonds by revenue derived from the
3 receipts from taxes levied upon natural resource products
4 severed and saved from the soil and such other money as the
5 legislature may from time to time determine. It is intended
6 that projects to be financed from the fund shall include [~~but~~
7 ~~not be limited to~~] the construction of buildings for state
8 institutions and water resource projects; and it is further
9 intended that the income from water resource projects in
10 excess of the amount required for operation and maintenance of
11 the project shall be used to repay the severance tax bonding
12 fund. "

13 Section 4. Laws 1999 (1st S.S.), Chapter 6, Section 19
14 is amended to read:

15 "Section 19. SUPPLEMENTAL SEVERANCE TAX BONDS--PURPOSE
16 FOR WHICH ISSUED--APPROPRIATION OF PROCEEDS.--

17 A. The state board of finance may issue and sell
18 supplemental severance tax bonds in compliance with the
19 Severance Tax Bonding Act in the following amounts for the
20 following purposes upon the following certification:

21 (1) an amount not exceeding one hundred
22 million dollars (\$100,000,000) when the public school capital
23 outlay council certifies by resolution the need for the
24 issuance of the bonds for public school critical capital
25 outlay projects pursuant to the Public School Capital Outlay

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1 Act; and

2 (2) an amount not exceeding twenty-five
3 million dollars (\$25,000,000) when the commission on higher
4 education certifies by resolution the need for the issuance of
5 the bonds for infrastructure renovation and expansion at the
6 state's public post-secondary educational institutions or
7 other educational institutions confirmed in Article 12,
8 Section 11 of the constitution of New Mexico pursuant to a
9 plan developed and approved by the commission on higher
10 education to fund the highest priority significant needs
11 identified by the commission.

12 [~~C.~~] B. The state board of finance shall schedule
13 the issuance and sale of the bonds in the most expeditious and
14 economical manner possible upon a finding by the board that
15 the projects have been developed sufficiently to justify the
16 issuance and that the projects can proceed to contract within
17 a reasonable time. The state board of finance shall further
18 take the appropriate steps necessary to comply with the
19 Internal Revenue Code of 1986, as amended.

20 [~~D.~~] C. The proceeds from the sale of the bonds
21 pursuant to Paragraph (1) of Subsection A of this section are
22 appropriated to the public school capital outlay fund to carry
23 out the provisions of the Public School Capital Outlay Act.
24 If the public school capital outlay council has not certified
25 the need for the issuance of the bonds by the end of fiscal

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1 year [~~2004~~] 2001, authorization provided in this section shall
2 expire. Any unexpended or unencumbered balance remaining from
3 the proceeds of bonds issued pursuant to Paragraph (1) of
4 Subsection A of this section at the end of fiscal year 2006
5 shall revert to the severance tax bonding fund.

6 [~~E-~~] D. The proceeds from the sale of the bonds in
7 Paragraph (2) of Subsection A of this section are appropriated
8 to the commission on higher education for distribution to the
9 governing bodies of the educational institutions who have
10 certified projects for funding with the bond proceeds. If the
11 commission on higher education has not certified the need for
12 the issuance of the bonds by the end of fiscal year 2004,
13 authorization provided in this section shall expire. Any
14 unexpended or unencumbered balance remaining from the proceeds
15 of bonds issued pursuant to Paragraph (2) of Subsection A of
16 this section at the end of fiscal year 2006 shall revert to
17 the severance tax bonding fund. "

18 Section 5. [NEW MATERIAL] PUBLIC SCHOOL CAPITAL OUTLAY
19 TASK FORCE-- CREATION-- STAFF. --

20 A. The "public school capital outlay task force"
21 is created. The task force consists of sixteen members as
22 follows:

23 (1) the nine members of the public school
24 capital outlay council;

25 (2) two members representing school districts

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1 that receive grants from the federal government as assistance
2 to areas affected by federal activity authorized in accordance
3 with Title 20 of the United States Code, appointed by the New
4 Mexico legislative council in consultation with the governor;

5 (3) the chairmen of the legislative finance
6 committee, the senate education committee and the house
7 education committee or their designees;

8 (4) one member appointed by the speaker of
9 the house of representatives; and

10 (5) one member appointed by the president pro
11 tempore of the senate.

12 Section 6. [NEW MATERIAL] PUBLIC SCHOOL CAPITAL OUTLAY
13 TASK FORCE--DUTIES. --The public school capital outlay task
14 force shall:

15 A. study and evaluate the progress and
16 effectiveness of programs administered pursuant to the Public
17 School Capital Outlay Act and the Public School Capital
18 Improvements Act;

19 B. evaluate the existing revenue streams for
20 funding public school capital outlay projects and recommend
21 any changes that may be more cost-effective or appropriate;

22 C. monitor and assist the public school capital
23 outlay council as it develops rules pursuant to the Public
24 School Capital Outlay Act; and

25 D. no later than December 1 of each year, report

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1 the results of its analyses and its findings and
2 recommendations to the governor and the legislature.

3 Section 7. APPROPRIATIONS. --

4 A. Two million three hundred thousand dollars
5 (\$2,300,000) is appropriated from the general fund to the
6 state department of public education for expenditure in fiscal
7 years 2001 through 2003 for the purpose of assessing the needs
8 of local school districts for public school capital outlay
9 projects and projecting the costs of the projects. Any
10 unexpended or unencumbered balance remaining at the end of
11 fiscal year 2003 shall revert to the general fund.

12 B. Sixty-six million three hundred thirty thousand
13 dollars (\$66,330,000) is appropriated from the general fund to
14 the public school capital outlay fund for expenditure in
15 fiscal years 2001 through 2004 for providing grant assistance
16 for projects pursuant to the Public School Capital Outlay Act.
17 Any unexpended or unencumbered balance remaining at the end of
18 fiscal year 2004 shall revert to the general fund.

19 C. Thirty-three million six hundred seventy
20 thousand dollars (\$33,670,000) is appropriated from the
21 general fund to the state department of public education for
22 expenditure in fiscal years 2001 through 2004 for the purpose
23 of completing the public school capital outlay projects
24 specified in this subsection. Expenditure of each of the
25 following amounts is contingent upon the department entering

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1 into a contract with the local school district containing such
2 terms, conditions and reporting requirements as are required
3 by the public school capital outlay council. Any unexpended
4 or unencumbered balance remaining at the end of fiscal year
5 2004 shall revert to the general fund. Included in the
6 appropriation are the following amounts for the following
7 projects:

8 (1) five million six hundred seventy thousand
9 dollars (\$5,670,000) to replace Navajo elementary school in
10 the Gallup-McKinley school district;

11 (2) six million dollars (\$6,000,000) to
12 construct Tohatchi middle school in the Gallup-McKinley school
13 district;

14 (3) seven million dollars (\$7,000,000) for a
15 new high school at Pueblo Pintado in the Gallup-McKinley
16 school district;

17 (4) ten million dollars (\$10,000,000) to
18 complete Laguna-Acoma high school in the Grants-Cibola school
19 district; and

20 (5) five million dollars (\$5,000,000) to
21 finish Zuni high school and other projects in the Zuni school
22 district.

23 D. Twenty thousand dollars (\$20,000) is
24 appropriated from the general fund to the legislative council
25 service for expenditure in fiscal years 2001 and 2002 for the

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1 purpose of paying per diem and mileage for public members of
2 the public school capital outlay task force. Any unexpended
3 or unencumbered balance remaining at the end of fiscal year
4 2002 shall revert to the general fund.

5 Section 8. REPEAL. --Laws 2000, Chapter 95, Section 2 and
6 Laws 2000 (2nd S. S.), Chapter 11, Section 3 are repealed.

7 Section 9. DELAYED REPEAL. --Sections 5 and 6 of this act
8 are repealed effective January 1, 2004.

9 Section 10. EFFECTIVE DATE. --The effective date of the
10 provisions of Sections 1 through 4 of this act is July 1,
11 2001.

12 Section 11. EMERGENCY. --It is necessary for the public
13 peace, health and safety that this act take effect
14 immediately.

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