11
12
13
14
15
16
17
18
19
20
21
22
23
24

25

1

2

3

8

9

10

SENATE BILL 606

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

INTRODUCED BY

Cynthia L. Nava

AN ACT

RELATING TO THE STATE PERMANENT FUNDS; MAKING AN APPROPRIATION FOR THE PURPOSE OF DETERMINING THE TAX EFFECTS ON CERTAIN GENERAL OBLIGATION BONDS THAT ARE SECURED BY THE CORPUS OF THE PERMANENT FUNDS.

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

Section 1. FINDINGS--APPROPRIATION. --

A. The legislature finds that:

- (1) general obligation bonds of schooldistricts are a vital funding source for New Mexico's schools;
- (2) because of the uncertainty of future property tax values and revenues, some school district general obligation bonds are not rated at the highest ratings;
- (3) the lower rating on general obligation bonds results in a higher interest rate and, therefore, .136453.1

ultimately less money for education;

- (4) using the corpus of the permanent funds to guarantee the bonds would result in higher bond ratings and lower interest rates, meaning additional money for schools; and
- (5) there is a possibility that the corpus of the permanent funds can be used to guarantee the bonds without jeopardizing the tax-exempt nature of the bonds.
- B. Fifty thousand dollars (\$50,000) is appropriated from the general fund to the state investment council for expenditure in fiscal year 2002 for the purpose of obtaining a ruling from the federal internal revenue service as to whether the tax-exempt nature of school district general obligation bonds would be jeopardized if the bonds were guaranteed by the corpus of the permanent funds. Any unexpended or unencumbered balance remaining at the end of fiscal year 2002 shall revert to the general fund.

- 2 -