

AN ACT

RELATING TO WATER PROJECTS; REQUIRING A PERCENTAGE OF ANNUAL SEVERANCE TAX BONDING CAPACITY TO BE USED TO FUND WATER PROJECTS STATEWIDE; MAKING AN APPROPRIATION.

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

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Section 1. A new section of the Severance Tax Bonding Act is enacted to read:

"BONDING CAPACITY--AUTHORIZATION FOR SEVERANCE TAX BONDS--  
WATER PROJECTS PRIORITY.--

A. By January 15 of each year, the board of finance division of the department of finance and administration shall estimate the amount of bonding capacity available for severance tax bonds to be authorized by the legislature. The division shall authorize ten percent of the estimated bonding capacity each year, and the legislature authorizes the state board of finance to issue severance tax bonds in the annually deducted amount for use by the water trust board to fund water projects statewide.

B. The water trust board shall certify to the state board of finance the need for issuance of bonds for water projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in Subsection A of this section. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the water project fund in the New Mexico finance authority for the purposes certified by the water trust board to the state board of

finance.

C. Money from the severance tax bonds provided for in this section shall not be used to pay indirect project costs. Any unexpended balance from proceeds of severance tax bonds issued for a water project shall revert to the severance tax bonding fund within six months of completion of the water project. The New Mexico finance authority shall monitor and ensure proper reversions.

D. As used in this section, "water project" means a capital outlay project for:

- (1) the storage, conveyance or delivery of water to end users;
- (2) the implementation of federal Endangered Species Act of 1973 collaborative programs;
- (3) the restoration and management of watersheds;
- (4) flood prevention; or
- (5) conservation, recycling, treatment or reuse of water.”