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HOUSE BILL 40

49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010

INTRODUCED BY

Patricia A. Lundstrom

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO WATER INFRASTRUCTURE; CHANGING THE AGENCY
AUTHORIZED TO GRANT FUNDS FOR A PROJECT AUTHORIZED IN LAWS
2008, CHAPTER 45, SECTION 1; APPROPRIATING CERTAIN BOND
PROCEEDS TO THE DEPARTMENT OF ENVIRONMENT; DECLARING AN
EMERGENCY.

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

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

"7-27-10.1. 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

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1 shall authorize ten percent of the estimated bonding capacity
2 each year, and the legislature authorizes the state board of
3 finance to issue severance tax bonds in the annually deducted
4 amount for use by the water trust board to fund water projects
5 statewide, except for projects authorized in Subsection D of
6 this section.

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

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

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1 D. The board of finance division of the department
2 of finance and administration shall:

3 (1) void the authorization to the water
4 project fund held at the New Mexico finance authority to make
5 grants or loans of severance tax bond proceeds for projects
6 pursuant to Subsection U of Section 1 of Chapter 41 of Laws
7 2006 for the northwest New Mexico council of governments in
8 McKinley county for a water distribution project and Subsection
9 25 of Section 1 of Chapter 139 of Laws 2007 for the Navajo
10 Nation division of natural resources department of water
11 resources water management branch for a regional water project
12 in Rio Arriba, Sandoval, McKinley, San Juan and Cibola
13 counties; and

14 (2) authorize the department of environment to
15 make a grant of the unexpended proceeds of severance tax bonds
16 issued in fiscal years 2006 and 2007 for the purposes of the
17 water project fund to be used for the authorizations identified
18 in Paragraph (1) of this subsection and appropriate to the
19 department of environment five million three hundred seventy-
20 five thousand two hundred forty-four dollars (\$5,375,244) for
21 the Navajo Nation division of natural resources department of
22 water resources water management branch for a regional water
23 distribution project in Rio Arriba, Sandoval, McKinley, San
24 Juan and Cibola counties. Any unexpended balance of the funds
25 authorized for expenditure in this section shall revert to the

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1 severance tax bonding fund at the end of fiscal year 2013 or
2 upon completion of the project, whichever is earlier.

3 E. For purposes of the board of finance division of
4 the department of finance and administration action:

5 (1) the authorization to the water
6 project fund held at the New Mexico finance authority to make
7 grants or loans of severance tax bond proceeds for a project
8 pursuant to Subsection Q of Section 1 of Chapter 45 of Laws
9 2008 to the city of Gallup in McKinley county for a water
10 project is void; and

11 (2) the unexpended proceeds of severance tax
12 bonds issued in fiscal year 2008 for the purposes of the water
13 project fund to be used for the authorization identified in
14 Paragraph (1) of this subsection are appropriated to the
15 department of environment in the amount of five million eight
16 hundred eighty-five thousand eight hundred sixty-five dollars
17 (\$5,885,865) for the city of Gallup for a water project in
18 McKinley county. Any unexpended balance of the funds
19 authorized for expenditure in this subsection shall revert to
20 the severance tax bonding fund at the end of fiscal year 2014
21 or upon completion of the project, whichever is earlier.

22 [~~E.~~] F. As used in this section, "water project"
23 means a capital outlay project for:

24 (1) the storage, conveyance or delivery of
25 water to end users;

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1 (2) the implementation of federal Endangered
2 Species Act of 1973 collaborative programs;

3 (3) the restoration and management of
4 watersheds;

5 (4) flood prevention; or

6 (5) conservation, recycling, treatment or
7 reuse of water."

8 Section 2. EMERGENCY.--It is necessary for the public
9 peace, health and safety that this act take effect immediately.