

1 SENATE BILL 185

2 **49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010**

3 INTRODUCED BY

4 Michael S. Sanchez

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10 AN ACT

11 RELATING TO PUBLIC EXPENDITURES; AUTHORIZING SHORT-TERM
12 SEVERANCE TAX BONDS TO BE ISSUED IN FISCAL YEAR 2011 FOR THE
13 PURPOSE OF AVOIDING SALARY REDUCTIONS MADE BY THE SECOND
14 SESSION OF THE FORTY-NINTH LEGISLATURE FOR EMPLOYEES WHOSE
15 SALARIES ARE DERIVED FROM THE GENERAL FUND; AUTHORIZING FUND
16 TRANSFERS TO AVOID SALARY REDUCTIONS FOR EMPLOYEES WHOSE
17 SALARIES ARE DERIVED FROM OTHER STATE FUNDS; MAKING
18 APPROPRIATIONS.

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

21 Section 1. SHORT-TERM SEVERANCE TAX BONDS ISSUED IN
22 FISCAL YEAR 2011 TO AVOID SALARY REDUCTIONS.--

23 A. In fiscal year 2011, when the secretary of
24 finance and administration certifies the need for the bonds,
25 the state board of finance may issue and sell severance tax
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1 bonds with a term that does not extend beyond the end of fiscal
2 year 2011 in an aggregate amount not to exceed seventy-six
3 million three hundred thousand dollars (\$76,300,000) for the
4 purposes stated in this section.

5 B. The state board of finance shall schedule the
6 issuance and sale of the bonds in the most expeditious and
7 economical manner possible. The state board of finance shall
8 further take the appropriate steps necessary to comply with the
9 Internal Revenue Code of 1986, as amended.

10 C. Proceeds from the sale of the bonds shall be
11 used to avoid a salary reduction enacted by the second session
12 of the forty-ninth legislature for public employees whose
13 salary is derived from the general fund. The proceeds are
14 appropriated as follows:

15 (1) sixteen million eight hundred thousand
16 dollars (\$16,800,000) is appropriated to the department of
17 finance and administration for expenditure in fiscal year 2011
18 to avoid the salary reduction for employees in budgeted
19 positions in the executive, legislative and judicial branches.
20 The department of finance and administration shall distribute a
21 sufficient amount to each agency to avoid the appropriate
22 salary reduction for those employees whose salaries are reduced
23 in the General Appropriation Act of 2010. Any unexpended or
24 unencumbered balance remaining at the end of fiscal year 2011
25 shall revert to the severance tax bonding fund;

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1 (2) forty million five hundred thousand
2 dollars (\$40,500,000) is appropriated to the state equalization
3 guarantee distribution to supplement the appropriation made in
4 the General Appropriation Act of 2010 and is intended to avoid
5 the salary reduction for public school employees made in that
6 act;

7 (3) nine hundred thousand dollars (\$900,000)
8 is appropriated to the transportation distribution to
9 supplement the appropriation made in the General Appropriation
10 Act of 2010 and is intended to avoid the salary reduction for
11 transportation employees made in that act; and

12 (4) eighteen million one hundred thousand
13 dollars (\$18,100,000) is appropriated to the higher education
14 department for expenditure in fiscal year 2011 to avoid the
15 salary reduction for faculty and staff of four- and two-year
16 post-secondary educational institutions. The higher education
17 department shall distribute a sufficient amount to each
18 institution to avoid the appropriate salary reduction for those
19 employees whose salaries are reduced in the General
20 Appropriation Act of 2010. Any unexpended or unencumbered
21 balance remaining at the end of fiscal year 2011 shall revert
22 to the severance tax bonding fund.

23 D. If the appropriation made in Paragraph (1) or
24 (4) of Subsection C of this section is insufficient to fully
25 avoid the salary reductions, then the appropriated amount shall

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1 be distributed proportionately so that each employee's salary
2 will be reduced by the same percentage.

3 E. Notwithstanding the provisions of any other law,
4 the severance tax bonds authorized and sold pursuant to this
5 section and the appropriation of bond proceeds shall be deemed
6 to be for a project for purposes of the Severance Tax Bonding
7 Act.

8 F. The authorization in this section to issue
9 severance tax bonds is contingent upon the enactment into law
10 by the second session of the forty-ninth legislature of a
11 provision in the General Appropriation Act of 2010 that reduces
12 the salaries of public employees whose salaries are derived
13 from the general fund.

14 Section 2. AUTHORITY TO AVOID SALARY REDUCTIONS FOR
15 EMPLOYEES WHOSE SALARIES ARE NOT DERIVED FROM THE GENERAL
16 FUND.--For those state employees whose salaries are referenced
17 in or received as a result of nongeneral fund appropriations in
18 the General Appropriation Act of 2010 and whose salaries have
19 been reduced in that act, the department of finance and
20 administration shall transfer from the appropriate fund to the
21 appropriate agency the amount required to avoid a salary
22 reduction of up to two percent, and such amounts are
23 appropriated for expenditure in fiscal year 2011. Any
24 unexpended balances remaining at the end of fiscal year 2011
25 shall revert to the appropriate fund.

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