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SENATE BILL 48

**50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

INTRODUCED BY

Stephen H. Fischmann

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO THE NEW MEXICO FINANCE AUTHORITY; TEMPORARILY  
REQUIRING REPORTING OF PUBLIC PROJECT REVOLVING FUND PROJECT  
AND FUND STATUS; TEMPORARILY REMOVING THE REQUIREMENT FOR  
SPECIFIC PRIOR APPROVAL OF PROJECTS FOR PUBLIC PROJECT  
REVOLVING FUND FUNDING.

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

**SECTION 1.** Section 6-21-6 NMSA 1978 (being Laws 1992,  
Chapter 61, Section 6, as amended) is amended to read:

"6-21-6. PUBLIC PROJECT REVOLVING FUND--PURPOSE--  
ADMINISTRATION.--

A. The "public project revolving fund" is created  
within the authority. The fund shall be administered by the  
authority as a separate account, but may consist of such  
subaccounts as the authority deems necessary to carry out the

underscored material = new  
[bracketed material] = delete

1 purposes of the fund. The authority may establish procedures  
2 and adopt rules as required to administer the fund in  
3 accordance with the New Mexico Finance Authority Act.

4 B. Except as otherwise provided in the New Mexico  
5 Finance Authority Act, money from payments of principal of and  
6 interest on loans and payments of principal of and interest on  
7 securities held by the authority for public projects  
8 [~~authorized specifically by law~~] shall be deposited in the  
9 public project revolving fund. The fund shall also consist of  
10 any other money appropriated, distributed or otherwise  
11 allocated to the fund for the purpose of financing public  
12 projects [~~authorized specifically by law~~].

13 C. The authority shall report no less than  
14 quarterly to the legislature and the New Mexico finance  
15 authority oversight committee on public projects approved by  
16 the authority and on the status of the public project revolving  
17 fund, pursuant to rules of the authority approved by the New  
18 Mexico finance authority oversight committee.

19 [~~G-~~] D. Money appropriated to pay administrative  
20 costs, money available for administrative costs from other  
21 sources and money from payments of interest on loans or  
22 securities held by the authority, including payments of  
23 interest on loans and securities held by the authority for  
24 public projects authorized specifically by law, that represents  
25 payments for administrative costs shall not be deposited in the

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1 public project revolving fund and shall be deposited in a  
2 separate account of the authority and may be used by the  
3 authority to meet administrative costs of the authority.

4 ~~[D.]~~ E. Except as otherwise provided in the New  
5 Mexico Finance Authority Act, money in the public project  
6 revolving fund is appropriated to the authority to pay the  
7 reasonably necessary costs of originating and servicing loans,  
8 grants or securities funded by the fund and to make loans or  
9 grants and to purchase or sell securities to assist qualified  
10 entities in financing public projects in accordance with the  
11 New Mexico Finance Authority Act. ~~[and pursuant to specific  
12 authorization by law for each project.]~~

13 ~~E.]~~ F. Money in the public project revolving fund  
14 not needed for immediate disbursement, including money held in  
15 reserve, may be deposited with the state treasurer for  
16 short-term investment pursuant to Section 6-10-10.1 NMSA 1978  
17 or may be invested in direct and general obligations of or  
18 obligations fully and unconditionally guaranteed by the United  
19 States, obligations issued by agencies of the United States,  
20 obligations of this state or any political subdivision of the  
21 state, interest-bearing time deposits, commercial paper issued  
22 by corporations organized and operating in the United States  
23 and rated "prime" quality by a national rating service, other  
24 investments permitted by Section 6-10-10 NMSA 1978 or as  
25 otherwise provided by the trust indenture or bond resolution,

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1 if money is pledged for or secures payment of bonds issued by  
2 the authority.

3 ~~[F.]~~ G. The authority shall establish fiscal  
4 controls and accounting procedures that are sufficient to  
5 assure proper accounting for public project revolving fund  
6 payments, disbursements and balances.

7 ~~[G.]~~ H. Money on deposit in the public project  
8 revolving fund may be used to make interim loans for a term not  
9 exceeding two years to qualified entities for the purpose of  
10 providing interim financing for any project approved or funded  
11 by the legislature.

12 ~~[H.]~~ I. Money on deposit in the public project  
13 revolving fund may be used to acquire securities or to make  
14 loans to qualified entities in connection with the small loan  
15 program. As used in this subsection, "small loan program"  
16 means the program of the authority designed to provide  
17 financing for public projects in amounts not to exceed one  
18 million dollars (\$1,000,000) per project. A public project  
19 financed pursuant to the small loan program shall not require  
20 specific authorization by law.

21 ~~[I.]~~ J. Money on deposit in the public project  
22 revolving fund may be designated as a reserve for any bonds  
23 issued by the authority, including bonds payable from sources  
24 other than the public project revolving fund, and the authority  
25 may covenant in any bond resolution or trust indenture to

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1 maintain and replenish the reserve from money deposited in the  
2 public project revolving fund after issuance of bonds by the  
3 authority.

4 ~~[J-]~~ K. Money on deposit in the public project  
5 revolving fund may be used to purchase bonds issued by the  
6 authority, which are payable from any designated source of  
7 revenues or collateral. Purchasing and holding the bonds in  
8 the public project revolving fund shall not, as a matter of  
9 law, result in cancellation or merger of the bonds  
10 notwithstanding the fact that the authority as the issuer of  
11 the bonds is obligated to make the required debt service  
12 payments and the public project revolving fund held by the  
13 authority is entitled to receive the required debt service  
14 payments.

15 ~~[K-]~~ L. Money on deposit in the public project  
16 revolving fund may be used to capitalize other financing  
17 programs of the authority authorized by law, either directly or  
18 from proceeds of bonds issued by the authority and secured by  
19 money in the public project revolving fund."

20 **SECTION 2.** Section 6-21-6 NMSA 1978 (being Laws 1992,  
21 Chapter 61, Section 6, as amended) is repealed and a new  
22 Section 6-21-6 NMSA 1978 is enacted to read:

23 "6-21-6. [NEW MATERIAL] PUBLIC PROJECT REVOLVING FUND--  
24 PURPOSE--ADMINISTRATION.--

25 A. The "public project revolving fund" is created

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1 within the authority. The fund shall be administered by the  
2 authority as a separate account, but may consist of such  
3 subaccounts as the authority deems necessary to carry out the  
4 purposes of the fund. The authority may establish procedures  
5 and adopt rules as required to administer the fund in  
6 accordance with the New Mexico Finance Authority Act.

7 B. Except as otherwise provided in the New Mexico  
8 Finance Authority Act, money from payments of principal of and  
9 interest on loans and payments of principal of and interest on  
10 securities held by the authority for public projects authorized  
11 specifically by law shall be deposited in the public project  
12 revolving fund. The fund shall also consist of any other money  
13 appropriated, distributed or otherwise allocated to the fund  
14 for the purpose of financing public projects authorized  
15 specifically by law.

16 C. Money appropriated to pay administrative costs,  
17 money available for administrative costs from other sources and  
18 money from payments of interest on loans or securities held by  
19 the authority, including payments of interest on loans and  
20 securities held by the authority for public projects authorized  
21 specifically by law, that represents payments for  
22 administrative costs shall not be deposited in the public  
23 project revolving fund and shall be deposited in a separate  
24 account of the authority and may be used by the authority to  
25 meet administrative costs of the authority.

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1           D. Except as otherwise provided in the New Mexico  
2 Finance Authority Act, money in the public project revolving  
3 fund is appropriated to the authority to pay the reasonably  
4 necessary costs of originating and servicing loans, grants or  
5 securities funded by the fund and to make loans or grants and  
6 to purchase or sell securities to assist qualified entities in  
7 financing public projects in accordance with the New Mexico  
8 Finance Authority Act and pursuant to specific authorization by  
9 law for each project.

10           E. Money in the public project revolving fund not  
11 needed for immediate disbursement, including money held in  
12 reserve, may be deposited with the state treasurer for  
13 short-term investment pursuant to Section 6-10-10.1 NMSA 1978  
14 or may be invested in direct and general obligations of or  
15 obligations fully and unconditionally guaranteed by the United  
16 States, obligations issued by agencies of the United States,  
17 obligations of this state or any political subdivision of the  
18 state, interest-bearing time deposits, commercial paper issued  
19 by corporations organized and operating in the United States  
20 and rated "prime" quality by a national rating service, other  
21 investments permitted by Section 6-10-10 NMSA 1978 or as  
22 otherwise provided by the trust indenture or bond resolution,  
23 if money is pledged for or secures payment of bonds issued by  
24 the authority.

25           F. The authority shall establish fiscal controls

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1 and accounting procedures that are sufficient to assure proper  
2 accounting for public project revolving fund payments,  
3 disbursements and balances.

4 G. Money on deposit in the public project revolving  
5 fund may be used to make interim loans for a term not exceeding  
6 two years to qualified entities for the purpose of providing  
7 interim financing for any project approved or funded by the  
8 legislature.

9 H. Money on deposit in the public project revolving  
10 fund may be used to acquire securities or to make loans to  
11 qualified entities in connection with the small loan program.  
12 As used in this subsection, "small loan program" means the  
13 program of the authority designed to provide financing for  
14 public projects in amounts not to exceed one million dollars  
15 (\$1,000,000) per project. A public project financed pursuant  
16 to the small loan program shall not require specific  
17 authorization by law.

18 I. Money on deposit in the public project  
19 revolving fund may be designated as a reserve for any bonds  
20 issued by the authority, including bonds payable from sources  
21 other than the public project revolving fund, and the authority  
22 may covenant in any bond resolution or trust indenture to  
23 maintain and replenish the reserve from money deposited in the  
24 public project revolving fund after issuance of bonds by the  
25 authority.

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1           J. Money on deposit in the public project revolving  
2 fund may be used to purchase bonds issued by the authority,  
3 which are payable from any designated source of revenues or  
4 collateral. Purchasing and holding the bonds in the public  
5 project revolving fund shall not, as a matter of law, result in  
6 cancellation or merger of the bonds notwithstanding the fact  
7 that the authority as the issuer of the bonds is obligated to  
8 make the required debt service payments and the public project  
9 revolving fund held by the authority is entitled to receive the  
10 required debt service payments.

11           K. Money on deposit in the public project revolving  
12 fund may be used to capitalize other financing programs of the  
13 authority authorized by law, either directly or from proceeds  
14 of bonds issued by the authority and secured by money in the  
15 public project revolving fund."

16           **SECTION 3. EFFECTIVE DATE.--**

17           A. The effective date of the provisions of Section  
18 1 of this act is July 1, 2011.

19           B. The effective date of the provisions of Section  
20 2 of this act is July 1, 2013.