

1 SENATE BILL 268

2 **50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

3 INTRODUCED BY

4 Eric G. Griego

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10 AN ACT

11 RELATING TO PUBLIC FINANCE; AMENDING AND ENACTING SECTIONS OF
12 THE SEVERANCE TAX BONDING ACT TO PROVIDE FOR A DIFFERENTIAL
13 INVESTMENT OF A PORTION OF THE SEVERANCE TAX PERMANENT FUND IN
14 GREEN INDUSTRIES.

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

17 **SECTION 1.** Section 7-27-5 NMSA 1978 (being Laws 1983,
18 Chapter 306, Section 7, as amended) is amended to read:

19 "7-27-5. INVESTMENT OF SEVERANCE TAX PERMANENT FUND.--The
20 severance tax permanent fund shall be invested in separate
21 differential rate and market rate investment classes.

22 "Differential rate investments" are permitted in Sections
23 7-27-5.3 through 7-27-5.5, 7-27-5.13 through 7-27-5.17,
24 7-27-5.22, [~~and~~] 7-27-5.24 [~~through~~] and 7-27-5.26 NMSA 1978
25 and Section 2 of this 2012 act and are intended to stimulate

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1 the economy of New Mexico and to provide income to the
2 severance tax permanent fund. "Market rate investments" are
3 investments that are not differential rate investments and are
4 intended to provide income to the severance tax permanent fund.
5 All market rate investments and differential rate investments
6 shall be invested in accordance with the Uniform Prudent
7 Investor Act and shall be accounted for in accordance with
8 generally accepted accounting principles."

9 SECTION 2. A new section of the Severance Tax Bonding Act
10 is enacted to read:

11 "[NEW MATERIAL] INVESTMENT IN NEW MEXICO GREEN
12 INDUSTRIES.--

13 A. If in accordance with the Uniform Prudent
14 Investor Act, and if otherwise feasible, the state investment
15 officer may invest the severance tax permanent fund in New
16 Mexico green industries pursuant to this section; provided
17 that:

18 (1) the total investment pursuant to this
19 section shall not exceed two percent of the market value of the
20 severance tax permanent fund;

21 (2) the total investment pursuant to this
22 section plus the total investments made in New Mexico private
23 equity funds and New Mexico businesses pursuant to Section
24 7-27-5.15 NMSA 1978 shall not exceed nine percent of the market
25 value of the severance tax permanent fund;

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1 (3) the state investment council may, by rule,
2 set a minimum amount for each investment made pursuant to this
3 section; and

4 (4) not more than fifteen million dollars
5 (\$15,000,000) of the amount authorized for investment pursuant
6 to this section shall be invested in any one entity.

7 B. The governor shall convene a task force of state
8 and private officials with expertise in investments,
9 alternative energy or the environment to investigate all
10 applications for investments pursuant to this section and to
11 certify the approved applications to the state investment
12 officer.

13 C. The state investment officer shall make
14 investments pursuant to this section only upon approval of the
15 state investment council after a review by the council. The
16 state investment officer shall make debt or equity investments,
17 pursuant to this section only, in a green industry that:

18 (1) maintains its principal place of business
19 or a manufacturing facility in New Mexico;

20 (2) certifies that:

21 (a) the majority of its employees are
22 New Mexico residents; or

23 (b) over fifty percent of its assets are
24 located in New Mexico; and

25 (3) agrees to increase its work force in New

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1 Mexico and its efforts to expand sales to New Mexico residents.

2 D. As used in this section, "green industries"
3 means industries that contribute directly to preserving or
4 enhancing environmental quality by reducing waste and pollution
5 or by producing sustainable products using sustainable
6 processes and materials and that provide opportunities for
7 advancement along a career track of increasing skills and
8 wages. "Green industries" includes:

9 (1) energy system retrofits to increase energy
10 efficiency and conservation;

11 (2) production and distribution of biofuels
12 and vehicle retrofits for biofuels;

13 (3) building design and building construction
14 that meet the equivalent of best available technology in energy
15 and environmental design standards;

16 (4) organic and community food production;

17 (5) manufacture of products from nontoxic,
18 environmentally certified or recycled materials;

19 (6) manufacture and production of sustainable
20 technologies, including, but not limited to, solar panels, wind
21 turbines and fuel cells;

22 (7) solar technology installation and
23 maintenance;

24 (8) recycling, green composting and
25 large-scale reuse of construction and demolition materials and

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1 debris; and

2 (9) water system retrofits to increase water
3 efficiency and conservation."

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