

PROPOSED COMMITTEE SUBSTITUTE FOR
HOUSE BILL 686

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

DISCUSSION DRAFT

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;
PROVIDING CAPITAL OUTLAY FUNDING FOR IMPACT AID SCHOOL
DISTRICTS.

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

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

"[NEW MATERIAL] BONDING CAPACITY--AUTHORIZATION FOR
SEVERANCE TAX BONDS--PRIORITY FOR IMPACT AID SCHOOL DISTRICT
PROJECTS.--

A. By January 15 of each year, the division shall
estimate the amount of bonding capacity available for severance
tax bonds to be authorized by the legislature.

B. The division shall allocate ten percent of the
estimated bonding capacity each year for impact aid school

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1 district capital outlay projects, and the legislature
2 authorizes the state board of finance to issue severance tax
3 bonds in the annually allocated amount for use by the public
4 school capital outlay council to fund impact aid school
5 district capital outlay projects. The public school capital
6 outlay council shall certify to the state board of finance the
7 need for issuance of bonds for impact aid school district
8 projects. The state board of finance may issue and sell the
9 bonds in the same manner as other severance tax bonds in an
10 amount not to exceed the authorized amount provided for in this
11 subsection. If necessary, the state board of finance shall
12 take the appropriate steps to comply with the federal Internal
13 Revenue Code of 1986, as amended. Proceeds from the sale of
14 the bonds are appropriated to the public school facilities
15 authority for the purposes certified by the public school
16 capital outlay council to the state board of finance.

17 C. Money from the severance tax bonds provided for
18 in this section shall not be used to pay indirect project
19 costs. Any unexpended balance from proceeds of severance tax
20 bonds issued for an impact aid school district project shall
21 revert to the severance tax bonding fund within six months of
22 completion of the project. The public school facilities
23 authority shall monitor and ensure proper reversions of the
24 bond proceeds appropriated for impact aid school district
25 projects.

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1 D. The public school capital outlay council shall
2 take project applications from impact aid school districts and
3 shall rank the projects in order of importance based on the
4 districts' five-year facilities plans. Impact aid school
5 districts shall phase major capital outlay projects in such a
6 way that each phase can be funded as a complete, functional
7 portion of the bigger project.

8 E. As used in this section:

9 (1) "division" means the board of finance
10 division of the department of finance and administration; and

11 (2) "impact aid school district" means a
12 school district that has applied for and received basic support
13 payments from federal impact aid, also known as PL 874 funds,
14 for the last three years."

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