

1 SENATE BILL 535

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

3 INTRODUCED BY

4 Carlos R. Cisneros

5
6
7
8
9
10 AN ACT

11 RELATING TO SEVERANCE TAX BONDING; PROVIDING FOR A MINIMUM
12 DISTRIBUTION FROM THE SEVERANCE TAX BONDING FUND TO THE
13 SEVERANCE TAX PERMANENT FUND EVERY YEAR FOR TEN YEARS; LIMITING
14 THE AMOUNT OF SUPPLEMENTAL SEVERANCE TAX BONDS FOR BONDS ISSUED
15 IN 2019.

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

18 SECTION 1. Section 7-27-10 NMSA 1978 (being Laws 1961,
19 Chapter 5, Section 8, as amended) is amended to read:

20 "7-27-10. STATE BOARD OF FINANCE SHALL ISSUE BONDS.--

21 A. The state board of finance is authorized to
22 issue and sell severance tax bonds within the provisions of the
23 Severance Tax Bonding Act, and no other agency of the state is
24 authorized to issue or sell severance tax bonds.

25 B. The state board of finance may issue and sell

.213559.1

underscored material = new
~~[bracketed material] = delete~~

underscored material = new
[bracketed material] = delete

1 supplemental severance tax bonds within the provisions of the
2 Severance Tax Bonding Act, and no other agency of the state is
3 authorized to issue or sell supplemental severance tax bonds.
4 As a temporary measure for 2019, the state board of finance
5 shall not issue and sell more than one hundred eighty-one
6 million eight hundred thousand dollars (\$181,800,000) of
7 supplemental severance tax bonds."

8 SECTION 2. Section 7-27-10.1 NMSA 1978 (being Laws 2003,
9 Chapter 134, Section 1, as amended) is amended to read:

10 "7-27-10.1. TRANSFER TO SEVERANCE TAX PERMANENT FUND
11 BEFORE DETERMINING BONDING CAPACITY--AUTHORIZATION FOR
12 SEVERANCE TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL
13 INFRASTRUCTURE PROJECTS.--

14 A. On June 14, 2019 and by December 29 of each year
15 from 2020 through 2028, the division shall transfer twenty-
16 three million six hundred ninety thousand dollars (\$23,690,000)
17 from the severance tax bonding fund to the severance tax
18 permanent fund.

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

22 [~~B-~~] C. For each year except 2017, the division
23 shall allocate nine percent of the estimated bonding capacity
24 each year for water projects, and the legislature authorizes
25 the state board of finance to issue severance tax bonds in the

.213559.1

underscored material = new
[bracketed material] = delete

1 annually allocated amount for use by the water trust board to
2 fund water projects statewide. The water trust board shall
3 certify to the state board of finance the need for issuance of
4 bonds for water projects. The state board of finance may issue
5 and sell the bonds in the same manner as other severance tax
6 bonds in an amount not to exceed the authorized amount provided
7 for in this subsection. If necessary, the state board of
8 finance shall take the appropriate steps to comply with the
9 federal Internal Revenue Code of 1986, as amended. Proceeds
10 from the sale of the bonds are appropriated to the water
11 project fund in the New Mexico finance authority for the
12 purposes certified by the water trust board to the state board
13 of finance.

14 ~~[G.]~~ D. The division shall allocate the following
15 percentage of the estimated bonding capacity for tribal
16 infrastructure projects:

- 17 (1) in 2016, six and one-half percent; and
18 (2) in 2017 and each subsequent year, four and
19 one-half percent.

20 ~~[D.]~~ E. The legislature authorizes the state board
21 of finance to issue severance tax bonds in the amount provided
22 for in this section for use by the tribal infrastructure board
23 to fund tribal infrastructure projects. The tribal
24 infrastructure board shall certify to the state board of
25 finance the need for issuance of bonds for tribal

.213559.1

underscored material = new
[bracketed material] = delete

1 infrastructure projects. The state board of finance may issue
2 and sell the bonds in the same manner as other severance tax
3 bonds in an amount not to exceed the authorized amount provided
4 for in this section. If necessary, the state board of finance
5 shall take the appropriate steps to comply with the federal
6 Internal Revenue Code of 1986, as amended. Proceeds from the
7 sale of the bonds are appropriated to the tribal infrastructure
8 project fund for the purposes certified by the tribal
9 infrastructure board to the state board of finance.

10 ~~[E-]~~ F. Money from the severance tax bonds provided
11 for in this section shall not be used to pay indirect project
12 costs. Any unexpended balance from proceeds of severance tax
13 bonds issued for a water project or a tribal infrastructure
14 project shall revert to the severance tax bonding fund within
15 six months of completion of the project. The New Mexico
16 finance authority shall monitor and ensure proper reversions of
17 the bond proceeds appropriated for water projects, and the
18 department of finance and administration shall monitor and
19 ensure proper reversions of the bond proceeds appropriated for
20 tribal infrastructure projects.

21 ~~[F-]~~ G. As used in this section:

22 (1) "division" means the board of finance
23 division of the department of finance and administration;

24 (2) "tribal infrastructure project" means a
25 qualified project under the Tribal Infrastructure Act; and

underscored material = new
~~[bracketed material] = delete~~

- 1 (3) "water project" means a capital outlay
2 project for:
3 (a) the storage, conveyance or delivery
4 of water to end users;
5 (b) the implementation of federal
6 Endangered Species Act of 1973 collaborative programs;
7 (c) the restoration and management of
8 watersheds;
9 (d) flood prevention; or
10 (e) conservation, recycling, treatment
11 or reuse of water."