SENATE BILL 134

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022

INTRODUCED BY

Nancy Rodriguez and Nathan P. Small

AN ACT

RELATING TO PUBLIC FINANCE; ALLOCATING SEVERANCE TAX BONDING CAPACITY TO THE NEW MEXICO HOUSING TRUST FUND; AUTHORIZING SEVERANCE TAX BONDS; REQUIRING CERTAIN REVERSIONS TO THE SEVERANCE TAX BONDING FUND; REQUIRING THE NEW MEXICO MORTGAGE FINANCE AUTHORITY TO PRIORITIZE EXPENDING OR ENCUMBERING CERTAIN BALANCES IN THE NEW MEXICO HOUSING TRUST FUND.

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] AUTHORIZATION FOR SEVERANCE TAX BONDS--NEW MEXICO MORTGAGE FINANCE AUTHORITY--NEW MEXICO HOUSING TRUST FUND.--

A. After the annual estimate of severance tax bonding capacity is made pursuant to Subsection B of Section .221552.2SA
7-27-10.1 NMSA 1978, the board of finance division of the 
department of finance and administration shall allocate two and 
one-half percent of the estimated bonding capacity for the New 
Mexico housing trust fund for the purposes of carrying out the 
provisions of the New Mexico Housing Trust Fund Act.

B. The legislature authorizes the state board of 
finance to issue severance tax bonds in the amount allocated 
pursuant to this section for use by the New Mexico mortgage 
finance authority to fund the New Mexico housing trust fund for 
the purposes of carrying out the provisions of the New Mexico 
Housing Trust Fund Act. The New Mexico mortgage finance 
authority shall certify to the state board of finance the need 
for issuance of bonds. The state board of finance may issue 
and sell the bonds in the same manner as other severance tax 
bonds in an amount not to exceed the authorized amount provided 
for in this section. If necessary, the state board of finance 
shall take the appropriate steps to comply with the federal 
Internal Revenue Code of 1986, as that code may be amended or 
renumbered. Proceeds from the sale of the bonds are 
appropriated to the New Mexico housing trust fund for the 
purposes certified by the New Mexico mortgage finance authority 
to the state board of finance.

C. Money from the severance tax bonds provided for 
in this section shall not be used to pay indirect project 
costs. Any unexpended balance from proceeds of severance tax
bonds issued for projects pursuant to the New Mexico Housing
Trust Fund Act shall revert to the severance tax bonding fund
within one year of completion of the project. Any unencumbered
balance from the proceeds of severance tax bonds issued
pursuant to this section after three years from the issuance of
those bonds shall revert to the severance tax bonding fund.
The New Mexico mortgage finance authority shall monitor and
ensure proper reversions of the bond proceeds appropriated for
the projects."

SECTION 2. Section 58-18C-4 NMSA 1978 (being Laws 2005,
Chapter 105, Section 4) is amended to read:

"58-18C-4. NEW MEXICO HOUSING TRUST FUND CREATED.--

A. The "New Mexico housing trust fund" is created
in the authority. The fund shall consist of all distributions,
and appropriations and other allocations made to the fund.
Earnings of the fund shall be credited to the fund, and
unexpended and unencumbered balances in the fund shall not
revert to any other fund except as provided in Subsection D of
this section. The authority shall be the trustee for the fund,
and the state investment council shall be the investment agent
for the fund. The fund may consist of such subaccounts as the
authority deems necessary to carry out the purpose of the fund.

B. The fund shall consist of revenue from the
following recurring sources:

(1) appropriations and transfers from the
general fund;

(2) proceeds of severance tax bonds issued pursuant to Section 1 of this 2022 act and any payments of principal of and interest on loans for projects funded by the proceeds of those bonds;

(3) any other money appropriated or distributed to the fund; or

(4) any private contributions to the fund.

C. Money in the fund is appropriated to the authority for the purposes of carrying out the provisions of the New Mexico Housing Trust Fund Act. The authority shall prioritize expending or encumbering balances in the fund from payments of principal of and interest on loans for projects funded by the proceeds of severance tax bonds prior to expending or encumbering any proceeds from more recently issued bonds.

D. The authority shall monitor and ensure proper reversions of severance tax bond proceeds as required by Section 1 of this 2022 act.

SECTION 3. APPLICABILITY.--The allocation of severance tax bonding capacity and the authorization of severance tax bonds for the New Mexico housing trust fund pursuant to Section 1 of this 2022 act shall commence with the severance tax bonding capacity estimated in January 2024.