

BILL

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

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO PUBLIC FINANCES; INCREASING THE FUNDS AUTHORIZED
FOR DEPOSIT INTO THE PARTICIPATING GOVERNMENT INVESTMENT FUND.

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

SECTION 1. Section 6-10-10.1 NMSA 1978 (being Laws 1988,
Chapter 61, Section 2, as amended) is amended to read:

"6-10-10.1. PARTICIPATING GOVERNMENT INVESTMENT FUND
CREATED--DISTRIBUTION OF EARNINGS--REPORT OF INVESTMENTS.--

A. There is created in the state treasury the
"participating government investment fund". The fund shall
consist of all deposits from participating governments,
including revenues dedicated to repaying bonds, that are placed
in the custody of the state treasurer for investment purposes
pursuant to this section. The state treasurer shall maintain
one or more separate accounts for each participating government

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1 having deposits in the participating government investment fund
2 and may divide the fund into two or more subfunds, as the state
3 treasurer deems appropriate, for short-term and medium-term
4 investment purposes, including one or more subfunds for bond
5 proceeds deposited by participating governments.

6 B. If an eligible governing body is unable to
7 receive payment on public money at the rate of interest as set
8 forth in Section 6-10-36 NMSA 1978 from financial institutions
9 within the geographic boundaries of the eligible governing
10 body, or if the eligible governing body is not bound by the
11 terms of Section 6-10-36 NMSA 1978, the finance officer having
12 control of the money of that eligible governing body not
13 required for current expenditure may, with the consent of the
14 board of finance of the eligible governing body if consent is
15 required by the laws or rules of the eligible governing body,
16 remit some or all of the money to the state treasurer for
17 deposit for the purpose of investment as allowed by this
18 section.

19 C. Before funds are invested or reinvested pursuant
20 to this section, a finance officer shall notify and make the
21 funds available for investment to banks, savings and loan
22 associations and credit unions located within the geographical
23 boundaries of the participating government or the eligible
24 governing body, subject to the limitation on credit union
25 accounts. To be eligible for deposit of the government funds,

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1 the financial institution shall pay to the participating
2 government or eligible governing body the rate established by
3 the state treasurer pursuant to a policy adopted by the state
4 board of finance for the investments.

5 D. A finance officer shall specify the length of
6 time a deposit shall be in the participating government
7 investment fund. The state treasurer through the use of the
8 state fiscal agent shall separately track each deposit and
9 shall make information regarding the deposit available to the
10 public upon written request.

11 E. The state treasurer shall invest the
12 participating government investment fund as provided in Section
13 6-10-10 NMSA 1978 regarding the investment of state funds in
14 investments with a maturity at the time of purchase that does
15 not exceed three years. The state treasurer may elect to have
16 the participating government investment fund consolidated for
17 investment purposes with the state funds under the control of
18 the state treasurer; provided that accurate and detailed
19 accounting records are maintained for the account of each
20 participating government and that a proportionate amount of
21 interest earned is credited to each of the separate accounts of
22 a participating government. The fund shall be invested to
23 achieve its objective, which is to realize the maximum return
24 consistent with safe and prudent management.

25 F. At the end of each month, all net investment

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1 income or losses from investment of the participating
2 government investment fund shall be distributed by the state
3 treasurer to the accounts of participating governments in
4 amounts directly proportionate to the respective amounts
5 deposited by them in the participating government investment
6 fund and the length of time the amounts in each account were
7 invested.

8 G. The state treasurer shall charge participating
9 governments reasonable audit, administrative and investment
10 expenses and shall deduct those expenses directly from the net
11 investment income for the investment and administrative
12 services provided pursuant to this subsection. The amount of
13 the charges, the manner of the use by the state treasurer and
14 the nature of bond-related services to be offered shall be
15 established in rules adopted and promulgated by the state
16 treasurer subject to approval by the state board of finance.

17 H. Subject to appropriation by the legislature,
18 amounts deducted from the accounts of participating governments
19 for charges permitted pursuant to this section shall be
20 expended by the state treasurer in fiscal year 2008 and in
21 subsequent fiscal years for the administration and management
22 of the participating government investment fund, services
23 provided to participating governments related to investment of
24 their money in that fund and other services authorized by this
25 section. Balances remaining at the end of a fiscal year from

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1 the amounts deducted pursuant to this section shall revert to
2 the general fund. Balances in the state treasurer's operating
3 account resulting from deductions taken pursuant to this
4 section in excess of the amount required to provide
5 administration, management and related services required by
6 this subsection or other services authorized by this section
7 shall be offset by reductions in the charges made by the state
8 treasurer to the accounts of participating governments in
9 subsequent deductions from participating governments' accounts.

10 I. Investments of the participating government
11 investment fund shall be made in such a manner that the portion
12 of the fund invested in short-term investments maintains [~~a~~] an
13 "AA" or higher rating. Each fiscal year and at such other
14 times as directed by the state board of finance, the state
15 treasurer shall cause to have the short-term investment portion
16 of the participating government investment fund rated by a
17 nationally recognized statistical rating organization. If the
18 rating received by the short-term investment portion of the
19 fund is lower than "AA", the state treasurer shall immediately
20 submit a plan to the state board of finance detailing the steps
21 that will be taken to obtain [~~a~~] an "AA" or higher rating.

22 J. The state treasurer may offer to provide to
23 participating governments services related to requirements of
24 the federal income tax laws applicable to the investment of
25 bond proceeds.

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1 K. A tribe or quasi-governmental body created
2 pursuant to New Mexico statute may become a participating
3 government only if the governing authority of the tribe or
4 quasi-governmental body has adopted a resolution authorizing
5 the tribe or quasi-governmental body to remit money to the
6 state treasurer for investment in the participating government
7 investment fund.

8 L. Deposits by the state treasurer on behalf of the
9 general fund and bond proceeds investment pools shall not
10 exceed [~~five~~] thirty-five percent of the total amount in the
11 participating government investment fund at any time."

12 SECTION 2. EFFECTIVE DATE.--The effective date of the
13 provisions of this act is July 1, 2011.

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