

## **2008 Financial Crisis & Dodd-Frank have resulted in enhanced scrutiny on Compliance & Disclosure for Municipal Bonds**

### **Why:**

- To protect bond investors by assuring access to relevant information

### **How:**

- Requires certain information to be disclosed by postings on EMMA
- Requires Official Statements to include key data not posted to EMMA

### **What is EMMA – Electronic Municipal Market Access:**

- EMMA is a service of the Municipal Securities Rulemaking Board
- EMMA is the official repository for information on municipal bonds

### **What are Official Statements :**

- The offering documents required when securities are sold
- The publically available official record of bond sale details
- The record of relevant bond issuer facts available to investors

## **What Information is Considered Critical:**

- Information an investor needs for an informed decision to buy or sell
  - Up to date financial information including timely audits
  - Business information impacting future ability to service bonds
  - Any information that could cause ratings to change in the future

## **What Business Information is Critical for PPRF Bonds:**

- Credit enhancements and support including:
  1. Data on NMFA's share of Governmental Gross Receipts Tax (GGRT)
  2. Excess of loan revenues over bond debt service
  3. Coverage of revenues (from GGRT and loans) over bond debt service
  4. Sources and types of repayment revenues
  5. Security of loan repayments through intercepted tax revenues
  6. Funding of Common Debt Service Reserve Fund and other reserves
  7. Levels of individual debt service reserve funds
- Organizational capabilities and management
- Consistency of support for the organization by key constituencies

## What Critical Information is Available:

- Almost all that is required including NMFA’s share of GGRT:
  - \$26,659,142                      12 months July 2013 – June 2014
  - \$27,417,319                      12 months July 2012 – June 2013
  - \$26,663,773                      12 months July 2011 – June 2012
  - \$24,654,140                      12 months July 2010 – June 2011
  - \$22,781,610                      12 months July 2009 – June 2010

## What Critical Information is Not Available:

- Largest governmental entities producing GGRT (over 5% entities)
- Trends on sources of GGRT – to explain recent declining collections

## Why is Critical Information about GGRT Not Available:

- Tax & Rev’s position is that payer information is confidential

## What is Being Requested, What is Not Being Requested:

- Not Requested: Information on individual payers (i.e., service users)
- Requested: Information on governmental entities paying GGRT

## What is GGRT:

- A tax of 5% imposed on the receipts of New Mexico state and local governments (except public schools and hospitals) from:
  - The sale of water by a utility owned and operated by a county, municipality or other political subdivision of the state
  - Sewage services
  - Refuse collection, refuse disposal, or both
  - The sale of tangible personal property, other than water, from facilities open to the general public
  - The performance of or admission to recreational, athletic or entertainment services or events in facilities open to the general public
  - The renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats.

## How is critical information on GGRT payers reported in a PPRF Official Statement now:

“Data that identifies the top payers of the governmental gross receipts tax for recent fiscal years is not publicly available from the State of New Mexico Taxation and Revenue Department. Based upon data provided by individual governmental entities in the previous fiscal years, the payers of the governmental gross receipt tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax were the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax has changed in any material respect in recent fiscal years.”

## **Delegation of Approval Authority** – Allows Public Bodies to Delegate Bond Approval Authority while Enhancing Process Scrutiny

### **Who would benefit:**

- All bond issuers in the State including the Finance Authority

### **What are the benefits:**

- Flexibility to react to market conditions to move up or delay sales
- Designees are part of sale process so decisions are more informed
- Efficient use of time – eliminates “rubber stamp” Special Meetings
- Removes pricing premium on NM issues for delayed approval risk

### **What are the Safeguards:**

- Parameters set in public meetings determine what can be approved
- Bond counsel will not allow closing to take place outside parameters
- Designees report back results in a public meeting
- Entities are not required to delegate authority

## Proposed Delegation of Approval Authority Bill: