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HOUSE BILL

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO SUPPLEMENTAL SEVERANCE TAX BONDS; REDUCING THE
AMOUNT OF CERTAIN SHORT-TERM SUPPLEMENTAL SEVERANCE TAX BONDS
THAT MAY BE ISSUED.

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

SECTION 1. Section 7-27-14 NMSA 1978 (being Laws 1961,
Chapter 5, Section 11, as amended) is amended to read:

"7-27-14. AMOUNT OF TAX--SECURITY FOR BONDS.--

A. The legislature shall provide for the continued
assessment, levy, collection and deposit into the severance tax
bonding fund of the tax or taxes upon natural resource products
severed and saved from the soil of the state that, together
with such other income as may be deposited to the fund, will be
sufficient to produce an amount that is at least the amount
necessary to meet annual debt service charges on all

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

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1 outstanding severance tax bonds and supplemental severance tax
2 bonds.

3 B. Except as otherwise specifically provided by
4 law, the state board of finance shall issue no severance tax
5 bonds unless the aggregate amount of severance tax bonds
6 outstanding, and including the issue proposed, can be serviced
7 with not more than fifty percent of the annual deposits into
8 the severance tax bonding fund, as determined by the deposits
9 during the preceding fiscal year.

10 C. The state board of finance shall issue no
11 supplemental severance tax bonds with a term that extends
12 beyond the fiscal year in which the bonds are issued unless the
13 aggregate amount of severance tax bonds and supplemental
14 severance tax bonds outstanding, and including the issue
15 proposed, can be serviced with not more than sixty-two and
16 one-half percent of the annual deposits into the severance tax
17 bonding fund, as determined by the deposits during the
18 preceding fiscal year.

19 D. Except as otherwise specifically provided by
20 law, the state board of finance may issue supplemental
21 severance tax bonds with a term that does not extend beyond the
22 fiscal year in which they are issued if the debt service on
23 such supplemental severance tax bonds when added to the debt
24 service previously paid or scheduled to be paid during that
25 fiscal year on severance tax bonds and supplemental severance

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underscoring = new
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1 tax bonds does not exceed ~~[ninety-five]~~ fifty percent of the
2 deposits into the severance tax bonding fund during the
3 preceding fiscal year.

4 E. The provisions of this section shall not be
5 modified by the terms of any severance tax bonds or
6 supplemental severance tax bonds hereafter issued."

7 SECTION 2. EFFECTIVE DATE.--The effective date of the
8 provisions of this act is July 1, 2014.

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