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HOUSE BILL 217

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Don Tripp

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO THE NEW MEXICO FINANCE AUTHORITY; EXPANDING THE
DEFINITION OF QUALIFIED ENTITY; INCREASING THE ALLOWABLE AMOUNT
FOR THE EQUIPMENT PROGRAM

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

Section 1. Section 6-21-3 NMSA 1978 (being Laws 1992,
Chapter 61, Section 3, as amended) is amended to read:

"6-21-3. DEFINITIONS. -- As used in the New Mexico Finance
Authority Act:

A. "authority" means the New Mexico finance
authority;

B. "bond" means any bonds, notes, certificates of
participation or other evidence of indebtedness;

C. "bondholder" or "holder" means a person who is
the owner of a bond, whether registered or not;

underscored material = new
[bracketed material] = delete

1 D. "emergency public project" means a public
2 project:

3 (1) made necessary by an unforeseen occurrence
4 or circumstance threatening the public health, safety or
5 welfare; and

6 (2) requiring the immediate expenditure of
7 money that is not within the available financial resources of
8 the qualified entity as determined by the authority;

9 E. "public project" means the acquisition,
10 construction, improvement, alteration or reconstruction of
11 assets of a long-term capital nature by a qualified entity,
12 including land; buildings; water rights; water, sewerage and
13 waste disposal systems; streets; airports; municipal utilities;
14 parking facilities; and machinery, furniture and equipment.

15 "Public project" includes all proposed expenditures related to
16 the entire undertaking. "Public project" also includes the
17 acquisition, construction or improvement of real property,
18 buildings, facilities and other assets by the authority for the
19 purpose of leasing the property;

20 F. "qualified entity" means the state or an agency
21 or institution of the state or a county, municipality, school
22 district, two-year public post-secondary educational
23 institution, land grant corporation, acequia association,
24 public improvement district, federally chartered college
25 located in New Mexico, intercommunity water or natural gas

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1 supply association or corporation, special district or
2 community water association or an Indian nation, tribe or
3 pueblo located wholly or partially in New Mexico, including a
4 political subdivision or a wholly owned enterprise of an Indian
5 nation, tribe or pueblo or a consortium of those Indian
6 entities; and

7 G. "security" or "securities", unless the context
8 indicates otherwise, means bonds, notes or other evidence of
9 indebtedness issued by a qualified entity or leases or
10 certificates or other evidence of participation in the lessor's
11 interest in and rights under a lease with a qualified entity
12 and that are payable from taxes, revenues, rates, charges,
13 assessments or user fees or from the proceeds of funding or
14 refunding bonds, notes or other evidence of indebtedness of a
15 qualified entity or from certificates or evidence of
16 participation in a lease with a qualified entity."

17 Section 2. Section 6-21-6 NMSA 1978 (being Laws 1992,
18 Chapter 61, Section 6, as amended) is amended to read:

19 "6-21-6. PUBLIC PROJECT REVOLVING FUND--PURPOSE--
20 ADMINISTRATION.--

21 A. The "public project revolving fund" is created
22 within the authority. The fund shall be administered by the
23 authority as a separate account, but may consist of such
24 subaccounts as the authority deems necessary to carry out the
25 purposes of the fund. The authority may establish procedures

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1 and adopt rules as required to administer the fund in
2 accordance with the New Mexico Finance Authority Act.

3 B. Except as otherwise provided in the New Mexico
4 Finance Authority Act, money from payments of principal of and
5 interest on loans and payments of principal of and interest on
6 securities held by the authority for public projects authorized
7 specifically by law shall be deposited in the public project
8 revolving fund. The fund shall also consist of any other money
9 appropriated, distributed or otherwise allocated to the fund
10 for the purpose of financing public projects authorized
11 specifically by law.

12 C. Money appropriated to pay administrative costs,
13 money available for administrative costs from other sources and
14 money from payments of interest on loans or securities held by
15 the authority, including payments of interest on loans and
16 securities held by the authority for public projects authorized
17 specifically by law, that represents payments for
18 administrative costs shall not be deposited in the public
19 project revolving fund and shall be deposited in a separate
20 account of the authority and may be used by the authority to
21 meet administrative costs of the authority.

22 D. Except as otherwise provided in the New Mexico
23 Finance Authority Act, money in the public project revolving
24 fund is appropriated to the authority to pay the reasonably
25 necessary costs of originating and servicing loans, grants or

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1 securities funded by the fund and to make loans or grants and
2 to purchase or sell securities to assist qualified entities in
3 financing public projects in accordance with the New Mexico
4 Finance Authority Act and pursuant to specific authorization by
5 law for each project.

6 E. Money in the public project revolving fund not
7 needed for immediate disbursement, including money held in
8 reserve, may be deposited with the state treasurer for short-
9 term investment pursuant to Section 6-10-10.1 NMSA 1978 or may
10 be invested in direct and general obligations of or obligations
11 fully and unconditionally guaranteed by the United States,
12 obligations issued by agencies of the United States,
13 obligations of this state or any political subdivision of the
14 state, interest-bearing time deposits, commercial paper issued
15 by corporations organized and operating in the United States
16 and rated "prime" quality by a national rating service, other
17 investments permitted by Section 6-10-10 NMSA 1978 or as
18 otherwise provided by the trust indenture or bond resolution,
19 if money is pledged for or secures payment of bonds issued by
20 the authority.

21 F. The authority shall establish fiscal controls
22 and accounting procedures that are sufficient to assure proper
23 accounting for public project revolving fund payments,
24 disbursements and balances.

25 G. Money on deposit in the public project revolving

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1 fund may be used to make interim loans for a term not exceeding
2 two years to qualified entities for the purpose of providing
3 interim financing for any project approved or funded by the
4 legislature.

5 H. Money on deposit in the public project revolving
6 fund may be used to acquire securities or to make loans to
7 qualified entities in connection with the equipment program.
8 As used in this subsection, "equipment program" means the
9 program of the authority designed to finance:

- 10 (1) the acquisition of equipment for:
- 11 (a) fire protection;
 - 12 (b) law enforcement and protection;
 - 13 (c) computer and data processing;
 - 14 (d) street and road construction and
15 maintenance;
 - 16 (e) emergency medical services;
 - 17 (f) solid waste collection, transfer and
18 disposal;
 - 19 (g) radio and telecommunications; and
 - 20 (h) utility system purposes; and
- 21 (2) the acquisition, construction and
22 improvement of fire stations.

23 I. The amount of securities acquired from or the
24 loan made to a qualified entity at any one time pursuant to
25 Subsection H of this section shall not exceed [five hundred

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1 ~~thousand dollars (\$500,000)]~~ seven hundred fifty thousand
2 dollars (\$750,000). The authority shall either obtain specific
3 authorization by law for the projects funded through the
4 equipment program at a legislative session subsequent to the
5 acquisitions of the securities or the making of loans or issue
6 bonds within two years of the date the securities are acquired
7 or within two years of the date on which the loans are made and
8 use the bond proceeds to reimburse the public project revolving
9 fund for the amounts temporarily used to acquire securities or
10 to make loans. The temporarily funded projects under the
11 equipment program are not required to obtain specific
12 authorization by law required of projects permanently funded
13 from the public project revolving fund, as provided in this
14 section and Section 6-21-8 NMSA 1978.

15 J. Money on deposit in the public project
16 revolving fund may be designated as a reserve for any bonds
17 issued by the authority, including bonds payable from sources
18 other than the public project revolving fund, and the authority
19 may covenant in any bond resolution or trust indenture to
20 maintain and replenish the reserve from money deposited in the
21 public project revolving fund after issuance of bonds by the
22 authority.

23 K. Money on deposit in the public project revolving
24 fund may be used to purchase bonds issued by the authority,
25 which are payable from any designated source of revenues or

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1 collateral. Purchasing and holding [~~such~~] the bonds in the
2 public project revolving fund shall not, as a matter of law,
3 result in cancellation or merger of [~~such~~] the bonds
4 notwithstanding the fact that the authority as the issuer of
5 [~~such~~] the bonds is obligated to make the required debt service
6 payments and the public project revolving fund held by the
7 authority is entitled to receive the required debt service
8 payments. "

9 Section 3. EFFECTIVE DATE. --The effective date of the
10 provisions of this act is July 1, 2003.

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