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HOUSE BILL 882

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

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO WATER PROJECTS; REQUIRING A PERCENTAGE OF ANNUAL SEVERANCE TAX BONDING CAPACITY TO BE USED TO FUND WATER PROJECTS STATEWIDE; MAKING AN APPROPRIATION.

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] BONDING CAPACITY-- AUTHORIZATION FOR SEVERANCE TAX BONDS-- WATER PROJECTS PRIORITY. --

A. By January 15 of each year, the board of finance division of the department of finance and administration shall estimate the amount of bonding capacity available for severance tax bonds to be authorized by the legislature. The division shall deduct ten percent of the estimated bonding capacity for use by the New Mexico finance authority to fund water projects

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1 statewide.

2 B. The water trust board shall select water
3 projects from the list of recommended water projects provided
4 by the New Mexico finance authority and shall certify to the
5 state board of finance the need for issuance of bonds for the
6 water projects. The state board of finance may issue and sell
7 the bonds in the same manner as other severance tax bonds in an
8 amount not to exceed the amount of allowable capacity provided
9 for in Subsection A of this section. Proceeds from the sale of
10 the bonds are appropriated to the New Mexico finance authority
11 for the purposes certified to the state board of finance.

12 C. The New Mexico finance authority shall recommend
13 to the water trust board those water projects that are
14 developed sufficiently so the authority reasonably expects that
15 the recipient will:

16 (1) incur a substantial binding obligation to
17 a third party to expend at least five percent of the bond
18 proceeds for the water project; and

19 (2) spend at least eighty-five percent of the
20 bond proceeds within three years after the bonds have been
21 sold.

22 D. Money from the severance tax bonds provided for
23 in this section shall not be used to pay indirect project
24 costs. Any unexpended balance from proceeds of severance tax
25 bonds issued for a water project shall revert to the severance

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1 tax bonding fund within six months of completion of the water
2 project. The New Mexico finance authority shall monitor and
3 ensure proper reversions.

4 E. As used in this section, "water project" means a
5 capital outlay project for:

6 (1) the storage, conveyance or delivery of
7 water to end users;

8 (2) the implementation of federal Endangered
9 Species Act of 1973 collaborative programs;

10 (3) the restoration of watersheds; or

11 (4) flood prevention. "