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**SENATE BILL 608**

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

**INTRODUCED BY**

John Pinto

**AN ACT**

**RELATING TO CAPITAL EXPENDITURES; AUTHORIZING THE ISSUANCE OF SEVERANCE TAX BONDS FOR IMPROVEMENTS TO UNITED STATES HIGHWAY 666 IN MCKINLEY AND SAN JUAN COUNTIES; MAKING AN APPROPRIATION; DECLARING AN EMERGENCY.**

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

**Section 1. SEVERANCE TAX BONDS-- AUTHORIZATIONS--  
APPROPRIATION OF PROCEEDS. --**

**A. The state board of finance may issue and sell severance tax bonds in compliance with the Severance Tax Bonding Act in an amount not to exceed the total of the amounts authorized for purposes specified in this act. The state board of finance shall schedule the issuance and sale of the bonds in the most expeditious and economical manner possible upon a finding by the board that the project has been developed**

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1 sufficiently to justify the issuance and that the project can  
2 proceed to contract within a reasonable time. The state board  
3 of finance shall further take the appropriate steps necessary  
4 to comply with the Internal Revenue Code of 1986, as amended.  
5 Proceeds from the sale of the bonds are appropriated for the  
6 purposes specified in this act.

7 B. The state highway and transportation department  
8 shall certify to the state board of finance when the money from  
9 the proceeds of the severance tax bonds authorized in this  
10 section is needed for the purposes specified in this act. If  
11 the state highway and transportation department has not  
12 certified the need for the issuance of the bonds for this  
13 project by the end of fiscal year 2005, the authorization for  
14 the project is void.

15 C. Before the state highway and transportation  
16 department may certify for the issuance of severance tax bonds,  
17 the project must be developed sufficiently so that the  
18 department reasonably expects to:

19 (1) incur within six months after the  
20 applicable bonds have been issued a substantial binding  
21 obligation to a third party to expend at least five percent of  
22 the bond proceeds for the project; and

23 (2) spend at least eighty-five percent of the  
24 bond proceeds within three years after the applicable bonds  
25 have been issued.

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1           D. The unexpended balance from the proceeds of  
2 severance tax bonds issued for this project shall revert to the  
3 severance tax bonding fund within six months of completion of  
4 the project, but no later than the end of fiscal year 2008.

5           E. Money from severance tax bond proceeds provided  
6 pursuant to this act shall not be used to pay indirect project  
7 costs.

8           F. For the purpose of this section, "unexpended  
9 balance" means the remainder of an appropriation after  
10 reserving for unpaid costs and expenses covered by binding  
11 written obligations to third parties.

12           Section 2. IMPROVEMENTS TO UNITED STATES HIGHWAY 666--  
13 STATE HIGHWAY AND TRANSPORTATION DEPARTMENT-- SEVERANCE TAX  
14 BONDS.--Pursuant to the provisions of Section 1 of this act,  
15 upon certification by the state highway and transportation  
16 department that the need exists for the issuance of the bonds,  
17 one hundred forty-five million dollars (\$145,000,000) is  
18 appropriated to the state highway and transportation department  
19 for improvements to United States highway 666, including  
20 widening the existing two-lane highway to four lanes and making  
21 improvements related to safety, drainage and roadway design,  
22 from Tohatchi to Shiprock and from Shiprock to the Colorado  
23 state line in McKinley and San Juan counties.

24           Section 3. EMERGENCY.--It is necessary for the public  
25 peace, health and safety that this act take effect immediately.