

SENATE CONSERVATION COMMITTEE SUBSTITUTE FOR
SENATE BILL 420

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

AN ACT

RELATING TO PUBLIC FINANCE; ENACTING A NEW SECTION OF THE
SEVERANCE TAX BONDING ACT TO PROVIDE FOR A DIFFERENTIAL
INVESTMENT OF A PORTION OF THE SEVERANCE TAX PERMANENT FUND IN
GREEN INDUSTRIES.

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

Section 1. Section 7-27-5 NMSA 1978 (being Laws 1983,
Chapter 306, Section 7, as amended) is amended to read:

"7-27-5. INVESTMENT OF SEVERANCE TAX PERMANENT FUND.--The
severance tax permanent fund shall be invested in separate
differential rate and market rate investment classes.

"Differential rate investments" are permitted in Sections
7-27-5.3 through 7-27-5.5, 7-27-5.13 through 7-27-5.17,
7-27-5.22 and 7-27-5.24 through [~~7-27-5.26~~] 7-27-5.27 NMSA 1978
and are intended to stimulate the economy of New Mexico and to

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underscored material = new
[bracketed material] = delete

1 provide income to the severance tax permanent fund. "Market
2 rate investments" are investments that are not differential
3 rate investments and are intended to provide income to the
4 severance tax permanent fund. All market rate investments and
5 differential rate investments shall be invested in accordance
6 with the Uniform Prudent Investor Act and shall be accounted
7 for in accordance with generally accepted accounting
8 principles."

9 Section 2. A new section of the Severance Tax Bonding
10 Act, Section 7-27-5.27 NMSA 1978, is enacted to read:

11 "7-27-5.27. [NEW MATERIAL] INVESTMENT IN NEW MEXICO GREEN
12 INDUSTRIES.--

13 A. If in accordance with the Uniform Prudent
14 Investor Act and if otherwise feasible, the state investment
15 officer shall commit to investing no less than three-fourths
16 percent of the market value of the severance tax permanent fund
17 in New Mexico green industries pursuant to this section;
18 provided that:

19 (1) the total investment pursuant to this
20 section shall not exceed two percent of the market value of the
21 severance tax permanent fund; and

22 (2) not more than fifteen million dollars
23 (\$15,000,000) of the amount authorized for investment pursuant
24 to this section shall be invested in any one entity.

25 B. The governor shall convene a task force of state

1 and private officials with expertise in investments,
2 alternative energy or the environment to investigate all
3 applications for investments pursuant to this section and to
4 certify the approved applications to the state investment
5 officer.

6 C. The state investment officer shall make
7 investments pursuant to this section only upon approval of the
8 state investment council after a review by the council. The
9 state investment officer shall make debt or equity investments
10 pursuant to this section only in a green industry that:

11 (1) maintains its principal place of business
12 or a manufacturing facility in New Mexico;

13 (2) certifies that:

14 (a) the majority of its employees are
15 New Mexico residents; or

16 (b) over fifty percent of its assets are
17 located in New Mexico; and

18 (3) agrees to increase its work force in New
19 Mexico and its efforts to expand sales to New Mexico residents.

20 D. As used in this section, "green industries"
21 means industries that contribute directly to preserving or
22 enhancing environmental quality by reducing waste and pollution
23 or by producing sustainable products using sustainable
24 processes and materials and that provide opportunities for
25 advancement along a career track of increasing skills and

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1 wages. Green industries include:

2 (1) energy system retrofits to increase energy
3 efficiency and conservation;

4 (2) production and distribution of biofuels
5 and vehicle retrofits for biofuels;

6 (3) building design and building construction
7 that meet the equivalent of best available technology in energy
8 and environmental design standards;

9 (4) organic and community food production;

10 (5) manufacture of products from nontoxic,
11 environmentally certified or recycled materials;

12 (6) manufacture and production of sustainable
13 technologies, including, but not limited to, solar panels, wind
14 turbines and fuel cells;

15 (7) solar technology installation and
16 maintenance;

17 (8) recycling, green composting and
18 large-scale reuse of construction and demolition materials and
19 debris; and

20 (9) water system retrofits to increase water
21 efficiency and conservation."