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AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;  
CHANGING THE AGENCY AUTHORIZED TO GRANT FUNDS FOR CERTAIN  
PROJECTS AUTHORIZED IN LAWS 2006, CHAPTER 41, SECTION 1 AND  
LAWS 2007, CHAPTER 139, SECTION 1; APPROPRIATING CERTAIN BOND  
PROCEEDS TO THE DEPARTMENT OF ENVIRONMENT; DECLARING AN  
EMERGENCY.

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

Section 1. Section 7-27-10.1 NMSA 1978 (being Laws  
2003, Chapter 134, Section 1) is amended to read:

"7-27-10.1. 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 authorize ten percent of the  
estimated bonding capacity each year, and the legislature  
authorizes the state board of finance to issue severance tax  
bonds in the annually deducted amount for use by the water  
trust board to fund water projects statewide, except for  
projects authorized in Subsection D of this section.

B. The water trust board shall certify to the  
state board of finance the need for issuance of bonds for

1 water projects. The state board of finance may issue and  
2 sell the bonds in the same manner as other severance tax  
3 bonds in an amount not to exceed the authorized amount  
4 provided for in Subsection A of this section. If necessary,  
5 the state board of finance shall take the appropriate steps  
6 to comply with the federal Internal Revenue Code of 1986, as  
7 amended. Proceeds from the sale of the bonds are  
8 appropriated to the water project fund in the New Mexico  
9 finance authority for the purposes certified by the water  
10 trust board to the state board of finance.

11 C. Money from the severance tax bonds provided for  
12 in this section shall not be used to pay indirect project  
13 costs. Any unexpended balance from proceeds of severance tax  
14 bonds issued for a water project shall revert to the  
15 severance tax bonding fund within six months of completion of  
16 the water project. The New Mexico finance authority shall  
17 monitor and ensure proper reversions.

18 D. The board of finance division of the department  
19 of finance and administration shall:

20 (1) void the authorization to the water  
21 project fund held at the New Mexico finance authority to make  
22 grants or loans of severance tax bond proceeds for projects  
23 pursuant to Subsection U of Section 1 of Chapter 41 of Laws  
24 2006 for the northwest New Mexico council of governments in  
25 McKinley county for a water distribution project and

1 Subsection 25 of Section 1 of Chapter 139 of Laws 2007 for  
2 the Navajo Nation division of natural resources department of  
3 water resources water management branch for a regional water  
4 project in Rio Arriba, Sandoval, McKinley, San Juan and  
5 Cibola counties; and

6 (2) authorize the department of environment  
7 to make a grant of the unexpended proceeds of severance tax  
8 bonds issued in fiscal years 2006 and 2007 for the purposes  
9 of the water project fund to be used for the authorizations  
10 identified in Paragraph (1) of this subsection and  
11 appropriate to the department of environment five million  
12 three hundred seventy-five thousand two hundred forty-four  
13 dollars (\$5,375,244) for the Navajo Nation division of  
14 natural resources department of water resources water  
15 management branch for a regional water distribution project  
16 in Rio Arriba, Sandoval, McKinley, San Juan and Cibola  
17 counties. Any unexpended balance of the funds authorized for  
18 expenditure in this section shall revert to the severance tax  
19 bonding fund at the end of fiscal year 2013 or upon  
20 completion of the project, whichever is earlier.

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

23 (1) the storage, conveyance or delivery of  
24 water to end users;

25 (2) the implementation of federal Endangered

1 Species Act of 1973 collaborative programs;

2 (3) the restoration and management of  
3 watersheds;

4 (4) flood prevention; or

5 (5) conservation, recycling, treatment or  
6 reuse of water."

7 Section 2. EMERGENCY.--It is necessary for the public  
8 peace, health and safety that this act take effect  
9 immediately.

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