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HOUSE BILL 111

**49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010**

INTRODUCED BY

Patricia A. Lundstrom

AN ACT

RELATING TO THE NEW MEXICO FINANCE AUTHORITY; CREATING THE  
DISADVANTAGED COMMUNITY REVOLVING FUND; AUTHORIZING  
APPROPRIATIONS FROM THE PUBLIC PROJECT REVOLVING FUND TO THE  
DISADVANTAGED COMMUNITY REVOLVING FUND; MAKING AN APPROPRIATION  
FROM THE PUBLIC PROJECT REVOLVING FUND TO THE DISADVANTAGED  
COMMUNITY REVOLVING FUND.

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

Section 1. A new section of the New Mexico Finance  
Authority Act is enacted to read:

"[NEW MATERIAL] DISADVANTAGED COMMUNITY REVOLVING FUND--  
CREATED--PURPOSE.--

A. The "disadvantaged community revolving fund" is  
created within the authority and shall be administered by the  
authority. The fund consists of distributions made to the fund  
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1 from the public project revolving fund; payments of principal  
2 and interest on loans for disadvantaged community projects; and  
3 other money appropriated by the legislature or distributed or  
4 otherwise allocated to the fund for the purpose of supporting  
5 disadvantaged community projects. Income from investment of  
6 the money in the fund shall be credited to the fund. Balances  
7 in the fund at the end of a fiscal year shall not revert. The  
8 fund may consist of subaccounts as determined to be necessary  
9 by the authority.

10 B. The authority may establish procedures and adopt  
11 rules subject to the approval of the New Mexico finance  
12 authority oversight committee to administer the disadvantaged  
13 community revolving fund and to originate loans or guarantee  
14 loans for disadvantaged community projects approved by the  
15 authority. To protect public money in the fund or other public  
16 resources, rules of the authority shall describe the means of  
17 recovering public money or other public resources if a  
18 disadvantaged community defaults on its obligations to the  
19 authority.

20 C. Disadvantaged community projects receiving  
21 financing assistance with money in the disadvantaged community  
22 revolving fund shall first be approved by law.

23 D. Payments on loans made pursuant to this section  
24 from funds appropriated to the disadvantaged community  
25 revolving fund from the public project revolving fund shall be

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1 pledged first to the repayment of any outstanding authority  
2 revenue bonds payable from the public project revolving fund.  
3 At the end of each fiscal year, after all debt service charges,  
4 replenishment of reserves and administrative costs on all  
5 outstanding bonds, notes or other obligations payable from the  
6 public project revolving fund are satisfied, disadvantaged  
7 community revolving fund loan payments shall flow to the  
8 disadvantaged community revolving fund.

9 E. Money in the disadvantaged community revolving  
10 fund is appropriated to the authority to:

11 (1) pay the reasonably necessary  
12 administrative and other costs incurred by the authority in  
13 evaluating, processing, originating and servicing disadvantaged  
14 community revolving fund bonds, loans and loan guarantees;

15 (2) make loans for disadvantaged community  
16 projects;

17 (3) make loan guarantees for disadvantaged  
18 community projects; and

19 (4) purchase disadvantaged community project  
20 revenue bonds.

21 F. Money in the disadvantaged community revolving  
22 fund that is not needed for immediate disbursement, including  
23 money held in reserve, may be deposited or invested in the same  
24 manner as other funds administered by the authority.

25 G. The authority may issue disadvantaged community

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1 revolving fund bonds or refunding bonds when the authority  
2 determines that a bond issue is required or desirable. As  
3 security for the payment of the principal and interest on such  
4 bonds issued by the authority, the authority is authorized to  
5 pledge, transfer and assign:

6 (1) any obligations of a disadvantaged  
7 community, payable to the authority;

8 (2) the security for the disadvantaged  
9 community's obligations;

10 (3) any grant, subsidy or contribution from a  
11 disadvantaged community or the United States or any of its  
12 agencies or instrumentalities; or

13 (4) any income, revenues, funds or other money  
14 of the authority from any other source appropriated to the  
15 disadvantaged community revolving fund.

16 H. The authority may apply the proceeds of the sale  
17 of disadvantaged community revolving fund bonds to:

18 (1) provide financing to communities for  
19 disadvantaged community projects;

20 (2) the payment of interest on bonds issued by  
21 the authority for a period not to exceed three years from the  
22 date of issuance of the bonds; and

23 (3) the payment of all expenses, including  
24 publication and printing charges, attorney fees, financial  
25 advisory and underwriter fees and premiums or commissions that

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1 the authority determines are necessary or advantageous in  
2 connection with the recommendation, advertisement, sale,  
3 creation and issuance of bonds pursuant to this subsection.

4 I. As used in this section:

5 (1) "disadvantaged community" means a  
6 qualified entity having:

7 (a) a median household income of less  
8 than sixty percent of the statewide median household income;

9 (b) unemployment rates at least one and  
10 one-half times the national or state average;

11 (c) colonias areas designated by the  
12 United States department of housing and urban development; or

13 (d) met other criteria for disadvantaged  
14 status as determined by rule of the authority; and

15 (2) "disadvantaged community project" means a  
16 public project in a disadvantaged community."

17 Section 2. Section 6-21-6.1 NMSA 1978 (being Laws 1994,  
18 Chapter 145, Section 2, as amended) is amended to read:

19 "6-21-6.1. PUBLIC PROJECT REVOLVING FUND--APPROPRIATIONS  
20 TO OTHER FUNDS.--

21 A. The authority and the department of environment  
22 may enter into a joint powers agreement pursuant to the Joint  
23 Powers Agreements Act for the purpose of describing and  
24 allocating duties and responsibilities with respect to creation  
25 of an integrated loan and grant program to be financed through

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1 issuance of bonds payable from the public project revolving  
2 fund. The bonds may be issued in installments or at one time  
3 by the authority in amounts authorized by law. The aggregate  
4 amount of bonds authorized and outstanding pursuant to this  
5 subsection shall not be greater than the amount of bonds that  
6 may be annually repaid from an amount not to exceed thirty-five  
7 percent of the governmental gross receipts tax proceeds  
8 distributed to the public project revolving fund in the  
9 preceding fiscal year. The net proceeds may be used for  
10 purposes of the [~~water and wastewater~~] local government  
11 planning fund and the water and wastewater project grant fund  
12 as specified in the New Mexico Finance Authority Act or for  
13 purposes of the Wastewater Facility Construction Loan Act, the  
14 Rural Infrastructure Act, the Solid Waste Act or the Drinking  
15 Water State Revolving Loan Fund Act.

16 B. Public projects funded pursuant to the  
17 Wastewater Facility Construction Loan Act, the Rural  
18 Infrastructure Act, the Solid Waste Act or the Drinking Water  
19 State Revolving Loan Fund Act shall not require specific  
20 authorization by law as required in Sections 6-21-6 and 6-21-8  
21 NMSA 1978.

22 C. At the end of each fiscal year, after all debt  
23 service charges, replenishment of pledged reserves and  
24 administrative costs on all outstanding bonds, notes or other  
25 obligations payable from the public project revolving fund are

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1 satisfied, [~~an aggregate amount not to exceed thirty-five~~  
2 ~~percent of~~] the governmental gross receipts tax proceeds  
3 distributed to the public project revolving fund in the  
4 preceding fiscal year less all debt service charges and  
5 administrative costs of the authority paid in the preceding  
6 fiscal year on bonds issued pursuant to this section may be  
7 appropriated by the legislature from the public project  
8 revolving fund to the following funds for local infrastructure  
9 financing:

10 (1) the wastewater facility construction loan  
11 fund for purposes of the Wastewater Facility Construction Loan  
12 Act;

13 (2) the rural infrastructure revolving loan  
14 fund for purposes of the Rural Infrastructure Act;

15 (3) the solid waste facility grant fund for  
16 purposes of the Solid Waste Act;

17 (4) the drinking water state revolving loan  
18 fund for purposes of the Drinking Water State Revolving Loan  
19 Fund Act;

20 (5) the water and wastewater project grant  
21 fund for purposes specified in the New Mexico Finance Authority  
22 Act; [~~or~~]

23 (6) the [~~water and wastewater~~] local  
24 government planning fund for purposes specified in the New  
25 Mexico Finance Authority Act; or

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(7) the disadvantaged community revolving fund.

D. The authority and the department of environment in coordination with the New Mexico finance authority oversight committee may recommend annually to each regular session of the legislature amounts to be appropriated to the funds listed in Subsection C of this section for local infrastructure financing."

Section 3. APPROPRIATION.--Fifteen million dollars (\$15,000,000) is appropriated from cash balances in the public project revolving fund after service charges, replenishment of pledged reserves and administrative costs on all outstanding bonds, notes or other obligations payable from the public project revolving fund are satisfied to the disadvantaged community revolving fund for expenditure in fiscal year 2010 and subsequent fiscal years for the purposes of the fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the public project revolving fund.