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HOUSE BILL 162

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

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO CAPITAL EXPENDITURES; AMENDING THE SEVERANCE TAX BONDING ACT TO ALLOCATE FIVE PERCENT OF THE ANNUAL ESTIMATED SEVERANCE TAX BONDING CAPACITY FOR TRIBAL INFRASTRUCTURE PROJECTS; AUTHORIZING SEVERANCE TAX BONDS; MAKING AN APPROPRIATION.

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, as amended) is amended to read:

"7-27-10.1. BONDING CAPACITY--AUTHORIZATION FOR SEVERANCE TAX BONDS--~~[WATER PROJECTS]~~ PRIORITY FOR WATER PROJECTS AND TRIBAL INFRASTRUCTURE PROJECTS.--

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 .180719.3GR

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1 tax bonds to be authorized by the legislature.

2 B. The division shall [~~authorize~~] allocate ten
3 percent of the estimated bonding capacity each year for water
4 projects, and the legislature authorizes the state board of
5 finance to issue severance tax bonds in the annually [~~deducted~~]
6 allocated amount for use by the water trust board to fund water
7 projects statewide, except for projects authorized in
8 Subsection [~~D~~] E of this section. [~~B.~~] The water trust board
9 shall certify to the state board of finance the need for
10 issuance of bonds for water projects. The state board of
11 finance may issue and sell the bonds in the same manner as
12 other severance tax bonds in an amount not to exceed the
13 authorized amount provided for in [~~Subsection A of this~~
14 ~~section~~] this subsection. If necessary, the state board of
15 finance shall take the appropriate steps to comply with the
16 federal Internal Revenue Code of 1986, as amended. Proceeds
17 from the sale of the bonds are appropriated to the water
18 project fund in the New Mexico finance authority for the
19 purposes certified by the water trust board to the state board
20 of finance.

21 C. The board of finance division shall allocate
22 five percent of the estimated bonding capacity each year for
23 tribal infrastructure projects, and the legislature authorizes
24 the state board of finance to issue severance tax bonds in the
25 annually allocated amount for use by the tribal infrastructure

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

13 ~~[G.]~~ D. Money from the severance tax bonds provided
14 for in this section shall not be used to pay indirect project
15 costs. Any unexpended balance from proceeds of severance tax
16 bonds issued for a water project or a tribal infrastructure
17 project shall revert to the severance tax bonding fund within
18 six months of completion of the ~~[water]~~ project. The New
19 Mexico finance authority shall monitor and ensure proper
20 reversions of the bond proceeds appropriated for water
21 projects, and the department of finance and administration
22 shall monitor and ensure proper reversions of the bond proceeds
23 appropriated for tribal infrastructure projects.

24 ~~[D.]~~ E. The board of finance division of the
25 department of finance and administration shall:

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1 (1) void the authorization to the water
2 project fund held at the New Mexico finance authority to make
3 grants or loans of severance tax bond proceeds for projects
4 pursuant to Subsection U of Section 1 of Chapter 41 of Laws
5 2006 for the northwest New Mexico council of governments in
6 McKinley county for a water distribution project and Subsection
7 25 of Section 1 of Chapter 139 of Laws 2007 for the Navajo
8 Nation division of natural resources department of water
9 resources water management branch for a regional water project
10 in Rio Arriba, Sandoval, McKinley, San Juan and Cibola
11 counties; and

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

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~~[E-]~~ F. As used in this section:

(1) "tribal infrastructure project" means a qualified project under the Tribal Infrastructure Act; and

(2) "water project" means a capital outlay project for:

~~[(1)]~~ (a) the storage, conveyance or delivery of water to end users;

~~[(2)]~~ (b) the implementation of federal Endangered Species Act of 1973 collaborative programs;

~~[(3)]~~ (c) the restoration and management of watersheds;

~~[(4)]~~ (d) flood prevention; or

~~[(5)]~~ (e) conservation, recycling, treatment or reuse of water."

Section 2. APPLICABILITY.--The allocation of severance tax bonding capacity and the authorization of severance tax bonds for tribal infrastructure projects shall commence with the severance tax bonding capacity estimated on January 15, 2012 for authorization by the second session of the fiftieth legislature.

Section 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2011.