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AN ACT

RELATING TO PUBLIC FINANCES; INCREASING THE FUNDS AUTHORIZED FOR DEPOSIT INTO THE PARTICIPATING GOVERNMENT INVESTMENT FUND.

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

SECTION 1. Section 6-10-10.1 NMSA 1978 (being Laws 1988, Chapter 61, Section 2, as amended) is amended to read:

"6-10-10.1. PARTICIPATING GOVERNMENT INVESTMENT FUND CREATED--DISTRIBUTION OF EARNINGS--REPORT OF INVESTMENTS.--

A. There is created in the state treasury the "participating government investment fund". The fund shall consist of all deposits from participating governments, including revenues dedicated to repaying bonds, that are placed in the custody of the state treasurer for investment purposes pursuant to this section. The state treasurer shall maintain one or more separate accounts for each participating government having deposits in the participating government investment fund and may divide the fund into two or more subfunds, as the state treasurer deems appropriate, for short-term and medium-term investment purposes, including one or more subfunds for bond proceeds deposited by participating governments.

B. If an eligible governing body is unable to receive payment on public money at the rate of interest as

1 set forth in Section 6-10-36 NMSA 1978 from financial
2 institutions within the geographic boundaries of the eligible
3 governing body, or if the eligible governing body is not
4 bound by the terms of Section 6-10-36 NMSA 1978, the finance
5 officer having control of the money of that eligible
6 governing body not required for current expenditure may, with
7 the consent of the board of finance of the eligible governing
8 body if consent is required by the laws or rules of the
9 eligible governing body, remit some or all of the money to
10 the state treasurer for deposit for the purpose of investment
11 as allowed by this section.

12 C. Before funds are invested or reinvested
13 pursuant to this section, a finance officer shall notify and
14 make the funds available for investment to banks, savings and
15 loan associations and credit unions located within the
16 geographical boundaries of the participating government or
17 the eligible governing body, subject to the limitation on
18 credit union accounts. To be eligible for deposit of the
19 government funds, the financial institution shall pay to the
20 participating government or eligible governing body the rate
21 established by the state treasurer pursuant to a policy
22 adopted by the state board of finance for the investments.

23 D. A finance officer shall specify the length of
24 time a deposit shall be in the participating government
25 investment fund. The state treasurer through the use of the

1 state fiscal agent shall separately track each deposit and
2 shall make information regarding the deposit available to the
3 public upon written request.

4 E. The state treasurer shall invest the
5 participating government investment fund as provided in
6 Section 6-10-10 NMSA 1978 regarding the investment of state
7 funds in investments with a maturity at the time of purchase
8 that does not exceed three years. The state treasurer may
9 elect to have the participating government investment fund
10 consolidated for investment purposes with the state funds
11 under the control of the state treasurer; provided that
12 accurate and detailed accounting records are maintained for
13 the account of each participating government and that a
14 proportionate amount of interest earned is credited to each
15 of the separate accounts of a participating government. The
16 fund shall be invested to achieve its objective, which is to
17 realize the maximum return consistent with safe and prudent
18 management.

19 F. At the end of each month, all net investment
20 income or losses from investment of the participating
21 government investment fund shall be distributed by the state
22 treasurer to the accounts of participating governments in
23 amounts directly proportionate to the respective amounts
24 deposited by them in the participating government investment
25 fund and the length of time the amounts in each account were

1 invested.

2 G. The state treasurer shall charge participating
3 governments reasonable audit, administrative and investment
4 expenses and shall deduct those expenses directly from the
5 net investment income for the investment and administrative
6 services provided pursuant to this subsection. The amount of
7 the charges, the manner of the use by the state treasurer and
8 the nature of bond-related services to be offered shall be
9 established in rules adopted and promulgated by the state
10 treasurer subject to approval by the state board of finance.

11 H. Subject to appropriation by the legislature,
12 amounts deducted from the accounts of participating
13 governments for charges permitted pursuant to this section
14 shall be expended by the state treasurer in fiscal year 2008
15 and in subsequent fiscal years for the administration and
16 management of the participating government investment fund,
17 services provided to participating governments related to
18 investment of their money in that fund and other services
19 authorized by this section. Balances remaining at the end of
20 a fiscal year from the amounts deducted pursuant to this
21 section shall revert to the general fund. Balances in the
22 state treasurer's operating account resulting from deductions
23 taken pursuant to this section in excess of the amount
24 required to provide administration, management and related
25 services required by this subsection or other services

1 authorized by this section shall be offset by reductions in
2 the charges made by the state treasurer to the accounts of
3 participating governments in subsequent deductions from
4 participating governments' accounts.

5 I. Investments of the participating government
6 investment fund shall be made in such a manner that the
7 portion of the fund invested in short-term investments
8 maintains an "AA" or higher rating. Each fiscal year and at
9 such other times as directed by the state board of finance,
10 the state treasurer shall cause to have the short-term
11 investment portion of the participating government investment
12 fund rated by a nationally recognized statistical rating
13 organization. If the rating received by the short-term
14 investment portion of the fund is lower than "AA", the state
15 treasurer shall immediately submit a plan to the state board
16 of finance detailing the steps that will be taken to obtain
17 an "AA" or higher rating.

18 J. The state treasurer may offer to provide to
19 participating governments services related to requirements of
20 the federal income tax laws applicable to the investment of
21 bond proceeds.

22 K. A tribe or quasi-governmental body created
23 pursuant to New Mexico statute may become a participating
24 government only if the governing authority of the tribe or
25 quasi-governmental body has adopted a resolution authorizing

1 the tribe or quasi-governmental body to remit money to the
2 state treasurer for investment in the participating
3 government investment fund.

4 L. Deposits by the state treasurer on behalf of
5 the general fund and bond proceeds investment pools shall not
6 exceed thirty-five percent of the total amount in the
7 participating government investment fund at any time."

8 SECTION 2. EFFECTIVE DATE.--The effective date of the
9 provisions of this act is July 1, 2011. _____

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