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HOUSE BILL 172

53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018

INTRODUCED BY

Bill McCamley

AN ACT

RELATING TO ECONOMIC DEVELOPMENT; ENACTING THE FILM PRODUCTION
REVOLVING LOAN FUND ACT; CREATING THE FILM PRODUCTION REVOLVING
LOAN FUND; PROVIDING FOR THE ISSUANCE OF BONDS; MAKING AN
APPROPRIATION.

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

SECTION 1. ~~[NEW MATERIAL]~~ SHORT TITLE.--This act may be
cited as the "Film Production Revolving Loan Fund Act".

SECTION 2. ~~[NEW MATERIAL]~~ DEFINITIONS.--As used in the
Film Production Revolving Loan Fund Act:

A. "authority" means the New Mexico finance
authority;

B. "chief executive officer" means the chief
executive officer of the authority;

C. "division" means the New Mexico film division of

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1 the economic development department;

2 D. "film project" means a motion picture or
3 television production that can be viewed or reproduced and that
4 is intended to be exhibited in theaters or licensed for
5 exhibition by individual television stations, groups of
6 stations, networks, cable television stations, internet or
7 other new media platforms, nationally or internationally;

8 E. "fund" means the film production revolving loan
9 fund; and

10 F. "qualified project" means a project that
11 satisfies the requirements of Section 4 of the Film Production
12 Revolving Loan Fund Act.

13 SECTION 3. [NEW MATERIAL] FILM PRODUCTION REVOLVING LOAN
14 FUND--CREATED--ADMINISTRATION.--

15 A. There is created in the authority a revolving
16 loan fund to be known as the "film production revolving loan
17 fund". The fund shall be administered as a separate account by
18 the authority, and the authority shall adopt rules necessary to
19 administer the fund in accordance with the New Mexico Finance
20 Authority Act.

21 B. The fund shall consist of:

22 (1) payments of principal and interest on
23 loans for qualified projects;

24 (2) money appropriated by the legislature to
25 the fund;

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1 (3) income from investment of money in the
2 fund; and

3 (4) money otherwise accruing, appropriated,
4 distributed or allocated to the fund for the purpose of
5 financing film projects filmed or produced wholly or
6 substantially in New Mexico.

7 C. Money in the fund is appropriated for
8 expenditure by the authority to provide loans for qualified
9 projects.

10 D. Money in the fund not needed for immediate
11 disbursement, including money held in reserve, may be deposited
12 with the state treasurer for short-term investment pursuant to
13 Section 6-10-10.1 NMSA 1978.

14 E. The authority shall establish fiscal controls
15 and accounting procedures that are sufficient to assure proper
16 accounting for fund payments, disbursements and balances.

17 SECTION 4. [NEW MATERIAL] LOAN RESTRICTIONS--LOAN
18 PROCESSING.--

19 A. The authority may make loans from the fund for
20 qualified projects, subject to the loan restrictions set forth
21 in Subsection B of this section and the prioritization set
22 forth in Section 5 of the Film Production Revolving Loan Fund
23 Act.

24 B. If a loan is made pursuant to the Film
25 Production Revolving Loan Fund Act, the following restrictions

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1 shall apply:

2 (1) not more than fifty percent of the
3 estimated project cost or one million dollars (\$1,000,000),
4 whichever is greater, shall be invested in any one film
5 project;

6 (2) the loan applicant shall demonstrate that
7 a distribution contract is or will be in place with a reputable
8 distribution company at the time of the loan approval;

9 (3) the loan applicant shall post a completion
10 bond that has been approved by the division;

11 (4) the loan applicant shall certify no less
12 than fifty percent of the estimated total project cost will be
13 from other sources;

14 (5) up to one-half percent of the principal
15 loan amount may be appropriated from the fund to pay
16 administrative costs incurred by the authority, including the
17 reasonably necessary costs of originating and servicing loans;

18 (6) the rate of interest on a project loan
19 shall be determined by the chief executive officer at the time
20 of the loan approval and the rate of interest shall be equal to
21 or greater than the rate of interest on the most recent senior
22 lien securities funded by the public project revolving fund
23 pursuant to Subsection D of Section 6-21-6 NMSA 1978 plus one-
24 half percent; and

25 (7) no loan shall be made if the applicant for

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1 a loan has received a previous loan from the fund and there
2 remains a principal balance outstanding at the time the
3 application is submitted for consideration by the authority.

4 C. The chief executive officer may request a review
5 and recommendation of the loan application by the division.

6 D. All loan approvals are subject to rules
7 promulgated by the authority.

8 SECTION 5. [NEW MATERIAL] PRIORITIZATION OF LOANS FOR
9 QUALIFIED PROJECTS.--The authority shall promulgate rules for a
10 system for the ranking of qualified projects seeking loans
11 pursuant to the Film Production Revolving Loan Fund Act. The
12 ranking system established pursuant to this section shall be
13 reviewed annually by the authority and shall give priority to
14 qualified projects that meet the following criteria:

15 A. the project director is a New Mexico resident;

16 B. the project lead writer or a majority of a
17 writing collaboration team are New Mexico residents;

18 C. the project lead producer or a majority of a
19 team of producers are New Mexico residents;

20 D. the project story content is based in New
21 Mexico; and

22 E. the project films on locations within New Mexico
23 where the population density based on the most current tract
24 level population estimates published by the United States
25 census bureau is less than twenty-five persons per square mile.

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1 SECTION 6. ~~[NEW MATERIAL]~~ AUTHORIZATION TO ISSUE

2 ADDITIONAL SHORT-TERM SEVERANCE TAX BONDS--APPROPRIATION TO THE
3 FILM PRODUCTION REVOLVING LOAN FUND.--

4 A. In fiscal year 2018, in addition to the bonds
5 issued in accordance with Section 7-27-14 NMSA 1978 and
6 notwithstanding the limitations of that section, when the New
7 Mexico finance authority certifies the need for the bonds, the
8 state board of finance shall, in accordance with the Severance
9 Tax Bonding Act, issue and sell up to ten million dollars
10 (\$10,000,000) of severance tax bonds whose terms end on or
11 before June 30, 2018.

12 B. Upon certification by the authority pursuant to
13 Subsection A of this section, the state board of finance shall
14 issue and sell bonds up to the amount specified in Subsection A
15 of this section only if the balance in the severance tax
16 bonding fund as of the date that the bonds are issued exceeds
17 the sum of:

18 (1) the debt service scheduled to be paid
19 during the remainder of the fiscal year on all outstanding
20 severance tax bonds and supplemental severance tax bonds; and

21 (2) the amount necessary to meet all principal
22 and interest payments on outstanding bonds payable from the
23 severance tax bonding fund on the next two ensuing semiannual
24 payment dates.

25 C. The state board of finance shall schedule the

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1 issuance and sale of bonds provided for in Subsection B of this
2 section as expeditiously and economically as possible. The
3 board shall further take the appropriate steps necessary to
4 comply with the United States Internal Revenue Code of 1986, as
5 amended.

6 D. Proceeds from the sale of bonds provided for in
7 Subsection B of this section are appropriated to the film
8 production revolving loan fund.

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