

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 535

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

Pursuant to House Rule 24-1, this document incorporates amendments that have been adopted prior to consideration of this measure by the House. It is a tool to show the amendments in context and is not to be used for the purpose of amendments.

AN ACT

RELATING TO SEVERANCE TAX BONDING; PROVIDING FOR A MINIMUM DISTRIBUTION FROM THE SEVERANCE TAX BONDING FUND TO THE SEVERANCE TAX PERMANENT FUND EVERY YEAR FOR TEN YEARS; LIMITING THE AMOUNT OF SUPPLEMENTAL SEVERANCE TAX BONDS OR NOTES ISSUED IN 2019.

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

SECTION 1. Section 7-27-10 NMSA 1978 (being Laws 1961, Chapter 5, Section 8, as amended) is amended to read:

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"7-27-10. STATE BOARD OF FINANCE SHALL ISSUE BONDS.--

A. The state board of finance is authorized to issue and sell severance tax bonds within the provisions of the Severance Tax Bonding Act, and no other agency of the state is authorized to issue or sell severance tax bonds.

B. The state board of finance may issue and sell supplemental severance tax bonds within the provisions of the Severance Tax Bonding Act, and no other agency of the state is authorized to issue or sell supplemental severance tax bonds. As a temporary measure for fiscal year 2019, the state board of finance shall not issue and sell more than one hundred eighty-one million eight hundred thousand dollars (\$181,800,000) of supplemental severance tax bonds or notes."

SECTION 2. Section 7-27-10.1 NMSA 1978 (being Laws 2003, Chapter 134, Section 1, as amended) is amended to read:

"7-27-10.1. TRANSFER TO SEVERANCE TAX PERMANENT FUND BEFORE DETERMINING BONDING CAPACITY--AUTHORIZATION FOR SEVERANCE TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL INFRASTRUCTURE PROJECTS.--

A. Sf1 ~~By December 29~~ On December 31 ~~Sf1~~ of each year from 2019 through 2028, the division shall transfer twenty-three million six hundred ninety thousand dollars (\$23,690,000) from the severance tax bonding fund to the severance tax permanent fund, unless the state board of finance determines that a lesser transfer amount is necessary pursuant

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to Section 7-27-8 NMSA 1978 to avoid a potential shortfall in debt service obligations.

[A-] B. By January 15 of each year, the division shall estimate the amount of bonding capacity available for severance tax bonds to be authorized by the legislature.

[B-] C. For each year except 2017, the division shall allocate nine percent of the estimated bonding capacity each year for water projects, and the legislature authorizes the state board of finance to issue severance tax bonds in the annually allocated amount for use by the water trust board to fund water projects statewide. The water trust board shall certify to the state board of finance the need for issuance of bonds for water projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in this subsection. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the water project fund in the New Mexico finance authority for the purposes certified by the water trust board to the state board of finance.

[C-] D. The division shall allocate the following percentage of the estimated bonding capacity for tribal infrastructure projects:

- (1) in 2016, six and one-half percent; and
- (2) in 2017 and each subsequent year, four and one-half percent.

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~~[D-]~~ E. The legislature authorizes the state board of finance to issue severance tax bonds in the amount provided for in this section for use by the tribal infrastructure board to fund tribal infrastructure projects. The tribal infrastructure board shall certify to the state board of finance the need for issuance of bonds for tribal infrastructure projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in this section. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the tribal infrastructure project fund for the purposes certified by the tribal infrastructure board to the state board of finance.

~~[E-]~~ F. Money from the severance tax bonds provided for in this section shall not be used to pay indirect project costs. Any unexpended balance from proceeds of severance tax bonds issued for a water project or a tribal infrastructure project shall revert to the severance tax bonding fund within six months of completion of the project. The New Mexico finance authority shall monitor and ensure proper reversions of the bond proceeds appropriated for water projects, and the department of finance and administration shall monitor and ensure proper reversions of the bond proceeds appropriated for

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tribal infrastructure projects.

[F.] G. As used in this section:

- (1) "division" means the board of finance division of the department of finance and administration;
- (2) "tribal infrastructure project" means a qualified project under the Tribal Infrastructure Act; and
- (3) "water project" means a capital outlay project for:
 - (a) the storage, conveyance or delivery of water to end users;
 - (b) the implementation of federal Endangered Species Act of 1973 collaborative programs;
 - (c) the restoration and management of watersheds;
 - (d) flood prevention; or
 - (e) conservation, recycling, treatment or reuse of water."

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