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HOUSE BILL 12

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

LUCIANO "LUCKY" VARELA

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO PUBLIC MONEY; AUTHORIZING THE STATE TREASURER TO
MAKE CERTAIN INVESTMENTS.

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

Section 1. Section 6-10-10 NMSA 1978 (being Laws 1933,
Chapter 175, Section 4, as amended) is amended to read:

"6-10-10. DEPOSIT AND INVESTMENT OF FUNDS. --

A. Upon the certification or designation of any
bank, savings and loan association or credit union whose
deposits are insured by an agency of the United States to
receive public money on deposit, the state treasurer and the
several county or municipal treasurers who have on hand any
public money by virtue of their several offices shall make
deposit of that money in banks and savings and loan associations
and may make deposit of that money in credit unions whose

Underscored material = new
[bracketed material] = delete

Under scored material = new
[bracketed material] = delete

1 deposits are insured by an agency of the United States,
2 designated by the authority authorized by law to so designate to
3 receive the deposits of all money thereafter received or
4 collected by the treasurers provided that no deposit of public
5 money shall be made in a credit union unless the deposit is
6 insured by an agency of the United States.

7 B. The several county or municipal treasurers may
8 deposit money in one or more accounts with any such bank,
9 savings and loan association or credit union located in their
10 respective counties, subject to limitation on credit union
11 accounts.

12 C. The state treasurer may deposit money in one or
13 more accounts with any such bank, savings and loan association
14 or credit union, subject to the limitation on credit union
15 accounts.

16 D. Duplicate receipts or deposit slips shall be
17 taken for each deposit made pursuant to Subsection A, B or C of
18 this section. When deposits are made by the state treasurer,
19 one copy of the receipt or deposit slip shall be retained by the
20 treasurer and the other copy shall be filed monthly on the first
21 day of each month with the financial control division of the
22 department of finance and administration. When the deposits are
23 made by the treasurer or any other authorized person making the
24 deposits for a board of finance of any public or educational
institution, one copy of the receipt or deposit slip shall be

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Under scored material = new
[bracketed material] = delete

1 retained by the treasurer or authorized person so making the
2 deposit and the other copy shall be filed monthly on the first
3 day of each month with that board of finance. When the deposits
4 are made by a county or municipal treasurer, one of the
5 duplicate receipts or deposit slips shall be retained by the
6 treasurer so making the deposit, and the other copy shall be
7 filed monthly on the first day of each month with the secretary
8 of the board of finance of the county or municipality for which
9 that treasurer is acting.

10 E. "Deposit", as used in this section, means either
11 investment or deposit and includes share, share certificate and
12 share draft.

13 F. County or municipal treasurers, by and with the
14 advice and consent of their respective boards of finance charged
15 with the supervision and control of the respective funds, have
16 the power to invest all sinking funds or money remaining
17 unexpended from the proceeds of any issue of bonds or other
18 negotiable securities of any county, municipality or school
19 district which are now or may hereafter by law be entrusted to
20 their care and custody and all money not immediately necessary
21 for the public uses of the counties, municipalities or school
22 districts not invested or deposited in banks, savings and loan
23 associations or credit unions in:

24 (1) bonds or negotiable securities of the
United States, the state or any county, municipality or school

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Under scored material = new
[bracketed material] = delete

1 district which has a taxable valuation of real property for the
2 last preceding year of at least one million dollars (\$1,000,000)
3 and has not defaulted in the payment of any interest or sinking
4 fund obligation or failed to meet any bonds at maturity at any
5 time within five years last preceding; or

6 (2) securities that are issued by the United
7 States government or by its agencies or instrumentalities and
8 that are either direct obligations of the United States or are
9 backed by the full faith and credit of the United States
10 government or agencies guaranteed by the United States
11 government.

12 G. A local public body, with the advice and consent
13 of the body charged with the supervision and control of the
14 local public body's respective funds, has the power to invest
15 all sinking funds or money remaining unexpended from the
16 proceeds of any issue of bonds or other negotiable securities of
17 the investor that is entrusted to the local public body's care
18 and custody and all money not immediately necessary for the
19 public uses of the investor and not otherwise invested or
20 deposited in banks, savings and loan associations or credit
21 unions, in contracts with banks, savings and loan associations
22 or credit unions for the present purchase and resale at a
23 specified time in the future of specific securities at specified
24 prices at a price differential representing the interest income
to be earned by the investor. The contract shall be fully

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Under scored material = new
[bracketed material] = delete

1 secured by obligations of the United States or other securities
2 backed by the United States having a market value of at least
3 one hundred two percent of the contract. The collateral
4 required for investment in the contracts provided for in this
5 subsection shall be shown on the books of the financial
6 institution as being the property of the investor and the
7 designation shall be contemporaneous with the investment. As
8 used in this subsection, "local public body" includes all
9 political subdivisions of the state and agencies,
10 instrumentalities and institutions thereof; provided that home
11 rule municipalities who prior to July 1, 1994 had enacted
12 ordinances authorizing the investment of repurchase agreements
13 may continue investment in repurchase agreements pursuant to
14 those ordinances.

14 H. The state treasurer, with the advice and consent
15 of the state board of finance, has the power to invest money
16 held in demand deposits and not immediately needed for the
17 operation of state government and money held in the short-term
18 investment fund, except as provided in Section 6-10-10.1 NMSA
19 1978. The investments shall be made only in securities which
20 are issued by the United States government or by its departments
21 or agencies and which are either direct obligations of the
22 United States or are backed by the full faith and credit of the
23 United States government or agencies sponsored by the United
24 States government.

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Under scored material = new
[bracketed material] = delete

1 I. The state treasurer may also invest in contracts
2 for the present purchase and resale at a specified time in the
3 future, not to exceed one year or in the case of bond proceeds
4 not to exceed three years, of specific securities at specified
5 prices at a price differential representing the interest income
6 to be earned by the state. No such contract shall be invested
7 in unless the contract is fully secured by obligations of the
8 United States, or other securities backed by the United States,
9 having a market value of at least one hundred two percent of the
10 amount of the contract.

11 J. The state treasurer may also invest in contracts
12 for the temporary exchange of state-owned securities for the use
13 of broker-dealers, banks or other recognized institutional
14 investors in securities, for periods not to exceed one year for
15 a specified fee rate. No such contract shall be invested in
16 unless the contract is fully secured by exchange of an
17 irrevocable letter of credit running to the state, cash or
18 equivalent collateral of at least one hundred two percent of the
19 market value of the securities plus accrued interest temporarily
20 exchanged.

21 K. The collateral required for either of the forms
22 of investment in Subsection I or J of this section shall be
23 delivered to the state fiscal agent or its designee
24 contemporaneously with the transfer of funds or delivery of the
securities, at the earliest time industry practice permits, but

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Underscored material = new
[bracketed material] = delete

1 in all cases settlement shall be on a same-day basis.

2 L. Neither of the contracts in Subsection I or J of
3 this section shall be invested in unless the contracting bank,
4 brokerage firm or recognized institutional investor has a net
5 worth in excess of five hundred million dollars (\$500,000,000).

6 M. The state treasurer, with the advice and consent
7 of the state board of finance, may also invest in:

8 (1) commercial paper rated "prime" quality by a
9 national rating service, issued by corporations organized and
10 operating within the United States;

11 (2) medium term notes and corporate notes with
12 a maturity not exceeding five years that are rated A or its
13 equivalent or better by a nationally recognized rating service
14 and that are issued by a corporation organized and operating in
15 the United States; or

16 (3) any asset-backed obligation with a maturity
17 not exceeding five years that is rated AAA or its equivalent by
18 a nationally recognized rating service.

19 N. The state treasurer, with the advice and consent
20 of the state board of finance, may also invest in:

21 (1) shares of a diversified investment company
22 registered under the federal Investment Company Act of 1940 that
23 invests primarily in United States fixed income securities or
24 debt instruments authorized pursuant to Subsections H, I and M
25 of this section, provided that the investment company has total

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Under scored material = new
[bracketed material] = delete

1 assets under management of at least one hundred million dollars
2 (\$100,000,000); or

3 (2) individual, common or collective trust
4 funds of banks or trust companies that invest primarily in
5 United States fixed income securities or debt instruments
6 authorized pursuant to Subsections H, I and M of this section,
7 provided that the investment manager has assets under management
8 of at least one hundred million dollars (\$100,000,000).

9 [M-] 0. No public funds to be invested in
10 negotiable securities or loans to financial institutions fully
11 secured by negotiable securities at current market value shall
12 be paid out unless there is a contemporaneous transfer of the
13 securities at the earliest time industry practice permits, but
14 in all cases settlement shall be on a same-day basis either by
15 physical delivery or, in the case of uncertificated securities,
16 by appropriate book entry on the books of the issuer, to the
17 purchaser or to a reputable third-party safekeeping financial
18 institution acting as agent or trustee for the purchaser, which
19 agent or trustee shall furnish timely confirmation to the
20 purchaser. "

State of New Mexico House of Representatives

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

February 26, 1997

Mr. Speaker:

Your TAXATION AND REVENUE COMMITTEE, to whom has
been referred

HOUSE BILL 12

has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:

1. On page 7, line 7, before the colon insert "any of the
following investments in an amount not to exceed forty percent of
any fund that the state treasurer invests".

2. On page 8, line 4, strike "primarily".

and thence referred to the APPROPRIATIONS AND FINANCE
COMMITTEE.

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

HB 12

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Respectfully submitted,

Jerry W. Sandel, Chairman

Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 9 For 0 Against

Yes: 9

Excused: Gubbels, Porter, Sandoval, Stell

Absent: None

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Under scored material = new
[bracketed material] = delete

State of New Mexico House of Representatives

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 3, 1997

Mr. Speaker:

Your APPROPRIATIONS AND FINANCE COMMITTEE, to
whom has been referred

HOUSE BILL 12, as amended

has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:

1. On page 7, line 23, strike "primarily".

Respectfully submitted,

Max Coll, Chairman

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

HAF C/HB 12, aa

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Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 10 For 0 Against

Yes: 10

Excused: Abeyta, Garcia, M H. , Knowles, Picraux, Townsend,
Saavedra, Wallace

Absent: None

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Under scored material = new
[bracketed material] = delete

State of New Mexico House of Representatives

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 3, 1997

Mr. Speaker:

Your APPROPRIATIONS AND FINANCE COMMITTEE, to
whom has been referred

HOUSE BILL 12, as amended

has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:

1. On page 7, line 23, strike "primarily".

Respectfully submitted,

Max Coll, Chairman

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 10 For 0 Against

Yes: 10

Excused: Abeyta, Garcia, M H. , Knowles, Picraux, Townsend,
Saavedra, Wallace

Absent: None

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FIRST SESSION, 1997

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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March 10, 1997

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Mr. President:

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Your WAYS AND MEANS COMMITTEE, to whom has been
referred

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HOUSE BILL 12, as amended

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has had it under consideration and reports same with
recommendation that it DO PASS, and thence referred to the
FINANCE COMMITTEE.

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Respectfully submitted,

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Carlos R. Cisneros, Chairman

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**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

1 HAF C/HB 12, aa

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3 Adopted _____ Not Adopted _____
4 (Chief Clerk) (Chief Clerk)

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Date _____

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The roll call vote was 7 For 0 Against

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Yes: 7

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No: 0

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Excused: Duran, Jennings

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Absent: None

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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March 12, 1997

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Mr. President:

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Your FINANCE COMMITTEE, to whom has been referred

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HOUSE BILL 12, as amended

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has had it under consideration and reports same with

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recommendation that it DO PASS.

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Respectfully submitted,

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Ben D. Altamirano, Chairman

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Adopted _____ Not Adopted _____

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Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

1 HAF C/HB 12, aa

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(Chief Clerk)

(Chief Clerk)

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Date _____

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The roll call vote was 6 For 0 Against

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Yes: 6

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No: None

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Excused: Carraro, Fidel, Ingle, Lyons, McKibben

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Absent: None

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Underscored material = new
[bracketed material] = delete