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HOUSE BILL 816

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

James G. Taylor

AN ACT

RELATING TO PUBLIC MONEY; AMENDING A SECTION OF THE NMSA 1978
TO AUTHORIZE CERTAIN INVESTMENTS OF PUBLIC MONEY BY
MUNICIPALITIES AND COUNTIES.

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

underscored material = new
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1 associations, and may make deposit of that money in credit
2 unions whose deposits are insured by an agency of the United
3 States, designated by the authority authorized by law to so
4 designate to receive the deposits of all money thereafter
5 received or collected by the treasurers [~~provided that no~~
6 ~~deposit of public money shall be made in a credit union unless~~
7 ~~the deposit is insured by an agency of the United States~~].

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

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

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

underscored material = new
[bracketed material] = delete

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

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

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

underscored material = new
[bracketed material] = delete

1 (1) bonds or negotiable securities of the
2 United States, the state or any county, municipality or school
3 district [~~which~~] that has a taxable valuation of real property
4 for the last preceding year of at least one million dollars
5 (\$1,000,000) and has not defaulted in the payment of any
6 interest or sinking fund obligation or failed to meet any
7 bonds at maturity at any time within five years last
8 preceding; [~~or~~]

9 (2) securities that are issued by the United
10 States government or by its agencies or instrumentalities and
11 that are either direct obligations of the United States or are
12 backed by the full faith and credit of the United States
13 government or agencies guaranteed by the United States
14 government;

15 (3) shares of a diversified investment
16 company registered pursuant to the federal Investment Company
17 Act of 1940 that invests in fixed income securities or debt
18 instruments that are listed in a nationally recognized, broad-
19 market, fixed-income-securities market index; provided that
20 the investment company has total assets under management of at
21 least one hundred million dollars (\$100,000,000) and provided
22 that the board of finance of the county or municipality may
23 allow reasonable administrative and investment expenses to be
24 paid directly from the income or assets of these investments;

25 (4) individual, common or collective trust

underscored material = new
[bracketed material] = delete

1 funds of banks or trust companies that invest in fixed-income
2 securities or debt instruments that are listed in a nationally
3 recognized, broad-market, fixed-income-securities market
4 index; provided that the investment company has total assets
5 under management of at least one hundred million dollars
6 (\$100,000,000) and provided that the board of finance of the
7 county or municipality may allow reasonable administrative and
8 investment expenses to be paid directly from the income or
9 assets of these investments; or

10 (5) shares of pooled investment funds managed
11 by the state investment officer, as provided in Subsection G
12 of Section 6-8-7 NMSA 1978; provided that the board of finance
13 of the county or municipality may allow reasonable
14 administrative and investment expenses to be paid directly
15 from the income or assets of these investments.

16 G. A local public body, with the advice and
17 consent of the body charged with the supervision and control
18 of the local public body's respective funds, has the power to
19 invest all sinking funds or money remaining unexpended from
20 the proceeds of any issue of bonds or other negotiable
21 securities of the investor that is entrusted to the local
22 public body's care and custody and all money not immediately
23 necessary for the public uses of the investor and not
24 otherwise invested or deposited in banks, savings and loan
25 associations or credit unions in contracts with banks, savings

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1 and loan associations or credit unions for the present
2 purchase and resale at a specified time in the future of
3 specific securities at specified prices at a price
4 differential representing the interest income to be earned by
5 the investor. The contract shall be fully secured by
6 obligations of the United States or other securities backed by
7 the United States having a market value of at least one
8 hundred two percent of the contract. The collateral required
9 for investment in the contracts provided for in this
10 subsection shall be shown on the books of the financial
11 institution as being the property of the investor and the
12 designation shall be contemporaneous with the investment. As
13 used in this subsection, "local public body" includes all
14 political subdivisions of the state and agencies,
15 instrumentalities and institutions thereof; provided that home
16 rule municipalities [~~who~~] that prior to July 1, 1994 had
17 enacted ordinances authorizing the investment of repurchase
18 agreements ~~may~~ continue investment in repurchase agreements
19 pursuant to those ordinances.

20 H. The state treasurer, with the advice and
21 consent of the state board of finance, has the power to invest
22 money held in demand deposits and not immediately needed for
23 the operation of state government and money held in the short-
24 term investment fund, except as provided in Section 6-10-10.1
25 NMSA 1978. The investments shall be made only in securities

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1 [which] that are issued by the United States government or by
2 its departments or agencies and [which] are either direct
3 obligations of the United States or are backed by the full
4 faith and credit of the United States government or agencies
5 sponsored by the United States government.

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

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

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1 interest temporarily exchanged.

2 K. The collateral required for either of the forms
3 of investment in Subsection I or J of this section shall be
4 delivered to the state fiscal agent or its designee
5 contemporaneously with the transfer of funds or delivery of
6 the securities at the earliest time industry practice permits,
7 but in all cases, settlement shall be on a same-day basis.

8 L. Neither of the contracts in Subsection I or J
9 of this section shall be invested in unless the contracting
10 bank, brokerage firm or recognized institutional investor has
11 a net worth in excess of five hundred million dollars
12 (\$500,000,000).

13 M. The state treasurer, with the advice and
14 consent of the state board of finance, may also invest in any
15 of the following investments in an amount not to exceed forty
16 percent of any fund that the state treasurer invests:

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

20 (2) medium-term notes and corporate notes
21 with a maturity not exceeding five years that are rated A or
22 its equivalent or better by a nationally recognized rating
23 service and that are issued by a corporation organized and
24 operating in the United States; or

25 (3) any asset-backed obligation with a

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1 maturity not exceeding five years that is rated AAA or its
2 equivalent by a nationally recognized rating service.

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

5 (1) shares of a diversified investment
6 company registered [~~under~~] pursuant to the federal Investment
7 Company Act of 1940 that invests in United States fixed income
8 securities or debt instruments authorized pursuant to
9 Subsections H, I and M of this section, provided that the
10 investment company has total assets under management of at
11 least one hundred million dollars (\$100,000,000); or

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

18 0. No public funds to be invested in negotiable
19 securities or loans to financial institutions fully secured by
20 negotiable securities at current market value shall be paid
21 out unless there is a contemporaneous transfer of the
22 securities at the earliest time industry practice permits, but
23 in all cases, settlement shall be on a same-day basis either
24 by physical delivery or, in the case of uncertificated
25 securities, by appropriate book entry on the books of the

1 issuer, to the purchaser or to a reputable third-party
2 safekeeping financial institution acting as agent or trustee
3 for the purchaser, which agent or trustee shall furnish timely
4 confirmation to the purchaser. "

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1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999
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6 March 4, 1999
7

8 Mr. Speaker:
9

10 Your GOVERNMENT AND URBAN AFFAIRS COMMITTEE, to
11 whom has been referred
12

13 HOUSE BILL 816
14

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

17 1. On page 10, line 5, insert the following new section:
18

19 "Section 2. EFFECTIVE DATE. --The effective date of the
20 provisions of this act is January 1, 2000.".,
21

22 and thence referred to the APPROPRIATIONS AND FINANCE
23 COMMITTEE.
24
25

FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

HGUAC/HB 816

Page 12

Respectfully submitted,

James G. Taylor, Chairman

Adopted _____

(Chief Clerk)

Not Adopted _____

(Chief Clerk)

Date _____

The roll call vote was 6 For 0 Against

Yes: 6

Excused: Saavedra

Absent: None

J:\99BillsWP\H0816

1 FORTY- FOURTH LEGISLATURE
2 FIRST SESSION, 1999
3

4 March 5, 1999
5

6
7 Mr. Speaker:
8

9 Your APPROPRIATIONS AND FINANCE COMMITTEE, to
10 whom has been referred

11 HOUSE BILL 816, as amended
12

13 has had it under consideration and reports same with
14 recommendation that it DO PASS, amended as follows:
15

- 16 1. On page 4, line 20, after "company" insert "or
17 manager".
- 18 2. On page 5, line 4, after "company" insert "or
19 manager".
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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

Page 14

Respectfully submitted,

Max Coll, Chairman

Adopted _____

Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 15 For 0 Against

Yes: 15

Excused: Coll, Picraux

Absent: None

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[bracketed material] = delete

1 FORTY- FOURTH LEGISLATURE
2 FIRST SESSION, 1999
3

4 March 5, 1999
5

6
7 Mr. Speaker:
8

9 Your APPROPRIATIONS AND FINANCE COMMITTEE, to
10 whom has been referred

11 HOUSE BILL 816, as amended
12

13 has had it under consideration and reports same with
14 recommendation that it DO PASS, amended as follows:
15

- 16 1. On page 4, line 20, after "company" insert "or
17 manager".
- 18 2. On page 5, line 4, after "company" insert "or
19 manager".
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1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999

3 Page 16

4 Respectfully submitted,
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8 _____
9

10 Max Coll, Chairman
11

12 Adopted _____ Not Adopted _____
13

14 (Chief Clerk)

(Chief Clerk)

15
16 Date _____
17

18 The roll call vote was 15 For 0 Against

19 Yes: 15

20 Excused: Coll, Picraux

21 Absent: None
22
23

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1 FORTY- FOURTH LEGISLATURE
2 FIRST SESSION, 1999
3

4 March 5, 1999
5

6
7 Mr. Speaker:
8

9 Your APPROPRIATIONS AND FINANCE COMMITTEE, to
10 whom has been referred

11 HOUSE BILL 816, as amended
12

13 has had it under consideration and reports same with
14 recommendation that it DO PASS, amended as follows:
15

- 16 1. On page 4, line 20, after "company" insert "or
17 manager".
- 18 2. On page 5, line 4, after "company" insert "or
19 manager".
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underscored material = new
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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

Page 18

Respectfully submitted,

Max Coll, Chairman

Adopted _____

Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 15 For 0 Against

Yes: 15

Excused: Coll, Picraux

Absent: None

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[bracketed material] = delete

1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999

HB 816/a

3
4 March 17, 1999

5
6 Mr. President:

7
8 Your CORPORATIONS AND TRANSPORTATION COMMITTEE,
9 to whom has been referred

10 HOUSE BILL 816, as amended

11
12 has had it under consideration and reports same with
13 recommendation that it DO PASS, amended as follows:

14
15 1. On page 4, line 8, remove the brackets and the line
16 through "or".

17
18 2. On page 4, line 14, delete the semicolon and insert in
19 lieu thereof a period.

20
21 3. On page 4, between lines 14 and 15, insert the
22 following new subsection:

23 "G. The treasurer of a class A county or the treasurer
24 of a municipality having a population of more than sixty-five
25 thousand according to the most recent federal decennial census

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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

SCORC/HB 816

Page 20

and located within a class A county, by and with the advice and consent of the boards of finance charged with the supervision and control of the funds, has the power to invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds or other negotiable securities of the county or municipality that is entrusted to his care and custody and all money not immediately necessary for the public uses of the county or municipality not invested or deposited in banks, savings and loan associations or credit unions in: "

4. On page 4, line 15, strike "(3)" and insert in lieu thereof "(1)".

5. On page 4, line 25, strike "(4)" and insert in lieu thereof "(2)".

6. On page 5, line 10, strike "(5)" and insert in lieu thereof "(3)".

7. Reletter succeeding subsections accordingly. ,

and thence referred to the FINANCE COMMITTEE.

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[bracketed material] = delete

FORTY- FOURTH LEGI SLATURE
FIRST SESSI ON, 1999

SCORC/HB 816

Page 21

Respectfully submitted,

Roman M. Maes, Chair man

Adopted _____ Not

Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 4 For 2 Against

Yes: 4

No: Kidd, Kysar

Excused: Aragon, Fidel, McKibben, Robinson

Absent: None

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1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999

HB 816/a

3
4 March 17, 1999

5
6 Mr. President:

7
8 Your CORPORATIONS AND TRANSPORTATION COMMITTEE,
9 to whom has been referred

10 HOUSE BILL 816, as amended

11
12 has had it under consideration and reports same with
13 recommendation that it DO PASS, amended as follows:

14
15 1. On page 4, line 8, remove the brackets and the line
16 through "or".

17
18 2. On page 4, line 14, delete the semicolon and insert in
19 lieu thereof a period.

20
21 3. On page 4, between lines 14 and 15, insert the
22 following new subsection:

23 "G. The treasurer of a class A county or the treasurer
24 of a municipality having a population of more than sixty-five
25 thousand according to the most recent federal decennial census

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[bracketed material] = delete

FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

SCORC/HB 816

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and located within a class A county, by and with the advice and consent of the boards of finance charged with the supervision and control of the funds, has the power to invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds or other negotiable securities of the county or municipality that is entrusted to his care and custody and all money not immediately necessary for the public uses of the county or municipality not invested or deposited in banks, savings and loan associations or credit unions in: "

4. On page 4, line 15, strike "(3)" and insert in lieu thereof "(1)".

5. On page 4, line 25, strike "(4)" and insert in lieu thereof "(2)".

6. On page 5, line 10, strike "(5)" and insert in lieu thereof "(3)".

7. Reletter succeeding subsections accordingly. ,

and thence referred to the FINANCE COMMITTEE.

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FORTY- FOURTH LEGI SLATURE
FIRST SESSI ON, 1999

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SCORC/HB 816

Page 24

Respectfully submitted,

Roman M. Maes, Chair man

Adopted _____ Not

Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 4 For 2 Against

Yes: 4

No: Kidd, Kysar

Excused: Aragon, Fidel, McKibben, Robinson

Absent: None

H0816CT1

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underscored material = new
[bracketed material] = delete

1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999

HB 816/a

3
4 March 17, 1999

5
6 Mr. President:

7
8 Your CORPORATIONS AND TRANSPORTATION COMMITTEE,
9 to whom has been referred

10 HOUSE BILL 816, as amended

11
12 has had it under consideration and reports same with
13 recommendation that it DO PASS, amended as follows:

14
15 1. On page 4, line 8, remove the brackets and the line
16 through "or".

17
18 2. On page 4, line 14, delete the semicolon and insert in
19 lieu thereof a period.

20
21 3. On page 4, between lines 14 and 15, insert the
22 following new subsection:

23 "G. The treasurer of a class A county or the treasurer
24 of a municipality having a population of more than sixty-five
25 thousand according to the most recent federal decennial census

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underscored material = new
[bracketed material] = delete

FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

SCORC/HB 816

Page 26

and located within a class A county, by and with the advice and consent of the boards of finance charged with the supervision and control of the funds, has the power to invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds or other negotiable securities of the county or municipality that is entrusted to his care and custody and all money not immediately necessary for the public uses of the county or municipality not invested or deposited in banks, savings and loan associations or credit unions in: "

4. On page 4, line 15, strike "(3)" and insert in lieu thereof "(1)".

5. On page 4, line 25, strike "(4)" and insert in lieu thereof "(2)".

6. On page 5, line 10, strike "(5)" and insert in lieu thereof "(3)".

7. Reletter succeeding subsections accordingly. ,

and thence referred to the FINANCE COMMITTEE.

. 126826. 1

underscored material = new
[bracketed material] = delete

FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

SCORC/HB 816

Page 27

Respectfully submitted,

Roman M. Maes, Chairman

Adopted _____ Not

Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 4 For 2 Against

Yes: 4

No: Kidd, Kysar

Excused: Aragon, Fidel, McKibben, Robinson

Absent: None

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