

AN ACT

RELATING TO PUBLIC FINANCE; PROVIDING FOR INCREASED DISTRIBUTIONS TO THE SEVERANCE TAX PERMANENT FUND BY PHASING IN REDUCTIONS TO SEVERANCE TAX BONDING CAPACITY AND SUPPLEMENTAL SEVERANCE TAX BONDING CAPACITY; ADJUSTING THE PERCENTAGES OF SEVERANCE TAX BONDING CAPACITY ALLOCATED FOR TRIBAL INFRASTRUCTURE PROJECTS AND COLONIAS INFRASTRUCTURE PROJECTS.

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

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

"7-27-10.1. BONDING CAPACITY--AUTHORIZATION FOR SEVERANCE TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL INFRASTRUCTURE PROJECTS.--

A. 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. The division shall allocate ten 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, except for projects authorized in Subsection F of this section. 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. The division shall allocate the following percentages 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, five and one-half percent.

D. The legislature authorizes the state board of finance to issue severance tax bonds in the amount allocated pursuant to 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 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 tribal infrastructure project fund for the purposes certified by the tribal infrastructure board to the state board of finance.

E. 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 tribal infrastructure projects.

F. The division shall:

(1) void the authorization to the water project fund held at the New Mexico finance authority to make grants or loans of severance tax bond proceeds for projects pursuant to Subsection U of Section 1 of Chapter 41 of Laws 2006 for the northwest New Mexico council of governments in McKinley county for a water distribution project and

Subsection 25 of Section 1 of Chapter 139 of Laws 2007 for the Navajo Nation division of natural resources department of water resources water management branch for a regional water project in Rio Arriba, Sandoval, McKinley, San Juan and Cibola counties; and

(2) authorize the department of environment to make a grant of the unexpended proceeds of severance tax bonds issued in fiscal years 2006 and 2007 for the purposes of the water project fund to be used for the authorizations identified in Paragraph (1) of this subsection and appropriate to the department of environment five million three hundred seventy-five thousand two hundred forty-four dollars (\$5,375,244) for the Navajo Nation division of natural resources department of water resources water management branch for a regional water distribution project in Rio Arriba, Sandoval, McKinley, San Juan and Cibola counties. Any unexpended balance of the funds authorized for expenditure in this section shall revert to the severance tax bonding fund at the end of fiscal year 2013 or upon completion of the project, whichever is earlier.

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."

SECTION 2. Section 7-27-12.5 NMSA 1978 (being Laws 2010, Chapter 10, Section 9) is amended to read:

"7-27-12.5. AUTHORIZATION FOR SEVERANCE TAX BONDS--
PRIORITY FOR INFRASTRUCTURE PROJECTS FOR COLONIAS.--

A. After the annual estimate of severance tax bonding capacity pursuant to Subsection A of Section 7-27-10.1 NMSA 1978, the board of finance division of the department of finance and administration shall allocate the following percentages of the estimated bonding capacity for colonias infrastructure projects:

(1) in 2016, six and one-half percent; and

(2) in 2017 and each subsequent year, five and one-half percent.

B. The legislature authorizes the state board of

finance to issue severance tax bonds in the amount allocated pursuant to this section for use by the colonias infrastructure board to fund the projects. The colonias infrastructure board shall certify to the state board of finance the need for issuance of bonds for colonias 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 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 colonias infrastructure project fund for the purposes certified by the colonias infrastructure board to the state board of finance.

C. 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 colonias infrastructure project shall revert to the severance tax bonding fund within six months of completion of the project. The colonias infrastructure board shall monitor and ensure proper reversions of the bond proceeds appropriated for the projects.

D. As used in this section, "colonias infrastructure project" means a qualified project under the

Colonias Infrastructure Act."

SECTION 3. Section 7-27-14 NMSA 1978 (being Laws 1961, Chapter 5, Section 11, as amended) is amended to read:

"7-27-14. AMOUNT OF TAX--SECURITY FOR BONDS.--

A. The legislature shall provide for the continued assessment, levy, collection and deposit into the severance tax bonding fund of the tax or taxes upon natural resource products severed and saved from the soil of the state that, together with such other income as may be deposited to the fund, will be sufficient to produce an amount that is at least the amount necessary to meet annual debt service charges on all outstanding severance tax bonds and supplemental severance tax bonds.

B. Except as otherwise specifically provided by law, the state board of finance shall issue no severance tax bonds unless the aggregate amount of severance tax bonds outstanding, and including the issue proposed, can be serviced with not more than the following percentages of the annual deposits into the severance tax bonding fund, as determined by the lesser of the deposits during the preceding fiscal year or the deposits during the current fiscal year as estimated by the division:

(1) for fiscal year 2016, forty-nine and four-tenths percent;

(2) for fiscal year 2017, forty-eight and

eight-tenths percent;

(3) for fiscal year 2018, forty-eight and two-tenths percent; and

(4) for fiscal year 2019 and subsequent fiscal years, forty-seven and six-tenths percent.

C. The state board of finance shall issue no supplemental severance tax bonds with a term that extends beyond the fiscal year in which the bonds are issued unless the aggregate amount of severance tax bonds and supplemental severance tax bonds outstanding, and including the issue proposed, can be serviced with not more than the following percentages of the annual deposits into the severance tax bonding fund, as determined by the lesser of the deposits during the preceding fiscal year or the deposits during the current fiscal year as estimated by the division:

(1) for fiscal year 2016, sixty-one and nine-tenths percent;

(2) for fiscal year 2017, sixty-one and three-tenths percent;

(3) for fiscal year 2018, sixty and seven-tenths percent; and

(4) for fiscal year 2019 and subsequent fiscal years, sixty and one-tenth percent.

D. Except as otherwise specifically provided by law, the state board of finance may issue supplemental

severance tax bonds with a term that does not extend beyond the fiscal year in which they are issued if the debt service on such supplemental severance tax bonds when added to the debt service previously paid or scheduled to be paid during that fiscal year on severance tax bonds and supplemental severance tax bonds does not exceed the following percentages of the lesser of the deposits into the severance tax bonding fund during the preceding fiscal year or the deposits into the severance tax bonding fund during the current fiscal year as estimated by the division:

- (1) for fiscal year 2016, ninety-four and four-tenths percent;
- (2) for fiscal year 2017, ninety-three and eight-tenths percent;
- (3) for fiscal year 2018, ninety-three and two-tenths percent;
- (4) for fiscal year 2019, ninety-one percent;
- (5) for fiscal year 2020, eighty-nine and four-tenths percent;
- (6) for fiscal year 2021, eighty-seven and eight-tenths percent; and
- (7) for fiscal year 2022 and subsequent fiscal years, eighty-six and two-tenths percent.

E. The provisions of this section shall not be

modified by the terms of any severance tax bonds or supplemental severance tax bonds hereafter issued.

F. For the purposes of this section, "division" means the board of finance division of the department of finance and administration."

SECTION 4. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2015. _____