

SENATE TAX, BUSINESS AND TRANSPORTATION
COMMITTEE SUBSTITUTE FOR
SENATE BILL 383

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO MUNICIPALITIES; PROVIDING FOR THE ISSUANCE OF FLOOD RECOVERY REVENUE BONDS FOR REBUILDING, REPAIRING, REPLACING AND HARDENING OF MUNICIPAL PROPERTY DAMAGED BY A FLOOD; CREATING A MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS TAX FOR THE PAYMENT OF FLOOD RECOVERY REVENUE BONDS; DECLARING AN EMERGENCY.

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

.231749.1AIC March 13, 2025 (2:29pm)

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SECTION 1. Section 3-31-1 NMSA 1978 (being Laws 1973, Chapter 395, Section 3, as amended) is amended to read:

"3-31-1. REVENUE BONDS--AUTHORITY TO ISSUE--PLEDGE OF REVENUES--LIMITATION ON TIME OF ISSUANCE.--

A. In addition to any other law and constitutional home rule powers authorizing a municipality to issue revenue bonds, a municipality may issue revenue bonds pursuant to Chapter 3, Article 31 NMSA 1978 for the purposes specified in this section.

B. Utility revenue bonds may be issued for acquiring, extending, enlarging, bettering, repairing or otherwise improving a municipal utility or for any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the net revenues from the operation of the municipal utility or of any one or more of other such municipal utilities for payment of the interest on and principal of the revenue bonds.

C. Joint utility revenue bonds may be issued for acquiring, extending, enlarging, bettering, repairing or otherwise improving joint water facilities, sewer facilities, gas facilities or electric facilities or for any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the net revenues from the operation of these municipal utilities for the payment of the interest on and principal of the bonds.

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D. Gross receipts tax revenue bonds may be issued for any municipal purpose. A municipality may pledge irrevocably any or all of the gross receipts tax revenue received by the municipality pursuant to Section 7-1-6.4 or 7-1-6.12 NMSA 1978 to the payment of the interest on and principal of the gross receipts tax revenue bonds or for any area of municipal government services. A law that imposes or authorizes the imposition of a tax authorized by the Municipal Local Option Gross Receipts and Compensating Taxes Act or that affects the tax, or a law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding revenue bonds that may be secured by a pledge of such tax unless the outstanding revenue bonds have been discharged in full or provision has been fully made therefor. Revenues in excess of the annual principal and interest due on gross receipts tax revenue bonds secured by a pledge of gross receipts tax revenue may be accumulated in a debt service reserve account. The governing body of the municipality may appoint a commercial bank trust department to act as trustee of the gross receipts tax revenue and to administer the payment of principal of and interest on the bonds.

E. Gasoline tax revenue bonds may be issued for laying off, opening, constructing, reconstructing, resurfacing,

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maintaining, acquiring rights of way, repairing and otherwise improving municipal buildings, alleys, streets, public roads and bridges or any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the gasoline tax revenue received by the municipality to the payment of the interest on and principal of the gasoline tax revenue bonds.

F. Project revenue bonds may be issued for acquiring, extending, enlarging, bettering, repairing, improving, constructing, purchasing, furnishing, equipping and rehabilitating any revenue-producing project, including, where applicable, purchasing, otherwise acquiring or improving the ground therefor, including acquiring and improving parking lots, or for any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the net revenues from the operation of the revenue-producing project for which the particular project revenue bonds are issued to the payment of the interest on and principal of the project revenue bonds. The net revenues of any revenue-producing project may not be pledged to the project revenue bonds issued for a revenue-producing project that clearly is unrelated in nature; but nothing in this subsection shall prevent the pledge to such project revenue bonds of any revenues received from existing, future or disconnected facilities and equipment that are related to and that may constitute a part of the particular revenue-producing project. A general determination by the

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governing body that any facilities or equipment is reasonably related to and constitutes a part of a specified revenue-producing project shall be conclusive if set forth in the proceedings authorizing the project revenue bonds.

G. Fire district revenue bonds may be issued for acquiring, extending, enlarging, bettering, repairing, improving, constructing, purchasing, furnishing, equipping and rehabilitating any fire district project, including, where applicable, purchasing, otherwise acquiring or improving the ground therefor, or for any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the revenues received by the fire district from the fire protection fund as provided in the Fire Protection Fund Law and any or all of the revenues provided for the operation of the fire district project for which the particular bonds are issued to the payment of the interest on and principal of the bonds. The revenues of any fire district project shall not be pledged to the bonds issued for a fire district project that clearly is unrelated in its purpose; but nothing in this section prevents the pledge to such bonds of any revenues received from existing, future or disconnected facilities and equipment that are related to and that may constitute a part of the particular fire district project. A general determination by the governing body of the municipality that any facilities or equipment is reasonably related to and constitutes a part of a

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specified fire district project shall be conclusive if set forth in the proceedings authorizing the fire district bonds.

H. Law enforcement protection revenue bonds may be issued for the repair and purchase of law enforcement apparatus and equipment that meet nationally recognized standards. The municipality may pledge irrevocably any or all of the revenues received by the municipality from the law enforcement protection fund distributions pursuant to the Law Enforcement Protection Fund Act to the payment of the interest on and principal of the law enforcement protection revenue bonds.

I. Flood recovery revenue bonds may be issued for rebuilding, repairing, replacing and hardening of municipal property damaged by a flood. The municipality shall pledge irrevocably all of the revenue received by the municipality from the municipal flood recovery gross receipts tax to the payment of the interest on and principal of the bonds.

[~~F.~~] J. Except for the purpose of refunding previous revenue bond issues, no municipality may sell revenue bonds payable from pledged revenues after the expiration of two years from the date of the ordinance authorizing the issuance of the bonds or, for bonds to be issued and sold to the New Mexico finance authority as authorized in Subsection C of Section 3-31-4 NMSA 1978, after the expiration of two years from the date of the resolution authorizing the issuance of the bonds. However, any period of time during which a particular

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revenue bond issue is in litigation shall not be counted in determining the expiration date of that issue."

SECTION 2. Section 3-31-1.1 NMSA 1978 (being Laws 2019, Chapter 274, Section 2) is amended to read:

"3-31-1.1. DEFINITIONS.--As used in Chapter 3, Article 31 NMSA 1978:

A. "bond" means any obligation of a municipality issued under Chapter 3, Article 31 NMSA 1978, whether designated as a bond, note, loan, warrant, debenture, lease-purchase agreement or other instrument evidencing an obligation of a municipality to make payments;

B. "flood recovery revenue bonds" means the bonds authorized by Subsection I of Section 3-31-1 NMSA 1978;

~~[B.]~~ C. "gasoline tax revenue" means all or portions of the amounts of tax revenues distributed to municipalities pursuant to Sections 7-1-6.9 and 7-1-6.27 NMSA 1978;

~~[G.]~~ D. "gasoline tax revenue bonds" means the bonds authorized by Subsection E of Section 3-31-1 NMSA 1978;

~~[D.]~~ E. "gross receipts tax revenue" means the amount of money distributed to a municipality pursuant to Section 7-1-6.4 NMSA 1978 and transferred to a municipality pursuant to Section 7-1-6.12 NMSA 1978 for any municipal gross receipts tax imposed pursuant to the Municipal Local Option Gross Receipts and Compensating Taxes Act;

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~~[E.]~~ F. "gross receipts tax revenue bonds" means the bonds authorized by Subsection D of Section 3-31-1 NMSA 1978;

~~[F.]~~ G. "joint utility revenue bonds" or "joint utility bonds" means the bonds authorized by Subsection C of Section 3-31-1 NMSA 1978;

~~[G.]~~ H. "pledged revenues" means the revenues, net income or net revenues authorized to be pledged to the payment of revenue bonds as specifically provided in Chapter 3, Article 31 NMSA 1978;

~~[H.]~~ I. "project revenue bonds" means the bonds authorized by Subsection F of Section 3-31-1 NMSA 1978; and

~~[I.]~~ J. "utility revenue bonds" or "utility bonds" means the bonds authorized by Subsection B of Section 3-31-1 NMSA 1978."

SECTION 3. A new section of the Municipal Local Option Gross Receipts and Compensating Taxes Act is enacted to read:

"[NEW MATERIAL] MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS TAX.--

A. The majority of the members of the governing body of a municipality may impose by ordinance an excise tax at a rate not to exceed SFC ~~→one-fourth←~~SFC SFC ~~→three-eighths←~~SFC percent of the gross receipts of a person engaging in business in the municipality for the privilege of engaging in business. The tax may be imposed in increments of one-thousandth percent

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not to exceed an aggregate rate of SFC→~~one-fourth~~←SFC
 SFC→~~three-eighths~~←SFC percent. The tax shall be imposed until
 the flood recovery revenue bonds issued pursuant to Section 3-
 31-1 NMSA 1978 are fully discharged or otherwise provided for
 in full.

B. The tax imposed pursuant to this section may be
 referred to as the "municipal flood recovery gross receipts
 tax".

C. A governing body, at the time of enacting an
 ordinance imposing a rate of tax authorized in Subsection A of
 this section, shall dedicate the revenue only for payment of
 flood recovery revenue bonds issued pursuant to Section 3-31-1
 NMSA 1978."

SECTION 4. EMERGENCY.--It is necessary for the public
 peace, health and safety that this act take effect immediately.

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