

1 SENATE BILL 383

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Candy Spence Ezzell

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10 AN ACT

11 RELATING TO MUNICIPALITIES; PROVIDING FOR THE ISSUANCE OF FLOOD  
12 RECOVERY REVENUE BONDS FOR REBUILDING, REPAIRING, REPLACING AND  
13 HARDENING OF MUNICIPAL PROPERTY DAMAGED BY A FLOOD; CREATING A  
14 MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS TAX FOR THE PAYMENT OF  
15 FLOOD RECOVERY REVENUE BONDS; PROVIDING A GOVERNMENTAL GROSS  
16 RECEIPTS TAX DEDUCTION FOR THE SALE OF SERVICES AND PROPERTY TO  
17 A MUNICIPALITY FOR THE REBUILDING, REPAIRING, REPLACING OR  
18 HARDENING OF THE MUNICIPALITY'S PROPERTY DAMAGED BY A FLOOD;  
19 PROVIDING A DELAYED REPEAL OF THE GOVERNMENTAL GROSS RECEIPTS  
20 TAX DEDUCTION; DECLARING AN EMERGENCY.

21  
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

25 "3-31-1. REVENUE BONDS--AUTHORITY TO ISSUE--PLEDGE OF

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1 REVENUES--LIMITATION ON TIME OF ISSUANCE.--

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

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

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

23 D. Gross receipts tax revenue bonds may be issued  
24 for any municipal purpose. A municipality may pledge  
25 irrevocably any or all of the gross receipts tax revenue

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1 received by the municipality pursuant to Section 7-1-6.4 or  
2 7-1-6.12 NMSA 1978 to the payment of the interest on and  
3 principal of the gross receipts tax revenue bonds or for any  
4 area of municipal government services. A law that imposes or  
5 authorizes the imposition of a tax authorized by the Municipal  
6 Local Option Gross Receipts and Compensating Taxes Act or that  
7 affects the tax, or a law supplemental thereto or otherwise  
8 appertaining thereto, shall not be repealed or amended or  
9 otherwise directly or indirectly modified in such a manner as  
10 to impair adversely any outstanding revenue bonds that may be  
11 secured by a pledge of such tax unless the outstanding revenue  
12 bonds have been discharged in full or provision has been fully  
13 made therefor. Revenues in excess of the annual principal and  
14 interest due on gross receipts tax revenue bonds secured by a  
15 pledge of gross receipts tax revenue may be accumulated in a  
16 debt service reserve account. The governing body of the  
17 municipality may appoint a commercial bank trust department to  
18 act as trustee of the gross receipts tax revenue and to  
19 administer the payment of principal of and interest on the  
20 bonds.

21 E. Gasoline tax revenue bonds may be issued for  
22 laying off, opening, constructing, reconstructing, resurfacing,  
23 maintaining, acquiring rights of way, repairing and otherwise  
24 improving municipal buildings, alleys, streets, public roads  
25 and bridges or any combination of the foregoing purposes. The

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1 municipality may pledge irrevocably any or all of the gasoline  
2 tax revenue received by the municipality to the payment of the  
3 interest on and principal of the gasoline tax revenue bonds.

4 F. Project revenue bonds may be issued for  
5 acquiring, extending, enlarging, bettering, repairing,  
6 improving, constructing, purchasing, furnishing, equipping and  
7 rehabilitating any revenue-producing project, including, where  
8 applicable, purchasing, otherwise acquiring or improving the  
9 ground therefor, including acquiring and improving parking  
10 lots, or for any combination of the foregoing purposes. The  
11 municipality may pledge irrevocably any or all of the net  
12 revenues from the operation of the revenue-producing project  
13 for which the particular project revenue bonds are issued to  
14 the payment of the interest on and principal of the project  
15 revenue bonds. The net revenues of any revenue-producing  
16 project may not be pledged to the project revenue bonds issued  
17 for a revenue-producing project that clearly is unrelated in  
18 nature; but nothing in this subsection shall prevent the pledge  
19 to such project revenue bonds of any revenues received from  
20 existing, future or disconnected facilities and equipment that  
21 are related to and that may constitute a part of the particular  
22 revenue-producing project. A general determination by the  
23 governing body that any facilities or equipment is reasonably  
24 related to and constitutes a part of a specified revenue-  
25 producing project shall be conclusive if set forth in the

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1 proceedings authorizing the project revenue bonds.

2 G. Fire district revenue bonds may be issued for  
3 acquiring, extending, enlarging, bettering, repairing,  
4 improving, constructing, purchasing, furnishing, equipping and  
5 rehabilitating any fire district project, including, where  
6 applicable, purchasing, otherwise acquiring or improving the  
7 ground therefor, or for any combination of the foregoing  
8 purposes. The municipality may pledge irrevocably any or all  
9 of the revenues received by the fire district from the fire  
10 protection fund as provided in the Fire Protection Fund Law and  
11 any or all of the revenues provided for the operation of the  
12 fire district project for which the particular bonds are issued  
13 to the payment of the interest on and principal of the bonds.  
14 The revenues of any fire district project shall not be pledged  
15 to the bonds issued for a fire district project that clearly is  
16 unrelated in its purpose; but nothing in this section prevents  
17 the pledge to such bonds of any revenues received from  
18 existing, future or disconnected facilities and equipment that  
19 are related to and that may constitute a part of the particular  
20 fire district project. A general determination by the  
21 governing body of the municipality that any facilities or  
22 equipment is reasonably related to and constitutes a part of a  
23 specified fire district project shall be conclusive if set  
24 forth in the proceedings authorizing the fire district bonds.

25 H. Law enforcement protection revenue bonds may be

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

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

14 ~~[F.]~~ J. Except for the purpose of refunding  
15 previous revenue bond issues, no municipality may sell revenue  
16 bonds payable from pledged revenues after the expiration of two  
17 years from the date of the ordinance authorizing the issuance  
18 of the bonds or, for bonds to be issued and sold to the New  
19 Mexico finance authority as authorized in Subsection C of  
20 Section 3-31-4 NMSA 1978, after the expiration of two years  
21 from the date of the resolution authorizing the issuance of the  
22 bonds. However, any period of time during which a particular  
23 revenue bond issue is in litigation shall not be counted in  
24 determining the expiration date of that issue."

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

2 "3-31-1.1. DEFINITIONS.--As used in Chapter 3, Article 31  
3 NMSA 1978:

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

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

11 [~~B.~~] C. "gasoline tax revenue" means all or  
12 portions of the amounts of tax revenues distributed to  
13 municipalities pursuant to Sections 7-1-6.9 and 7-1-6.27 NMSA  
14 1978;

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

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

23 [~~E.~~] F. "gross receipts tax revenue bonds" means  
24 the bonds authorized by Subsection D of Section 3-31-1 NMSA  
25 1978;

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

4           ~~[G.]~~ H. "pledged revenues" means the revenues, net  
5 income or net revenues authorized to be pledged to the payment  
6 of revenue bonds as specifically provided in Chapter 3, Article  
7 31 NMSA 1978;

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

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

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

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

17           A. The majority of the members of the governing  
18 body of an eligible municipality may impose by ordinance an  
19 excise tax at a rate not to exceed one-fourth percent of the  
20 gross receipts of a person engaging in business in the  
21 municipality for the privilege of engaging in business. The  
22 tax may be imposed in increments of one-thousandth percent not  
23 to exceed an aggregate rate of one-fourth percent. The tax  
24 shall be imposed until the flood recovery revenue bonds issued  
25 pursuant to Section 3-31-1 NMSA 1978 are fully discharged or

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1 otherwise provided for in full.

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

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

10 D. For the purposes of this section, "eligible  
11 municipality" means a municipality that has a population  
12 greater than forty-five thousand according to the most recent  
13 federal decennial census and that is located in a class B  
14 county having a net taxable value for rate-setting purposes for  
15 the 2023 property tax year or any subsequent year of more than  
16 one billion five hundred million dollars (\$1,500,000,000)."

17 SECTION 4. A new section of the Gross Receipts and  
18 Compensating Tax Act is enacted to read:

19 "[NEW MATERIAL] DEDUCTION--GOVERNMENTAL GROSS RECEIPTS--  
20 CERTAIN RECEIPTS TO A MUNICIPALITY FOR FLOOD RECOVERY.--

21 A. Prior to July 1, 2028, receipts from selling a  
22 service or tangible personal property to an eligible  
23 municipality may be deducted from governmental gross receipts  
24 if the services and tangible personal property are used  
25 exclusively for the rebuilding, repairing, replacing or

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1 hardening of the municipality's property that was damaged by a  
2 flood.

3 B. A taxpayer allowed a deduction pursuant to this  
4 section shall report separately the amount of the deduction and  
5 detail exactly what was sold in a manner required by the  
6 department.

7 C. The deduction provided by this section shall be  
8 included in the tax expenditure budget pursuant to Section  
9 7-1-84 NMSA 1978, including the annual aggregate cost of the  
10 deductions.

11 D. As used in this section, "eligible municipality"  
12 means a municipality that has a population greater than  
13 forty-five thousand according to the most recent federal  
14 decennial census and that is located in a class B county having  
15 a net taxable value for rate-setting purposes for the 2023  
16 property tax year or any subsequent year of more than one  
17 billion five hundred million dollars (\$1,500,000,000)."

18 SECTION 5. DELAYED REPEAL.--Section 4 of this act is  
19 repealed effective July 1, 2028.

20 SECTION 6. EFFECTIVE DATE.--The effective date of the  
21 provisions of this act is the first day of the month following  
22 the date this act takes effect.

23 SECTION 7. EMERGENCY.--It is necessary for the public  
24 peace, health and safety that this act take effect immediately.