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SENATE BILL 460

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

INTRODUCED BY

Shannon D. Pinto

AN ACT

RELATING TO PUBLIC FINANCE; PROVIDING THAT LOANS FROM THE SEVERANCE TAX PERMANENT FUND FOR FILM PROJECTS MAY BE MADE TO AN INDEPENDENT NEW MEXICO FILM PROJECT AT A ZERO PERCENT TO MARKET RATE OF INTEREST; DEFINING "INDEPENDENT NEW MEXICO FILM PROJECT".

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

SECTION 1. Section 7-27-5.26 NMSA 1978 (being Laws 2000 (2nd S.S.), Chapter 6, Section 2, as amended) is amended to read:

"7-27-5.26. INVESTMENT IN FILMS TO BE PRODUCED IN NEW MEXICO.--

A. No more than six percent of the market value of the severance tax permanent fund may be invested in New Mexico film private equity funds or a New Mexico film project under .230999.2

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1 this section.

2 B. If an investment is made under this section, not
3 more than fifteen million dollars (\$15,000,000) of the amount
4 authorized for investment pursuant to Subsection A of this
5 section shall be invested in any one New Mexico film private
6 equity fund or any one New Mexico film project.

7 C. The state investment officer shall make
8 investments pursuant to this section only upon approval of the
9 council after a review by the New Mexico film division of the
10 economic development department. The state investment officer
11 may make debt or equity investments pursuant to this section
12 only in New Mexico film projects or New Mexico film private
13 equity funds that invest only in film projects that:

14 (1) are filmed wholly or substantially in New
15 Mexico;

16 (2) have shown to the satisfaction of the New
17 Mexico film division that a distribution contract is in place
18 with a reputable distribution company;

19 (3) have agreed that, while filming in New
20 Mexico, a majority of the production crew will be New Mexico
21 residents;

22 (4) have posted a completion bond that has
23 been approved by the New Mexico film division; provided that a
24 completion bond shall not be required if the fund or project is
25 guaranteed pursuant to Paragraph (5) of this subsection; and

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1 (5) have obtained a full, unconditional and
2 irrevocable guarantee of repayment of the invested amount in
3 favor of the severance tax permanent fund:

4 (a) from an entity that has a credit
5 rating of not less than Baa or BBB by a national rating agency;

6 (b) from a substantial subsidiary of an
7 entity that has a credit rating of not less than Baa or BBB by
8 a national rating agency;

9 (c) by providing a full, unconditional
10 and irrevocable letter of credit from a United States
11 incorporated bank with a credit rating of not less than A by a
12 national rating agency; or

13 (d) from a substantial and solvent
14 entity as determined by the council in accordance with its
15 standards and practices; or

16 (6) if not guaranteed pursuant to Paragraph
17 (5) of this subsection, have obtained no less than one-third of
18 the estimated total production costs from other sources as
19 approved by the state investment officer.

20 D. Notwithstanding Subsection C of this section,
21 for an independent New Mexico film project, the state
22 investment officer may loan at a zero percent to market rate of
23 interest [~~with respect to an eligible New Mexico film project~~]
24 or make an investment of up to eighty percent of an expected
25 and estimated film production tax credit available to a film

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1 production company pursuant to the provisions of Section 7-2F-1
2 NMSA 1978; provided that the film production company agrees to
3 name the state investment officer as its agent for the purpose
4 of filing an application for the film production tax credit to
5 which the company is entitled if the company does not apply for
6 the film production tax credit. The New Mexico film division
7 of the economic development department shall determine the
8 estimated amount of a film production tax credit. The council
9 shall establish guidelines for the state investment officer's
10 initiation of a loan and the terms of the loan.

11 E. As used in this section:

12 (1) "film project" means a single ~~[media]~~
13 medium or multimedia program, including advertising messages,
14 fixed on film, videotape, computer disc, laser disc or other
15 similar delivery medium from which the program can be viewed or
16 reproduced and that is intended to be exhibited in theaters;
17 licensed for exhibition by individual television stations,
18 groups of stations, networks, cable television stations or
19 other means or licensed for the home viewing market; ~~[and]~~

20 (2) "independent New Mexico film project"
21 means a film project filmed wholly in New Mexico with a
22 majority of the production crew being residents and that is
23 produced and distributed by a production company that is not a
24 major motion picture film studio, a network or cable television
25 company or a multinational internet streaming service; and

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1 [~~(2)~~] (3) "New Mexico film private equity
2 fund" means any limited partnership, limited liability company
3 or corporation organized and operating in the United States
4 that:

5 (a) has as its primary business activity
6 the investment of funds in return for equity in film projects
7 produced wholly or partly in New Mexico;

8 (b) holds out the prospects for capital
9 appreciation from such investments; and

10 (c) accepts investments only from
11 accredited investors as that term is defined in Section 2 of
12 the federal Securities Act of 1933, as amended, and rules
13 promulgated pursuant to that section."