SENATE TAX, BUSINESS AND TRANSPORTATION
COMMITTEE SUBSTITUTE FOR
SENATE BILL 321

55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021

AN ACT
RELATING TO COURTS; ENACTING THE COUNTY COURTHOUSE BONDING ACT;
AUTORIZING THE NEW MEXICO FINANCE AUTHORITY TO ISSUE COUNTY
COURTHOUSE TAX REVENUE BONDS; CREATING THE COUNTY COURTHOUSE
BONDING FUND; CREATING THE COUNTY COURTHOUSE GRANT FUND;
PROVIDING FOR GRANTS TO CERTAIN COUNTIES FOR COURTHOUSE
PROJECTS; PROVIDING A TAX DISTRIBUTION TO THE COUNTY COURTHOUSE
BONDING FUND.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1 through 6 of this act may be cited as the "County Courthouse Bonding Act".

SECTION 2. [NEW MATERIAL] NEW MEXICO FINANCE AUTHORITY--BUILDING BONDS--PROCEEDS.--The New Mexico finance authority is authorized to issue and sell revenue bonds, known as "county .220364.1
courthouse tax revenue bonds", payable solely from the county
courthouse bonding fund, in compliance with the County
Courthouse Bonding Act for the purpose of remodeling,
renovating or constructing courthouses, including the purchase
of equipment and furnishings but excluding the purchase of land
or buildings; provided that state funding shall be expended
only for courtrooms and court-related facilities in counties
that meet the requirements set by the authority pursuant to the
County Courthouse Bonding Act. The net proceeds from the
county courthouse tax revenue bonds shall be appropriated to
the county courthouse grant fund.

SECTION 3. [NEW MATERIAL] COUNTY COURTHOUSE BONDING
FUND--CREATED--MONEY IN THE FUND PLEDGED.--

A. The "county courthouse bonding fund" is created
as a special fund within the New Mexico finance authority. The
fund shall be administered by the New Mexico finance authority
as a special account. The fund shall consist of money
appropriated and transferred to the fund and gross receipts tax
revenues distributed to the fund pursuant to Section 8 of the
County Courthouse Bonding Act. Earnings of the fund shall be
credited to the fund. Balances in the fund at the end of any
fiscal year shall remain in the fund, except as provided in
this section.

B. Money in the county courthouse bonding fund is
pledged for the payment of principal and interest on all county
courthouse tax revenue bonds issued pursuant to the County Courthouse Bonding Act. Money in the fund is appropriated to the New Mexico finance authority for the purpose of paying debt service on the county courthouse tax revenue bonds and the expenses incurred in the issuance, payment and administration of the bonds.

C. Any balance remaining in the county courthouse bonding fund shall be transferred to the general fund upon certification by the New Mexico finance authority that:

   (1) the local government division of the department of finance and administration, the New Mexico finance authority and the administrative office of the courts have agreed that the county courthouse tax revenue bonds issued pursuant to the County Courthouse Bonding Act have been retired, that no additional obligations of the county courthouse bonding fund exist and that no additional expenditures from the fund are necessary; or

   (2) a court of proper jurisdiction has ruled that the county courthouse tax revenue bonds have been retired, that no additional obligations of the county courthouse bonding fund exist and that no additional expenditures from the fund are necessary.

D. The county courthouse tax revenue bonds issued pursuant to the County Courthouse Bonding Act shall be payable solely from the county courthouse bonding fund or, with the
approval of the bondholders, such other special funds as may be
provided by law and do not create an obligation or indebtedness
of the state within the meaning of any constitutional
provision. No breach of any contractual obligation incurred
pursuant to that act shall impose a pecuniary liability or a
charge upon the general credit or taxing power of the state,
and the bonds are not general obligations for which the state's
full faith and credit are pledged.

SECTION 4. [NEW MATERIAL] COURTHOUSE BONDS--AGREEMENT OF
THE STATE.--

A. The state does hereby pledge to and agree with
the holders of any bonds or notes issued under the County
Courthouse Bonding Act that the state will not limit or alter
the rights hereby vested in the authority to fulfill the terms
of any agreements made with the holders thereof or in any way
impair the rights and agreements made with the holders thereof
or in any way impair the rights and remedies of those holders
until the bonds or notes together with the interest thereon,
with interest on any unpaid installments or interest, and all
costs and expenses in connection with any action or proceedings
by or on behalf of those holders, are fully met and discharged.
The New Mexico finance authority is authorized to include this
pledge and agreement of the state in any agreement with the
holders of the bonds or notes.

B. Any law authorizing the imposition, collection
or distribution from the net receipts attributable to the gross receipts tax imposed by the Gross Receipts and Compensating Tax Act or that affects the tax shall not be amended, repealed or otherwise directly or indirectly modified so as to impair or reduce debt service coverage for any outstanding revenue bonds that may be secured by a pledge of those tax revenues, unless the revenue bonds have been discharged in full or provisions have been made for a full discharge.

C. The New Mexico finance authority may secure the county courthouse tax revenue bonds issued pursuant to this section by a pledge of money in the public project revolving fund with a lien priority on the money in the public project revolving fund as determined by the authority.

SECTION 5. [NEW MATERIAL] FULL AUTHORITY FOR THE ISSUANCE OF BONDS--BONDS AS LEGAL INVESTMENTS.--

A. The County Courthouse Bonding Act shall, without reference to any other act of the legislature, be full authority for the issuance and sale of county courthouse tax revenue bonds, which bonds shall have all the qualities of investment securities under the Uniform Commercial Code and shall not be invalid for any irregularity or defect or be contestable in the hands of bona fide purchasers or holders thereof for value.

B. County courthouse tax revenue bonds are legal investments for the public project revolving fund created in 220364.1
the New Mexico finance authority and any person or board
charged with the investment of any public funds and are
acceptable as security for any deposit of public money.

SECTION 6. [NEW MATERIAL] COUNTY COURTHOUSE GRANT FUND--
CREATION--ADMINISTRATION--PURPOSES.--

A. There is created in the New Mexico finance
authority the "county courthouse grant fund", which shall be
administered by the authority. The authority shall adopt, in
accordance with the New Mexico Finance Authority Act, rules
necessary to administer the fund.

B. The following shall be deposited directly into
the county courthouse grant fund:

(1) the net proceeds from the sale of bonds
issued pursuant to the County Courthouse Bonding Act;

(2) money appropriated by the legislature to
implement the provisions of this section; and

(3) any other public or private money
dedicated to the fund.

C. Money in the county courthouse grant fund is
appropriated to the authority to:

(1) make grants to qualified counties to
remodel, renovate or construct courthouses, including equipment
and furnishings, but excluding the purchase of land or
buildings; provided that the grant shall be expended only for
courtrooms and court-related facilities; and
(2) administer the provisions of this section.

D. The authority shall adopt rules governing the terms and conditions of grants made from the county courthouse grant fund. Grants shall be made from the fund only if the qualified county provides matching funding for a proposed project, which shall be in an amount equal to the grant.

Grants from the county courthouse grant fund shall be made only after the authority has determined that the financing for the complete project is cost-effective.

SECTION 7. A new section of the Tax Administration Act is enacted to read:

"[NEW MATERIAL] DISTRIBUTION--GROSS RECEIPTS TAX--COUNTY COURTHOUSE BONDING FUND.--Beginning July 1, 2021 and continuing monthly through June 30, 2026, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the county courthouse bonding fund in the amount of one million dollars ($1,000,000) from the net receipts attributable to the gross receipts tax imposed by the Gross Receipts and Compensating Tax Act."

SECTION 8. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2021.