

AN ACT

RELATING TO INVESTMENT OF THE SEVERANCE TAX PERMANENT FUND;
CHANGING CERTAIN PROVISIONS PERTAINING TO INVESTMENT OF THE
SEVERANCE TAX PERMANENT FUND IN NEW MEXICO VENTURE CAPITAL
FUNDS.

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

Section 1. Section 7-27-5.15 NMSA 1978 (being Laws
1990, Chapter 126, Section 5, as amended) is amended to
read:

"7-27-5.15. NEW MEXICO VENTURE CAPITAL FUND
INVESTMENTS.--

A. No more than three percent of the market
value of the severance tax permanent fund may be invested in
New Mexico venture capital funds under this section.

B. If an investment is made under this section,
not more than fifteen million dollars (\$15,000,000) of the
amount authorized for investment pursuant to Subsection A of
this section shall be invested in any one New Mexico venture
capital fund. The amount invested in any one New Mexico
venture capital fund shall not exceed fifty percent of the
committed capital of that fund.

C. In making investments pursuant to this
section, the council shall give consideration to investments
in New Mexico venture capital funds whose investments

enhance the economic development objectives of the state.

D. The state investment officer shall make investments pursuant to this section only upon approval of the council and upon review of the recommendation of the venture capital investment advisory committee. The state investment officer is authorized to make investments pursuant to this section contingent upon a New Mexico venture capital fund securing paid-in investments from other accredited investors for the balance of the minimum committed capital of the fund.

E. As used in this section:

(1) "committed capital" means the sum of the fixed amounts of money which accredited investors have obligated for investment in a New Mexico venture capital fund and which fixed amounts may be invested in that fund on one or more payments over time; and

(2) "New Mexico venture capital fund" means any limited partnership, limited liability company or corporation organized and operating in the United States and maintaining an office staffed by a full-time investment officer in New Mexico that:

(a) has as its primary business activity the investment of funds in return for equity in businesses for the purpose of providing capital for start-up, expansion, product or market development or similar

business purposes;

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

(c) has a minimum committed capital of fifteen million dollars (\$15,000,000);

(d) has at least one full-time manager with at least three years of professional experience in assessing the growth prospects of businesses or evaluating business plans and who has established permanent residency in the state;

(e) is committed to investing or helps secure investing by others in an amount at least equal to the total investment made by the state investment officer in that fund pursuant to this section, in businesses with a principal place of business in the state and that hold promise for attracting additional capital from individual or institutional investors nationwide for businesses in the state; and

(f) accepts investments only from accredited investors as that term is defined in Section 2 of the federal Securities Act of 1933, as amended, (15 U.S.C. Section 77(b)) and rules and regulations promulgated pursuant to that section." _____
