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HOUSE BILL 449

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,  
2000**

INTRODUCED BY  
Ben Lujan

AN ACT

RELATING TO PUBLIC FINANCE; ENACTING THE TOBACCO SETTLEMENT  
BONDING ACT; AMENDING A SECTION OF THE NMSA 1978.

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

Section 1. Section 6-4-11 NMSA 1978 (being Laws 1999,  
Chapter 207, Section 3) is amended to read:

"6-4-11. TOBACCO SETTLEMENT DISTRIBUTIONS TO STATE--  
TRANSFER TO TOBACCO SETTLEMENT PERMANENT FUND.--~~[The state  
treasurer shall deposit in the tobacco settlement permanent  
fund]~~ All amounts distributed to the state pursuant to the  
master settlement agreement entered into between tobacco  
product manufacturers and various states, including New  
Mexico, and executed November 23, 1998 or from a qualified  
escrow fund authorized by a qualifying state statute enacted  
pursuant to the master settlement agreement before issuance  
of tobacco settlement bonds pursuant to the Tobacco

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1 Settlement Bonding Act shall be deposited by the state  
2 treasurer in the tobacco settlement permanent fund and after  
3 issuance of tobacco settlement bonds, as certified by the New  
4 Mexico finance authority, shall be deposited in the tobacco  
5 settlement bonding fund."

6 Section 2. [NEW MATERIAL] SHORT TITLE.--Sections 2  
7 through 13 of this act may be cited as the "Tobacco  
8 Settlement Bonding Act".

9 Section 3. [NEW MATERIAL] TOBACCO SETTLEMENT BONDS--  
10 AUTHORITY FOR ISSUANCE.--The legislature may by law direct  
11 the New Mexico finance authority to issue and sell tobacco  
12 settlement bonds in accordance with the provisions of the  
13 Tobacco Settlement Bonding Act.

14 Section 4. [NEW MATERIAL] TOBACCO SETTLEMENT BONDING  
15 FUND CREATED.--There is created in the New Mexico finance  
16 authority the "tobacco settlement bonding fund" into which  
17 shall be deposited, after issuance of tobacco settlement  
18 bonds and in accordance with the Tobacco Settlement Bonding  
19 Act, the tobacco settlement distributions and into which  
20 shall be deposited such other money as the legislature may  
21 from time to time determine.

22 Section 5. [NEW MATERIAL] TOBACCO SETTLEMENT BONDING  
23 FUND PLEDGE.--The money in the tobacco settlement bonding  
24 fund is pledged for the payment of principal and interest on  
25 all tobacco settlement bonds issued after the enactment of  
the Tobacco Settlement Bonding Act.

Section 6. [NEW MATERIAL] TRANSFER OF MONEY TO TOBACCO

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1 SETTLEMENT PERMANENT FUND.--Any money in the tobacco  
2 settlement bonding fund not needed to pay principal, interest  
3 and any other expenses or obligations related to the tobacco  
4 settlement bonds on the next two ensuing semiannual payment  
5 dates shall be transferred to the tobacco settlement  
6 permanent fund.

7 Section 7. [NEW MATERIAL] BONDS TO BE KNOWN AS TOBACCO  
8 SETTLEMENT BONDS.--All bonds hereafter issued wherein the  
9 money in the tobacco bonding fund is pledged for their  
10 retirement shall be known as "New Mexico finance authority  
11 tobacco settlement bonds". Tobacco settlement bonds shall be  
12 special limited obligations of the authority payable solely  
13 from the tobacco settlement bonding fund and the bonds shall  
14 not create an obligation, debt or liability of the state or  
15 any political subdivision of the state. No breach of any  
16 pledge, obligation or agreement of the authority relating to  
17 the bonds shall impose a pecuniary liability or charge upon  
18 the general credit or taxing power of any political  
19 subdivision of the state.

20 Section 8. [NEW MATERIAL] NEW MEXICO FINANCE AUTHORITY  
21 SHALL ISSUE BONDS.--The New Mexico finance authority is  
22 authorized to issue and sell tobacco settlement bonds in  
23 accordance with the provisions of the Tobacco Settlement  
24 Bonding Act and the New Mexico Finance Authority Act, and no  
25 other agency of the state is authorized to issue or sell  
tobacco settlement bonds.

Section 9. [NEW MATERIAL] WHEN TOBACCO SETTLEMENT BONDS

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1 TO BE ISSUED.--

2 A. The New Mexico finance authority shall issue  
3 and sell all tobacco settlement bonds when authorized to do  
4 so by any law that sets out the amount of the issue and the  
5 recipient of the money.

6 B. The New Mexico finance authority shall issue  
7 and sell all tobacco settlement bonds only when so instructed  
8 by resolution of the governing body or executive head of the  
9 recipient of the bond money.

10 C. The provisions of this section shall not be  
11 modified by the terms of any tobacco settlement bonds  
12 hereafter issued.

13 Section 10. [NEW MATERIAL] LIMITATION ON AMOUNT OF  
14 TOBACCO SETTLEMENT BONDS TO BE ISSUED.--The New Mexico  
15 finance authority shall issue no tobacco settlement bonds  
16 unless the aggregate amount of tobacco settlement bonds  
17 outstanding, and including the issue proposed, can be  
18 serviced with not more than forty percent of the annual  
19 deposits into the tobacco settlement bonding fund, as  
20 determined by the deposits during the preceding fiscal year.

21 Section 11. [NEW MATERIAL] EXPENSES PAID FROM TOBACCO  
22 SETTLEMENT BONDING FUND.--The issuance expenses and other  
23 obligations incurred for tobacco settlement bonds shall be  
24 paid from the tobacco settlement bonding fund.

25 Section 12. [NEW MATERIAL] TOBACCO SETTLEMENT BONDING  
ACT AND NEW MEXICO FINANCE AUTHORITY ACT TO BE FULL AUTHORITY  
FOR ISSUANCE OF BONDS.--The Tobacco Settlement Bonding Act

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1 and the New Mexico Finance Authority Act shall, without  
2 reference to any other act of the legislature, be full  
3 authority for the issuance and sale of tobacco settlement  
4 bonds, which bonds and the coupons attached thereto, if any,  
5 shall not be invalid for any irregularity or defect or be  
6 contestable in the hands of bona fide purchasers or holders  
7 thereof for value.

8 Section 13. [NEW MATERIAL] AGREEMENT OF THE STATE.--The  
9 state does hereby pledge to and agree with the holders of any  
10 tobacco settlement bonds issued under the Tobacco Settlement  
11 Bonding Act that the state shall not limit or alter the  
12 distribution of tobacco settlement distributions to the  
13 tobacco settlement bonding fund, amend or modify the master  
14 settlement agreement in a way that would materially impair  
15 the rights of holders of the bonds, or limit or alter the  
16 rights vested in the New Mexico finance authority to fulfill  
17 the terms of any agreements made with the holders of the  
18 bonds or in any way impair the rights and remedies of those  
19 holders until the bonds, together with the interest on the  
20 bonds, with interest on any unpaid installments of interest,  
21 and all costs and expenses in connection with any action or  
22 proceedings by or on behalf of those holders, are fully met  
23 and discharged. The New Mexico finance authority is  
24 authorized to include this pledge and agreement of the state  
25 in any agreement with the holders of the bonds.

Section 14. EFFECTIVE DATE.--The effective date of the provisions of this act is January 1, 2001.

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