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HOUSE BILL 32

44TH LEGISLATURE - STATE OF NEW MEXICO - 2ND SPECIAL SESSION, 2000

INTRODUCED BY

W. Ken Martinez

AN ACT

RELATING TO SEVERANCE TAX BONDS; AMENDING THE SEVERANCE TAX
BONDING ACT TO CHANGE CERTAIN PROVISIONS PERTAINING TO
SUPPLEMENTAL SEVERANCE TAX BONDS; AUTHORIZING THE ISSUANCE OF
ADDITIONAL SUPPLEMENTAL SEVERANCE TAX BONDS FOR PUBLIC SCHOOL
CAPITAL OUTLAY PURPOSES; MAKING AN APPROPRIATION; DECLARING
AN EMERGENCY.

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

Section 1. FINDINGS AND PURPOSE.--

A. The legislature finds that:

(1) the constitution of New Mexico
guarantees a uniform system of free public schools for all
children;

(2) a state district court has found that
the ability of a school district to fund capital improvements
is largely based upon the value of taxable real property
located within the district;

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1 (3) the court further found that the ability
2 of school districts to raise the money for capital
3 improvements differs among school districts because of the
4 nontaxable nature of certain lands within school districts
5 and the differing taxable values of lands within school
6 districts;

7 (4) the court concluded that the current
8 system of funding capital improvements for New Mexico's
9 public school districts violates the constitutional
10 provision; and

11 (5) there is an urgent need for additional
12 funds for public school capital outlay projects.

13 B. The purpose of this act is to address that
14 urgent need by expanding the amount of supplemental severance
15 tax bonds that may be issued and by further authorizing the
16 issuance of additional supplemental severance tax bonds
17 solely for public school capital outlay projects.

18 Section 2. Section 7-27-14 NMSA 1978 (being Laws 1961,
19 Chapter 5, Section 11, as amended) is amended to read:

20 "7-27-14. AMOUNT OF TAX--SECURITY FOR BONDS.--

21 A. The legislature shall provide for the continued
22 assessment, levy, collection and deposit into the severance
23 tax bonding fund of the tax or taxes upon natural resource
24 products severed and saved from the soil of the state that,
25 together with such other income as may be deposited to the
fund, will be sufficient to produce an amount that is at
least the amount necessary to meet annual debt service

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1 charges on all outstanding severance tax bonds and
2 supplemental severance tax bonds.

3 B. The state board of finance shall issue no
4 severance tax bonds unless the aggregate amount of severance
5 tax bonds outstanding, and including the issue proposed, can
6 be serviced with not more than fifty percent of the annual
7 deposits into the severance tax bonding fund, as determined
8 by the deposits during the preceding fiscal year.

9 C. The state board of finance shall issue no
10 supplemental severance tax bonds with a term that extends
11 beyond the fiscal year in which the bonds are issued unless
12 the aggregate amount of severance tax bonds and supplemental
13 severance tax bonds outstanding, and including the issue
14 proposed, can be serviced with not more than sixty-two and
15 one-half percent of the annual deposits into the severance
16 tax bonding fund, as determined by the deposits during the
17 preceding fiscal year.

18 D. The state board of finance may issue
19 supplemental severance tax bonds with a term that does not
20 extend beyond the fiscal year in which they are issued if the
21 debt service on such supplemental severance tax bonds when
22 added to the debt service previously paid or scheduled to be
23 paid during that fiscal year on severance tax bonds and
24 supplemental severance tax bonds does not exceed [~~seventy-~~
25 ~~five~~] eighty-seven and one-half percent of the deposits into
the severance tax bonding fund during the preceding fiscal
year.

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1 E. The provisions of this section shall not be
2 modified by the terms of any severance tax bonds or
3 supplemental severance tax bonds hereafter issued."

4 Section 3. SUPPLEMENTAL SEVERANCE TAX BONDS--PURPOSE
5 FOR WHICH ISSUED--APPROPRIATION OF PROCEEDS.--

6 A. The state board of finance may issue and sell
7 supplemental severance tax bonds in compliance with the
8 Severance Tax Bonding Act in an amount not exceeding four
9 hundred million dollars (\$400,000,000) when the public school
10 capital outlay council certifies by resolution the need for
11 the issuance of the bonds for public school critical capital
12 outlay projects pursuant to the Public School Capital Outlay
13 Act.

14 B. The state board of finance shall schedule the
15 issuance and sale of the bonds in the most expeditious and
16 economic manner possible upon a finding by the board that the
17 projects have been developed sufficiently to justify the
18 issuance and that the projects can proceed to contract within
19 a reasonable time. The state board of finance shall further
20 take the appropriate steps necessary to comply with the
21 Internal Revenue Code of 1986, as amended.

22 C. The proceeds from the sale of the bonds are
23 appropriated in the public school capital outlay fund to
24 carry out the provisions of the Public School Capital Outlay
25 Act. If the public school capital outlay council has not
certified the need for the issuance of the bonds by the end
of fiscal year 2010, authorization provided in this section

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1 shall expire. Any unexpended or unencumbered balance
2 remaining from the proceeds of bonds issued pursuant to this
3 section at the end of fiscal year 2011 shall revert to the
4 severance tax bonding fund.

5 Section 4. EMERGENCY.--It is necessary for the public
6 peace, health and safety that this act take effect
7 immediately.

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