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**SENATE BILL 58**

**45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001**

**INTRODUCED BY**

**Carlos R. Cisneros**

**AN ACT**

**RELATING TO CAPITAL EXPENDITURES; AUTHORIZING THE ISSUANCE OF SEVERANCE TAX BONDS; REAUTHORIZING BALANCES; CHANGING THE PURPOSE AND EXTENDING THE EXPENDITURE PERIOD OF A SEVERANCE TAX BOND APPROPRIATION; CLARIFYING CONDITIONS FOR THE ISSUANCE OF BONDS; ESTABLISHING CONDITIONS FOR THE EXPENDITURE OF SEVERANCE TAX BOND PROCEEDS; REVERTING CERTAIN UNEXPENDED BALANCES OF PRIOR SEVERANCE TAX AND GENERAL FUND AND OTHER APPROPRIATIONS; MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.**

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

**Section 1. SEVERANCE TAX BONDS-- AUTHORIZATIONS--  
APPROPRIATION OF PROCEEDS. --**

**A. The state board of finance may issue and sell severance tax bonds in compliance with the Severance Tax Bonding Act in an amount not to exceed the total of the**

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1 amounts authorized for purposes specified in this act. The  
2 state board of finance shall schedule the issuance and sale of  
3 the bonds in the most expeditious and economical manner  
4 possible upon a finding by the board that the project has been  
5 developed sufficiently to justify the issuance and that the  
6 project can proceed to contract within a reasonable time. The  
7 state board of finance shall further take the appropriate  
8 steps necessary to comply with the Internal Revenue Code of  
9 1986, as amended. Proceeds from the sale of the bonds are  
10 appropriated for the purposes specified in this act.

11 B. The agencies named in this act shall certify to  
12 the state board of finance when the money from the proceeds of  
13 the severance tax bonds authorized in this section is needed  
14 for the purposes specified in the applicable section of this  
15 act. If an agency has not certified the need for the issuance  
16 of the bonds for a particular project, including projects that  
17 have been reauthorized, by the end of fiscal year 2003, the  
18 authorization for that project is void.

19 C. Before an agency may certify for the issuance  
20 of severance tax bonds, the project must be developed  
21 sufficiently so that the agency reasonably expects to:

22 (1) incur within six months after the  
23 applicable bonds have been issued a substantial binding  
24 obligation to a third party to expend at least five percent of  
25 the bond proceeds for the project; and

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1                   (2) spend at least eighty-five percent of the  
2 bond proceeds within three years after the applicable bonds  
3 have been issued.

4                   D. Except as otherwise provided in this section or  
5 another section of this act, the unexpended balance from the  
6 proceeds of severance tax bonds issued for a project,  
7 including projects that have been reauthorized, shall revert  
8 to the severance tax bonding fund as follows:

9                   (1) for projects for which severance tax  
10 bonds were issued to match federal grants, six months after  
11 completion of the project;

12                   (2) for projects for which severance tax  
13 bonds were issued to purchase vehicles, heavy equipment,  
14 educational technology or other equipment or furniture that  
15 are not related to a more inclusive construction or renovation  
16 project, at the end of the fiscal year following the fiscal  
17 year in which the severance tax bonds were issued for the  
18 purchase; and

19                   (3) for all other projects for which  
20 severance tax bonds were issued, within six months of  
21 completion of the project, but no later than the end of fiscal  
22 year 2006.

23                   E. Except for appropriations to the capital  
24 program fund, money from severance tax bond proceeds provided  
25 pursuant to this act shall not be used to pay indirect project

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1 costs.

2 F. For the purpose of this section, "unexpended  
3 balance" means the remainder of an appropriation after costs  
4 and expenses recognized in accordance with generally accepted  
5 accounting principles have been paid.

6 Section 2. GENERAL FUND AND OTHER FUND APPROPRIATIONS--  
7 LIMITATIONS-- REVERSIONS. --

8 A. Except as otherwise provided in this section or  
9 another section of this act, the unexpended balance of an  
10 appropriation made in this act from the general fund or other  
11 state fund, including changes to prior appropriations, shall  
12 revert to the originating fund as follows:

13 (1) for projects for which appropriations  
14 were made to match federal grants, six months after completion  
15 of the project;

16 (2) for projects for which appropriations  
17 were made to purchase vehicles, heavy equipment, educational  
18 technology or equipment or furniture that are not related to a  
19 more inclusive construction or renovation project, at the end  
20 of the fiscal year following the fiscal year in which the  
21 appropriation was made for the purchase; and

22 (3) for all other projects for which  
23 appropriations were made, within six months of completion of  
24 the project, but no later than the end of fiscal year 2006.

25 B. Except for appropriations to the capital

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1 program fund, money from appropriations made in this act shall  
2 not be used to pay indirect project costs.

3 C. For the purpose of this section, "unexpended  
4 balance" means the remainder of an appropriation after costs  
5 and expenses recognized in accordance with generally accepted  
6 accounting principles have been paid.

7 Section 3. REVERSION ON PRIOR-YEAR PROJECTS--ALL FUNDING  
8 SOURCES--LIMITATIONS ON PRIOR-YEAR EXPENDITURES FOR CERTAIN  
9 COSTS. --

10 A. All unexpended balances of severance tax bond  
11 proceeds from capital outlay projects authorized by the  
12 legislature prior to 1995 shall revert to the severance tax  
13 bonding fund by October 31, 2001, unless the certifying agency  
14 can demonstrate to the state board of finance that:

15 (1) the project is active and there are valid  
16 encumbrances on the appropriation; or

17 (2) the legislature reauthorized the project  
18 after July 1, 1995 or extended its life beyond July 1, 2001  
19 and the project is active.

20 B. All unexpended balances of general obligation  
21 bond proceeds from capital outlay projects authorized by the  
22 legislature prior to 1995 shall revert to the debt service  
23 fund established by the state treasurer for the purpose of  
24 paying the principal and interest on the state's general  
25 obligation bonds on October 31, 2001, unless the certifying

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1 agency can demonstrate to the state board of finance that the  
2 project is active and there are valid encumbrances on the  
3 appropriation.

4 C. All unexpended balances remaining from  
5 appropriations for capital outlay projects prior to 1995 from  
6 the general fund or other state funds shall revert to the  
7 originating fund by October 31, 2001, unless the agency to  
8 whom the money was appropriated can demonstrate to the  
9 financial control division of the department of finance and  
10 administration that:

11 (1) the project is active and there are valid  
12 encumbrances on the appropriation; or

13 (2) the legislature reappropriated the money  
14 for the project after July 1, 1995 or extended the project's  
15 life beyond July 1, 2001 and the project is active.

16 Section 4. CULTURAL AFFAIRS PROJECT--OFFICE OF CULTURAL  
17 AFFAIRS--SEVERANCE TAX BONDS.--Pursuant to the provisions of  
18 Section 1 of this act, upon certification by the office of  
19 cultural affairs that the need exists for the issuance of the  
20 bonds, nine million dollars (\$9,000,000) is appropriated to  
21 the office of cultural affairs to plan, design, construct,  
22 equip and furnish the palace of the governors annex project in  
23 Santa Fe in Santa Fe county.

24 Section 5. NEW MEXICO MILITARY INSTITUTE PROJECT--  
25 SEVERANCE TAX BONDS.--Pursuant to the provisions of Section 1

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1 of this act, upon certification by the board of regents of New  
2 Mexico military institute that the need exists for the  
3 issuance of the bonds, one million eight hundred thousand  
4 dollars (\$1,800,000) is appropriated to the board of regents  
5 of New Mexico military institute to plan, design and construct  
6 improvements, including necessary replacement and expansions  
7 of aging centralized systems at Lea Hall at New Mexico  
8 military institute in Roswell in Chaves county.

9 Section 6. UNIVERSITY OF NEW MEXICO PROJECTS--SEVERANCE  
10 TAX BONDS.--Pursuant to the provisions of Section 1 of this  
11 act, upon certification by the board of regents of the  
12 university of New Mexico that the need exists for the issuance  
13 of the bonds, the following amounts are appropriated to the  
14 board of regents of the university of New Mexico for the  
15 following purposes at the university of New Mexico in  
16 Albuquerque in Bernalillo county:

17 A. one hundred thousand dollars (\$100,000) for  
18 equipment and educational technology at the college of fine  
19 arts; and

20 B. one million five hundred ten thousand dollars  
21 (\$1,510,000) for phase 2 construction and installation of  
22 equipment at the manufacturing training and technology center  
23 cleanroom facility.

24 Section 7. PUBLIC SCHOOLS PROJECTS--CRITICAL CAPITAL  
25 OUTLAY--GENERAL FUND.--Five million dollars (\$5,000,000) is

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1 appropriated from the general fund to the public school  
2 capital outlay fund for expenditure in fiscal year 2002 to  
3 carry out the provisions of the Public School Capital Outlay  
4 Act. Any unexpended or unencumbered balance remaining at the  
5 end of fiscal year 2002 shall not revert.

6 Section 8. CLYDE TOMBAUGH SPACE CENTER RE-ROOFING--  
7 SEVERANCE TAX BOND APPROPRIATION--CHANGE PURPOSE FOR  
8 IMPROVEMENTS AT THE SPACE CENTER--EXTENDING THE EXPENDITURE  
9 PERIOD.--The proceeds from the sale of severance tax bonds  
10 appropriated to the office of cultural affairs pursuant to  
11 Subsection C of Section 4 of Chapter 7 of Laws 1998 for re-  
12 roofing the Clyde Tombaugh space theater and planetarium at  
13 the space center in Alamogordo in Otero county shall not be  
14 expended for the original purpose but are reauthorized and  
15 appropriated for improvements to the facility, equipment or  
16 exhibits of the space center. The period of time in which the  
17 appropriation may be expended is extended through fiscal year  
18 2006.

19 Section 9. PROJECT SCOPE--EXPENDITURES.--If an  
20 appropriation for a project authorized in this act is not  
21 sufficient to complete all the purposes specified, the  
22 appropriation may be expended for any portion of the purposes  
23 specified in the appropriation. Expenditures shall not be  
24 made for purposes other than those specified in the  
25 appropriation.



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Section 10. ART IN PUBLIC PLACES.--Pursuant to Section 13-4A-4 NMSA 1978 and where applicable, the appropriations authorized in this act include one percent for the art in public places fund.

Section 11. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.