

CHAPTER 54

CHAPTER 54, LAWS 2002

AN ACT

RELATING TO SCHOOL DISTRICT FINANCING; AUTHORIZING SCHOOL DISTRICTS TO ISSUE BOND ANTICIPATION NOTES TO PROVIDE SHORT-TERM FINANCING FOR CAPITAL PROJECTS; DECLARING AN EMERGENCY.

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

Section 1. A new section of the Public School Code is enacted to read:

"SHORT TITLE.--This act may be cited as the "School District Bond Anticipation Notes Act"."

Section 2. A new section of the Public School Code is enacted to read:

"PURPOSE.--The purpose of the School District Bond Anticipation Notes Act is to provide a mechanism for school districts to obtain short-term financing for capital projects that are needed by the school district to meet the educational needs of students in the school district and to promote the health, safety, security and general welfare of the students in the school district."

Section 3. A new section of the Public School Code is enacted to read:

"DEFINITIONS.--As used in the School District Bond Anticipation Notes Act:

A. "bond anticipation note" means a security evidencing an obligation of the school district that precedes the issuance of general obligation bonds; and

B. "general obligation bond" means indebtedness issued by a school district that constitutes a debt for the purpose of Article 9, Section 11 of the constitution of New Mexico."

Section 4. A new section of the Public School Code is enacted to read:

"ISSUANCE OF BOND ANTICIPATION NOTES.--

A. A school district may issue bond anticipation notes for any purpose for which general obligation bonds are authorized to be issued.

B. The principal amount of bond anticipation notes shall be payable solely from the proceeds of the

general obligation bonds for which the bond anticipation notes are issued and shall not be considered debt of the school district for purposes of Article 9, Section 11 of the constitution of New Mexico."

Section 5. A new section of the Public School Code is enacted to read:

"BOND ANTICIPATION NOTE DETAILS.--

A. Bond anticipation notes shall be authorized by resolution of the local school board and may be issued in such denominations as determined by the local school board.

B. Bond anticipation notes shall mature no later than one year from the date of issuance. The local school board shall covenant in the resolution authorizing the issuance of the bond anticipation notes to issue general obligation bonds in an amount necessary to retire the bond anticipation notes.

C. The annual interest rate and yield on the bond anticipation notes shall be stated in the resolution that authorizes the issuance of the bond anticipation notes; provided that the maximum net effective interest rate on bond anticipation notes shall not exceed ten percent a year.

D. Bond anticipation notes may be sold at, above or below par at a public sale, in a negotiated sale or to the New Mexico finance authority."

Section 6. A new section of the Public School Code is enacted to read:

"LIMITATIONS ON ISSUANCE OF BOND ANTICIPATION NOTES.--
Bond anticipation notes shall not be issued:

A. unless the general obligation bonds for which bond anticipation notes are contemplated have been authorized at an election as required by Article 9, Section 11 of the constitution of New Mexico;

B. in a principal amount in excess of the amount of the general obligation bonds authorized to be issued at an election or, if some portion of the bonds authorized at that election have been issued, in a principal amount in excess of the amount of the authorized but unissued general obligation bonds;

C. in a principal amount in excess of the amount of outstanding general obligation bonds of the school district maturing within one year of the date of issuance of the bond anticipation notes; and

D. unless the proceeds of the bond anticipation notes are to be used for the same purpose for which the general obligation bonds are authorized."

Section 7. A new section of the Public School Code is enacted to read:

"PUBLICATION OF NOTICE--VALIDATION--LIMITATION OF ACTION.--After adoption of a resolution authorizing issuance of bond anticipation notes, the local school board shall publish notice of the adoption of the resolution once in a newspaper of general circulation in the school district. After thirty days from the date of publication, any action attacking the validity of the proceedings had or taken by the local school board preliminary to and in the authorization and issuance of the bond anticipation notes described in the notice is perpetually barred."

Section 8. A new section of the Public School Code is enacted to read:

"CUMULATIVE AND COMPLETE AUTHORITY.--The School District Bond Anticipation Notes Act is an additional and alternative method for obtaining funding for capital projects by a school district and constitutes full authority for the exercise of powers granted to a local school board by that act. Powers conferred by the School District Bond Anticipation Notes Act are supplemental and additional to powers conferred by other laws of the state, without reference to such other laws of the state."

Section 9. A new section of the Public School Code is enacted to read:

"LIBERAL INTERPRETATION.--The School District Bond Anticipation Notes Act shall be liberally construed to effect the purposes of the act."

Section 10. SEVERABILITY.--If any part or application of the School District Bond Anticipation Notes Act is held invalid, the remainder or its application to other situations or persons shall not be affected.

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

HOUSE BILL 18, WITH EMERGENCY CLAUSE
SIGNED MARCH 4, 2002