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HOUSE BILL 18
45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002
INTRODUCED BY
Robert M Burpo

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

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:

"[NEW MATERIAL] 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:

"[NEW MATERIAL] 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

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1 meet the educational needs of students in the school district
2 and to promote the health, safety, security and general
3 welfare of the students in the school district. "

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

6 "[NEW MATERIAL] DEFINITIONS. --As used in the School
7 District Bond Anticipation Notes Act:

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

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

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

17 "[NEW MATERIAL] ISSUANCE OF BOND ANTICIPATION NOTES. --

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

21 B. The principal amount of bond anticipation notes
22 shall be payable solely from the proceeds of the general
23 obligation bonds for which the bond anticipation notes are
24 issued and shall not be considered debt of the school district
25 for purposes of Article 9, Section 11 of the constitution of

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1 New Mexico. "

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

4 "[NEW MATERIAL] BOND ANTICIPATION NOTE DETAILS. --

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

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

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

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

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

24 "[NEW MATERIAL] LIMITATIONS ON ISSUANCE OF BOND
25 ANTICIPATION NOTES. -- Bond anticipation notes shall not be

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1 issued:

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

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

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

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

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

21 " [NEW MATERIAL] PUBLICATION OF NOTICE-- VALIDATION--
22 LIMITATION OF ACTION.--After adoption of a resolution
23 authorizing issuance of bond anticipation notes, the local
24 school board shall publish notice of the adoption of the
25 resolution once in a newspaper of general circulation in the

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1 school district. After thirty days from the date of
2 publication, any action attacking the validity of the
3 proceedings had or taken by the local school board preliminary
4 to and in the authorization and issuance of the bond
5 anticipation notes described in the notice is perpetually
6 barred. "

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

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

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

20 "[NEW MATERIAL] LIBERAL INTERPRETATION. --The School
21 District Bond Anticipation Notes Act shall be liberally
22 construed to effect the purposes of the act. "

23 Section 10. SEVERABILITY. --If any part or application of
24 the School District Bond Anticipation Notes Act is held
25 invalid, the remainder or its application to other situations

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1 or persons shall not be affected.

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

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