

1 SENATE BILL 228

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

3 INTRODUCED BY

4 Richard C. Martinez

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10 AN ACT

11 AUTHORIZING THE ISSUANCE OF SEVERANCE TAX BONDS FOR A PRISON IN
12 NORTH CENTRAL NEW MEXICO; MAKING AN APPROPRIATION.

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

15 SECTION 1. SEVERANCE TAX BONDS--AUTHORIZATION--
16 APPROPRIATION OF PROCEEDS.--

17 A. The state board of finance may issue and sell
18 severance tax bonds in compliance with the Severance Tax
19 Bonding Act in an amount not to exceed twenty million dollars
20 (\$20,000,000) to plan, design, construct, equip and furnish a
21 state prison in north central New Mexico. The state board of
22 finance shall schedule the issuance and sale of the bonds in
23 the most expeditious and economical manner possible upon a
24 finding by the board that the project has been developed
25 sufficiently to justify the issuance and that the project can

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1 proceed to contract within a reasonable time. The state board
2 of finance shall further take the appropriate steps necessary
3 to comply with the federal Internal Revenue Code of 1986, as
4 amended. Proceeds from the sale of the bonds are appropriated
5 to the capital program fund for the purpose specified in this
6 section.

7 B. The general services department shall certify to
8 the state board of finance when the money from the proceeds of
9 the severance tax bonds appropriated in this section is needed
10 for the purposes specified in this section. If the department
11 has not certified the need for severance tax bond proceeds for
12 the project by the end of fiscal year 2018, the authorization
13 for that project is void.

14 C. Before the general services department may
15 certify for the need of severance tax bond proceeds, the
16 project must be developed sufficiently so that the agency
17 reasonably expects to:

18 (1) incur within six months after the
19 applicable bond proceeds are available for the project a
20 substantial binding obligation to a third party to expend at
21 least five percent of the bond proceeds for the project; and

22 (2) spend at least eighty-five percent of the
23 bond proceeds within three years after the applicable bond
24 proceeds are available for the project.

25 D. The unexpended balance from the proceeds of

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1 severance tax bonds appropriated in this section shall revert
2 to the severance tax bonding fund no later than six months
3 after completion of the project, but no later than the end of
4 fiscal year 2020.

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