

SENATE FINANCE COMMITTEE SUBSTITUTE FOR

SENATE BILL 1

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2017

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AN ACT

RELATING TO PUBLIC FINANCE; REQUIRING THE ISSUANCE OF SHORT-TERM SUPPLEMENTAL SEVERANCE TAX BONDS TO RESTORE PAST GENERAL FUND CAPITAL PROJECT APPROPRIATIONS; REQUIRING THE ISSUANCE OF SEVERANCE TAX BONDS TO IMPLEMENT THE PUBLIC SCHOOL CAPITAL OUTLAY ACT; SUSPENDING A PORTION OF THE SEVERANCE TAX BONDING CAPACITY ALLOCATION FOR WATER PROJECTS; PROVIDING FOR TRANSFERS TO THE GENERAL FUND FROM OTHER FUNDS AND ACCOUNTS; MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.

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

SECTION 1. SHORT-TERM SUPPLEMENTAL SEVERANCE TAX BONDS-- APPROPRIATION OF PROCEEDS.--In fiscal year 2017, the state board of finance shall, in compliance with the Severance Tax Bonding Act, issue and sell supplemental severance tax bonds whose terms end on or before the end of the fiscal year in an aggregate amount not to exceed eighty-one million four hundred thousand dollars (\$81,400,000) when the secretary of finance and administration certifies the need for the bonds. The state board of finance shall issue and sell the bonds as expeditiously and economically as possible and take the appropriate steps necessary to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of

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1 the bonds are appropriated to the general fund. The board of
2 finance division of the department of finance and
3 administration shall transfer the proceeds to the general fund
4 for use by the department in fiscal year 2017 to restore the
5 allotments from the general fund for capital project
6 appropriations whose expenditure periods end on or before June
7 30, 2016.

8 **SECTION 2. SEVERANCE TAX BONDS--APPROPRIATION TO THE**
9 **PUBLIC SCHOOL CAPITAL OUTLAY FUND.--**In fiscal years 2017 and
10 2018, the state board of finance shall, in compliance with the
11 Severance Tax Bonding Act and upon certification by the public
12 school capital outlay council that the need exists for the
13 issuance of the bonds, issue and sell severance tax bonds in an
14 aggregate amount not to exceed eighty-one million four hundred
15 thousand dollars (\$81,400,000). The state board of finance
16 shall issue and sell the bonds as expeditiously and
17 economically as possible and take the appropriate steps
18 necessary to comply with the federal Internal Revenue Code of
19 1986, as amended. Proceeds from the sale of the bonds are
20 appropriated to the public school capital outlay fund for use
21 by the public school capital outlay council to implement the
22 Public School Capital Outlay Act and are appropriated for
23 expenditure in fiscal years 2018 through 2022. Notwithstanding
24 the provisions of Subsection A of Section 22-24-4 NMSA 1978 to
25 the contrary, the unexpended or unencumbered balance remaining
at the end of fiscal year 2022 shall revert to the severance
tax bonding fund.

SECTION 3. TRANSFERS TO GENERAL FUND--FISCAL YEARS 2017
AND 2018.--

A. Eight million dollars (\$8,000,000) is transferred from the New Mexico finance authority to the appropriation account of the general fund in fiscal year 2018.

1 Except as otherwise provided in the Tax Administration Act, the
 2 amount is from the authority's fiscal year 2018 portion of the
 3 governmental gross receipts tax distributed to the authority in
 4 accordance with Section 7-1-6.38 NMSA 1978 that is not
 5 otherwise pledged for payment of obligations of the authority.

6 B. Notwithstanding the prerequisite for
 7 authorization by the state board of finance set forth in
 8 Subsection B of Section 15-3B-17 NMSA 1978, five million
 9 dollars (\$5,000,000) is transferred from the capitol buildings
 10 repair fund to the general fund for use by the department of
 11 finance and administration in fiscal year 2017 to restore the
 12 allotments from the general fund for appropriations whose
 13 expenditure periods end on or before June 30, 2016 and whose
 14 purposes the law allows for use of money in the capitol
 15 buildings repair fund.

16 C. Notwithstanding any restriction on the use of
 17 money from the source, the following amounts are appropriated
 18 from the following funds or accounts and are transferred to the
 19 fiscal year 2017 appropriation account of the general fund:

20 (1) sixteen thousand eight hundred eighty-
 21 eight dollars (\$16,888) from the discount prescription drug
 22 program fund;

23 (2) eight hundred eight thousand dollars
 24 (\$808,000) from the property control reserve fund;

25 (3) one million dollars (\$1,000,000) from the
 public liability fund;

(4) one million dollars (\$1,000,000) from the
 public property reserve fund;

(5) one million dollars (\$1,000,000) from the
 workers' compensation retention fund;

(6) ninety-one thousand seven hundred forty-
 five dollars (\$91,745) from the pharmacy fund;

(7) fifty thousand dollars (\$50,000) from the

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board of dental health care fund;

(8) forty-three thousand two hundred dollars
(\$43,200) from the construction industries division
publications revolving fund;

(9) seventeen thousand five hundred dollars
(\$17,500) from the interior design board fund;

(10) one thousand three hundred eighty-seven
dollars (\$1,387) from the insurance examination fund;

(11) eight thousand dollars (\$8,000) from the
board of nursing fund;

(12) one hundred forty thousand two hundred
dollars (\$140,200) from the radiologic technology fund;

(13) eighty-five thousand dollars (\$85,000)
from the solid waste facility grant fund;

(14) thirty thousand dollars (\$30,000) from
the voluntary remediation fund;

(15) five hundred thousand dollars (\$500,000)
from the day-care fund;

(16) three hundred fifty thousand dollars
(\$350,000) from the community corrections grant fund;

(17) two hundred fifty thousand dollars
(\$250,000) from the educator licensure fund;

(18) eighty thousand one hundred forty-five
dollars (\$80,145) from the teacher professional development
fund;

(19) eighty-one thousand seven hundred
seventeen dollars (\$81,717) from the incentives for school
improvement fund;

(20) fourteen thousand two hundred ninety-two
dollars (\$14,292) from the charter schools stimulus fund;

(21) fourteen thousand two hundred sixty-three
dollars (\$14,263) from the educational technology fund;

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(22) one thousand one hundred seventy-eight dollars (\$1,178) from the family and youth resource fund;

(23) one hundred thirty-nine thousand nine hundred dollars (\$139,900) from the higher education program development enhancement fund; and

(24) two hundred ninety-nine thousand five hundred dollars (\$299,500) from the higher education endowment fund.

SECTION 4. Section 7-27-10.1 NMSA 1978 (being Laws 2003, Chapter 134, Section 1, as amended) is amended to read:

"7-27-10.1. BONDING CAPACITY--AUTHORIZATION FOR SEVERANCE TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL INFRASTRUCTURE PROJECTS.--

A. By January 15 of each year, the division shall estimate the amount of bonding capacity available for severance tax bonds to be authorized by the legislature.

B. For each year except 2017, the division shall allocate nine percent of the estimated bonding capacity each year for water projects, and the legislature authorizes the state board of finance to issue severance tax bonds in the annually allocated amount for use by the water trust board to fund water projects statewide. The water trust board shall certify to the state board of finance the need for issuance of bonds for water projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in this subsection. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the water project fund in the New Mexico finance authority for the purposes certified by the water trust board to the state board of finance.

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1 C. The division shall allocate the following
2 [~~percentages~~] percentage of the estimated bonding capacity for
3 tribal infrastructure projects:

- 4 (1) in 2016, six and one-half percent; and
5 (2) in 2017 and each subsequent year, four and
6 one-half percent.

7 D. The legislature authorizes the state board of
8 finance to issue severance tax bonds in the amount [~~allocated~~
9 ~~pursuant to~~] provided for in this section for use by the tribal
10 infrastructure board to fund tribal infrastructure projects.
11 The tribal infrastructure board shall certify to the state
12 board of finance the need for issuance of bonds for tribal
13 infrastructure projects. The state board of finance may issue
14 and sell the bonds in the same manner as other severance tax
15 bonds in an amount not to exceed the authorized amount provided
16 for in this [~~subsection~~] section. If necessary, the state
17 board of finance shall take the appropriate steps to comply
18 with the federal Internal Revenue Code of 1986, as amended.
19 Proceeds from the sale of the bonds are appropriated to the
20 tribal infrastructure project fund for the purposes certified
21 by the tribal infrastructure board to the state board of
22 finance.

23 E. Money from the severance tax bonds provided for
24 in this section shall not be used to pay indirect project
25 costs. Any unexpended balance from proceeds of severance tax
bonds issued for a water project or a tribal infrastructure
project shall revert to the severance tax bonding fund within
six months of completion of the project. The New Mexico
finance authority shall monitor and ensure proper reversions of
the bond proceeds appropriated for water projects, and the
department of finance and administration shall monitor and
ensure proper reversions of the bond proceeds appropriated for

tribal infrastructure projects.

F. As used in this section:

(1) "division" means the board of finance division of the department of finance and administration;

(2) "tribal infrastructure project" means a qualified project under the Tribal Infrastructure Act; and

(3) "water project" means a capital outlay project for:

(a) the storage, conveyance or delivery of water to end users;

(b) the implementation of federal Endangered Species Act of 1973 collaborative programs;

(c) the restoration and management of watersheds;

(d) flood prevention; or

(e) conservation, recycling, treatment or reuse of water."

SECTION 5. Section 7-27-12 NMSA 1978 (being Laws 1961, Chapter 5, Section 10, as amended by Laws 2001, Chapter 37, Section 1 and by Laws 2001, Chapter 338, Section 1) is amended to read:

"7-27-12. WHEN SEVERANCE TAX BONDS TO BE ISSUED.--

A. The state board of finance shall issue and sell all severance tax bonds when authorized to do so by any law that sets out the amount of the issue and the recipient of the money.

B. The state board of finance shall also issue and sell severance tax bonds authorized by Sections 72-14-36 through 72-14-42 NMSA 1978, and such authority as has been given to the interstate stream commission to issue and sell such bonds is transferred to the state board of finance. The state board of finance shall issue and sell all severance tax bonds only when so instructed by resolution of the governing

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1 body or by written direction from an authorized officer of the
2 recipient of the bond money.

3 C. Except as provided in Subsection D of this
4 section, proceeds from supplemental severance tax bonds shall
5 be used only for public school capital outlay projects pursuant
6 to the Public School Capital Outlay Act or the Public School
7 Capital Improvements Act.

8 D. Proceeds from supplemental severance tax bonds
9 issued pursuant to Paragraph (2) of Subsection A of Section 19
10 of Chapter 6 of Laws 1999 (1st S.S.) and Section 1 of this 2017
11 act shall be used for the purposes specified in [~~that~~
12 paragraph] those provisions.

13 E. Except as provided in Subsection F of this
14 section, the state board of finance shall issue and sell all
15 supplemental severance tax bonds when so instructed by
16 resolution of the public school capital outlay council pursuant
17 to Section 7-27-12.2 NMSA 1978.

18 F. The state board of finance shall issue and sell
19 the supplemental severance tax bonds authorized by:

20 (1) Paragraph (2) of Subsection A of Section
21 19 of Chapter 6 of Laws 1999 (1st S.S.) when so instructed by
22 resolution of the commission on higher education; and

23 (2) Section 1 of this 2017 act upon
24 certification by the secretary of finance and administration of
25 the need to use proceeds from those bonds as outlined in that
section."

SECTION 6. Section 15-3B-17 NMSA 1978 (being Laws 1972,
Chapter 74, Section 4, as amended) is amended to read:

"15-3B-17. CAPITOL BUILDINGS REPAIR FUND--CREATION--
EXPENDITURES.--

A. The "capitol buildings repair fund" is created
in the state treasury. To this fund shall be transferred,

1 after payments required by Laws 1997, Chapter 178, Section 1 to
 2 the New Mexico finance authority, all income, including
 3 distributions from the land grant permanent fund derived from
 4 lands granted to the state by the United States congress for
 5 legislative, executive and judicial public buildings. Two
 6 percent of this fund shall be transferred annually to a "state
 7 capitol maintenance fund", hereby created, as a special
 8 perpetual fund for the upkeep and maintenance of the capitol
 9 renovation and capitol grounds.

10 B. The capitol buildings repair fund may be used to
 11 repair, remodel and equip capitol buildings and adjacent lands,
 12 to repair or replace building machinery and building equipment
 13 located in capitol buildings and to contract for options, no
 14 one of which costs more than ten thousand dollars (\$10,000), to
 15 purchase real estate [~~such real estate, if purchased~~] to be put
 16 to state use [~~provided that no more than ten thousand dollars~~
 17 ~~(\$10,000) shall be expended for any single option~~]. Any money
 18 used for consideration in acquiring an option to purchase real
 19 estate shall be applied against the purchase price of the real
 20 estate if the option is exercised. Except as provided in
 21 Subsection B of Section 3 of this 2017 act, no money shall be
 22 expended from the capitol buildings repair fund without
 23 authorization of the state board of finance.

24 C. In the event a capital outlay project exceeds
 25 authorized project cost by five percent or less, the state
 board of finance may authorize the division to supplement the
 authorized cost by an allocation not to exceed five percent of
 the authorized cost from the capitol buildings repair fund to
 the extent of the unencumbered and unexpended balance of the
 fund."

SECTION 7. Section 61-3-27 NMSA 1978 (being Laws 1968,
 Chapter 44, Section 23, as amended by Laws 2017, Chapter 136,
 Section 7) that is to become effective June 16, 2017 is amended
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to read:

"61-3-27. FUND ESTABLISHED--DISPOSITION--METHOD OF PAYMENT.--

A. There is created a "board of nursing fund".

B. Except as provided in Sections 61-3-10.5 and 61-3-10.6 NMSA 1978, all funds received by the board and money collected under the Nursing Practice Act and the Lactation Care Provider Act shall be deposited with the state treasurer. The state treasurer shall place the money to the credit of the board of nursing fund. Any income earned on investment of the fund shall remain in the fund.

C. Payments out of the board of nursing fund shall be on vouchers issued and signed by the person designated by the board upon warrants drawn by the department of finance and administration in accordance with the budget approved by the department.

D. Except as provided in Paragraph (11) of Subsection C of Section 3 of this 2017 act, all amounts paid into the board of nursing fund shall be subject to the order of the board and shall only be used for the purpose of meeting necessary expenses incurred in the enforcement of the purposes of the Nursing Practice Act and the Lactation Care Provider Act, the duties imposed by those acts and the promotion of nursing and lactation care provider education and standards in this state. All money unused at the end of the fiscal year shall remain in the board of nursing fund for use in accordance with the provisions of the Nursing Practice Act and the Lactation Care Provider Act to further the purposes of those acts.

E. All funds that may have accumulated to the credit of the board under any previous act shall be continued for use by the board in administration of the Nursing Practice

1 Act and the Lactation Care Provider Act.

2 F. As used in this section, "lactation care
3 provider" means a person licensed by the board pursuant to the
4 Lactation Care Provider Act to provide lactation care and
5 services."

6 **SECTION 8.** Section 61-5A-26 NMSA 1978 (being Laws 1994,
7 Chapter 55, Section 26, as amended) is amended to read:

8 "61-5A-26. FUND ESTABLISHED.--

9 A. There is created in the state treasury the
10 "board of dental health care fund".

11 B. All money received by the board and money
12 collected under the Dental Health Care Act shall be deposited
13 with the state treasurer. The state treasurer shall credit
14 this money to the board of dental health care fund except money
15 collected for the impaired assessment, which shall be held
16 separate from the board fund. Fees collected by the board from
17 fines shall be deposited in the board of dental health care
18 fund and, at the discretion of the board and the committee, may
19 be transferred into the impaired dentists and dental hygienists
20 fund.

21 C. Payment out of the board of dental health care
22 fund shall be on vouchers issued and signed by the secretary-
23 treasurer of the board upon warrants drawn by the department of
24 finance and administration in accordance with the budget
25 approved by that department.

D. Except as provided in Paragraph (7) of
Subsection C of Section 3 of this 2017 act, all amounts paid
into the board of dental health care fund are subject to the
order of the board and are to be used only for meeting
necessary expenses incurred in executing the provisions and
duties of the Dental Health Care Act. All money unused at the
end of any fiscal year shall remain in the fund for use in
accordance with provisions of the Dental Health Care Act.

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1 E. All funds that have accumulated to the credit of
2 the board under any previous law shall be continued for use by
3 the board in administration of the Dental Health Care Act."

4 **SECTION 9.** EMERGENCY.--It is necessary for the public
5 peace, health and safety that this act take effect immediately.

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