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HOUSE BILL 97

**54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

INTRODUCED BY

Tomás E. Salazar

AN ACT

RELATING TO PUBLIC FINANCE; CLARIFYING THAT THE EDUCATIONAL RETIREMENT BOARD, THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION AND THE STATE INVESTMENT COUNCIL MAY PARTICIPATE IN THE LOCAL GOVERNMENT INVESTMENT POOL.

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

**SECTION 1.** Section 6-10-10.1 NMSA 1978 (being Laws 1988, Chapter 61, Section 2, as amended) is amended to read:

"6-10-10.1. LOCAL GOVERNMENT INVESTMENT POOL CREATED--  
DISTRIBUTION OF EARNINGS--REPORT OF INVESTMENTS.--

A. There is created in the state treasury the "local government investment pool". The fund shall consist of all deposits from participating governments, including revenues dedicated to repaying bonds, that are placed in the custody of the state treasurer for investment purposes pursuant to this

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1 section. The state treasurer shall maintain one or more  
2 separate accounts for each participating government having  
3 deposits in the local government investment pool and may divide  
4 the fund into two or more subfunds, as the state treasurer  
5 deems appropriate, for short-term and medium-term investment  
6 purposes, including one or more subfunds for bond proceeds  
7 deposited by participating governments.

8 B. If an eligible governing body is unable to  
9 receive payment on public money at the rate of interest as set  
10 forth in Section 6-10-36 NMSA 1978 from financial institutions  
11 within the geographic boundaries of the eligible governing  
12 body, or if the eligible governing body is not bound by the  
13 terms of Section 6-10-36 NMSA 1978, the finance officer having  
14 control of the money of that eligible governing body not  
15 required for current expenditure may, with the consent of the  
16 board of finance of the eligible governing body if consent is  
17 required by the laws or rules of the eligible governing body,  
18 remit some or all of the money to the state treasurer for  
19 deposit for the purpose of investment as allowed by this  
20 section.

21 C. Before funds are invested or reinvested pursuant  
22 to this section, a finance officer shall notify and make the  
23 funds available for investment to banks, savings and loan  
24 associations and credit unions located within the geographical  
25 boundaries of the participating government or the eligible

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1 governing body, subject to the limitation on credit union  
2 accounts. To be eligible for deposit of the government funds,  
3 the financial institution shall pay to the participating  
4 government or eligible governing body the rate established by  
5 the state treasurer pursuant to a policy adopted by the state  
6 board of finance for the investments.

7 D. A finance officer shall specify the length of  
8 time a deposit shall be in the local government investment  
9 pool. The state treasurer through the use of the state fiscal  
10 agent shall separately track each deposit and shall make  
11 information regarding the deposit available to the public upon  
12 written request.

13 E. The state treasurer shall invest the local  
14 government investment pool as provided in Section 6-10-10 NMSA  
15 1978 regarding the investment of state funds in investments  
16 with a maturity at the time of purchase that does not exceed  
17 three years. The state treasurer may elect to have the local  
18 government investment pool consolidated for investment purposes  
19 with the state funds under the control of the state treasurer;  
20 provided that accurate and detailed accounting records are  
21 maintained for the account of each participating government and  
22 that a proportionate amount of interest earned is credited to  
23 each of the separate accounts of a participating government.  
24 The fund shall be invested to achieve its objective, which is  
25 to realize the maximum return consistent with safe and prudent

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1 management.

2 F. At the end of each month, all net investment  
3 income or losses from investment of the local government  
4 investment pool shall be distributed by the state treasurer to  
5 the accounts of participating governments in amounts directly  
6 proportionate to the respective amounts deposited by them in  
7 the local government investment pool and the length of time the  
8 amounts in each account were invested.

9 G. The state treasurer shall charge participating  
10 governments reasonable audit, administrative and investment  
11 expenses and shall deduct those expenses directly from the net  
12 investment income for the investment and administrative  
13 services provided pursuant to this subsection. The amount of  
14 the charges, the manner of the use by the state treasurer and  
15 the nature of bond-related services to be offered shall be  
16 established in rules adopted and promulgated by the state  
17 treasurer subject to approval by the state board of finance.

18 H. Subject to appropriation by the legislature,  
19 amounts deducted from the accounts of participating governments  
20 for charges permitted pursuant to this section shall be  
21 expended by the state treasurer in fiscal year 2008 and in  
22 subsequent fiscal years for the administration and management  
23 of the local government investment pool, services provided to  
24 participating governments related to investment of their money  
25 in that fund and other services authorized by this section.

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1 Balances remaining at the end of a fiscal year from the amounts  
2 deducted pursuant to this section shall revert to the general  
3 fund. Balances in the state treasurer's operating account  
4 resulting from deductions taken pursuant to this section in  
5 excess of the amount required to provide administration,  
6 management and related services required by this subsection or  
7 other services authorized by this section shall be offset by  
8 reductions in the charges made by the state treasurer to the  
9 accounts of participating governments in subsequent deductions  
10 from participating governments' accounts.

11 I. Each fiscal year, the state treasurer shall  
12 cause to have the short-term investment portion of the local  
13 government investment pool rated by a nationally recognized  
14 statistical rating organization. If the rating received by  
15 the short-term investment portion of the fund is lower than  
16 "AA", the state treasurer shall immediately submit a plan to  
17 the state board of finance detailing the steps that will be  
18 taken to obtain an "AA" or higher rating.

19 J. The state treasurer may offer to provide to  
20 participating governments services related to requirements of  
21 the federal income tax laws applicable to the investment of  
22 bond proceeds.

23 K. A tribe or quasi-governmental body created  
24 pursuant to New Mexico statute may become a participating  
25 government only if the governing authority of the tribe or

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1 quasi-governmental body has adopted a resolution authorizing  
2 the tribe or quasi-governmental body to remit money to the  
3 state treasurer for investment in the local government  
4 investment pool.

5 L. Deposits by the state treasurer on behalf of  
6 the general fund and bond proceeds investment pools shall, in  
7 aggregate, be no more than thirty-five percent of the total  
8 amount in the local government investment pool at any time.

9 M. The educational retirement board, the public  
10 employees retirement association and the state investment  
11 council may remit money to the state treasurer for investment  
12 in the local government investment pool."

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