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HOUSE BILL 60

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Sheryl Williams Stapleton

AN ACT

RELATING TO THE INVESTMENT OF PUBLIC MONEY; PROVIDING FOR THE INVESTMENT OF THE SEVERANCE TAX PERMANENT FUND IN NEW MEXICO RENEWABLE ENERGY BUSINESSES, PROJECTS AND BONDS; ALLOWING DIFFERENTIAL RATES FOR THE INVESTMENTS.

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

SECTION 1. Section 7-27-5 NMSA 1978 (being Laws 1983, Chapter 306, Section 7, as amended) is amended to read:

"7-27-5. INVESTMENT OF SEVERANCE TAX PERMANENT FUND.--The severance tax permanent fund shall be invested in separate differential rate and market rate investment classes.

"Differential rate investments" are permitted in Sections 7-27-5.3 through 7-27-5.5, 7-27-5.13 through 7-27-5.17, 7-27-5.22, ~~[and]~~ 7-27-5.24, ~~[through]~~ 7-27-5.26 and 7-27-5.27 NMSA 1978 and are intended to stimulate the economy of New

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1 Mexico and to provide income to the severance tax permanent
2 fund. "Market rate investments" are investments that are not
3 differential rate investments and are intended to provide
4 income to the severance tax permanent fund. All market rate
5 investments and differential rate investments shall be invested
6 in accordance with the Uniform Prudent Investor Act and shall
7 be accounted for in accordance with generally accepted
8 accounting principles."

9 SECTION 2. A new Section 7-27-5.27 NMSA 1978 is enacted
10 to read:

11 "7-27-5.27. [NEW MATERIAL] INVESTMENT IN NEW MEXICO
12 RENEWABLE ENERGY BUSINESSES, PROJECTS AND BONDS.--

13 A. The state investment officer shall invest no
14 less than one percent of the market value of the severance tax
15 permanent fund in one or more of the following renewable energy
16 businesses, projects and bonds:

17 (1) a New Mexico renewable energy business;

18 (2) a New Mexico renewable energy project;

19 provided that such investment shall not exceed fifty percent of
20 the estimated cost of the project;

21 (3) bonds issued under the Renewable Energy
22 Financing District Act;

23 (4) energy efficiency bonds issued under the
24 Energy Efficiency and Renewable Energy Bonding Act;

25 (5) utility revenue bonds issued by a

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1 municipality or county for acquiring, extending, enlarging,
2 bettering, repairing or otherwise improving a facility, the
3 primary purpose of which is the generation, storage or
4 transmission of renewable energy;

5 (6) renewable energy transmission bonds issued
6 under the New Mexico Renewable Energy Transmission Authority
7 Act; or

8 (7) a New Mexico renewable energy private
9 equity fund.

10 B. An investment made pursuant to this section
11 shall be made upon approval of the council and in a manner
12 consistent with the Uniform Prudent Investor Act.

13 C. By June 30 of each year, the state investment
14 officer shall advise the council of the ratio of the market
15 value of investments made pursuant to this section to the
16 market value of the severance tax permanent fund. The council
17 shall use that ratio in determining what changes in investments
18 may need to be made, if any, to meet the requirements of this
19 section.

20 D. As used in this section:

21 (1) "energy efficient product" means a
22 product, including a building, that uses less energy than the
23 traditional version of the same product to perform the same
24 task;

25 (2) "New Mexico renewable energy business"

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1 means a business entity that:

2 (a) has its principal place of business
3 and a majority of its full-time employees in New Mexico and
4 that, as its primary purpose, manufactures, distributes, sells
5 or installs: 1) equipment used in the generation, storage or
6 transmission of renewable energy; or 2) energy efficient
7 products; or

8 (b) employs more than fifty employees at
9 a manufacturing facility in New Mexico, the primary product of
10 which is: 1) equipment used in the generation, storage or
11 transmission of renewable energy; or 2) energy efficient
12 products;

13 (3) "New Mexico renewable energy private
14 equity fund" means a business entity organized and operating in
15 the United States that:

16 (a) has as its primary business activity
17 the investment of funds in return for equity in New Mexico
18 renewable energy projects;

19 (b) holds out the prospects for capital
20 appreciation from such investments; and

21 (c) accepts investments only from
22 accredited investors as that term is defined in Section 2 of
23 the federal Securities Act of 1933, as amended, and rules
24 promulgated pursuant to that section;

25 (4) "New Mexico renewable energy project"

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1 means a facility located in New Mexico, the primary purpose of
2 which is the generation, transmission or storage of renewable
3 energy;

4 (5) "renewable energy" means energy that is
5 derived from solar heat, solar light, wind, geothermal energy,
6 hydroelectric power, landfill gas or biomass, either singly or
7 in combination, and that is not derived from fossil or nuclear
8 fuel; and

9 (6) "storage" means an energy storage
10 technology that converts and stores energy for subsequent
11 delivery to energy consumers."