

1 SENATE BILL 374

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO INFRASTRUCTURE; ENACTING THE LAND GRANT-MERCED AND
12 ACEQUIA INFRASTRUCTURE ACT; CREATING THE LAND GRANT-MERCED AND
13 ACEQUIA INFRASTRUCTURE TRUST FUND; CREATING THE LAND GRANT-
14 MERCED INFRASTRUCTURE PROJECT FUND AND THE ACEQUIA
15 INFRASTRUCTURE PROJECT FUND; MAKING APPROPRIATIONS.

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

18 SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
19 through 8 of this act may be cited as the "Land Grant-Merced
20 and Acequia Infrastructure Act".

21 SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
22 Land Grant-Merced and Acequia Infrastructure Act:

23 A. "acequia" means an acequia or community ditch
24 organized as a political subdivision pursuant to Chapter 73,
25 Article 2 or 3 NMSA 1978;

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- 1 B. "commission" means the interstate stream
2 commission;
- 3 C. "council" means the land grant council;
- 4 D. "department" means the department of finance and
5 administration;
- 6 E. "infrastructure assistance" means the provision
7 of grants to land grants-mercedes on terms and conditions
8 approved by the council or to acequias on terms and conditions
9 approved by the commission;
- 10 F. "land grant-merced" means a land grant that is
11 designated as a political subdivision pursuant to Section
12 49-1-2 NMSA 1978;
- 13 G. "qualified project" means an infrastructure
14 assistance project selected pursuant to the Land Grant-Merced
15 and Acequia Infrastructure Act by the:
- 16 (1) council for a land grant-merced
17 infrastructure project; or
- 18 (2) commission for an acequia infrastructure
19 project; and
- 20 H. "trust fund" means the land grant-merced and
21 acequia infrastructure trust fund.

22 SECTION 3. [NEW MATERIAL] COUNCIL--POWERS--DUTIES.--The
23 council shall:

- 24 A. in consultation with the department, promulgate
25 rules governing terms, conditions and priorities for providing

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1 infrastructure assistance to land grants-mercedes, including
2 developing application and evaluation procedures and forms and
3 qualifications for applicants and for projects;

4 B. provide infrastructure assistance to land
5 grants-mercedes for qualified projects on terms and conditions
6 established by the council; and

7 C. authorize funding for qualified projects,
8 including:

9 (1) planning, designing, constructing,
10 improving, expanding or equipping water and wastewater
11 facilities, major water systems, electrical power lines,
12 communications infrastructure, roads, health infrastructure,
13 emergency response facilities and infrastructure needed to
14 encourage economic development;

15 (2) developing engineering feasibility reports
16 for infrastructure projects;

17 (3) providing special engineering services;

18 (4) completing environmental assessments or
19 archaeological clearances and other surveys for infrastructure
20 projects;

21 (5) acquiring land, easements or rights of
22 way; and

23 (6) purchasing durable equipment.

24 SECTION 4. [NEW MATERIAL] COMMISSION--POWERS--DUTIES.--

25 The commission shall:

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1 A. in consultation with the department, promulgate
2 rules governing terms, conditions and priorities for providing
3 infrastructure assistance to acequias, including application
4 and evaluation procedures and forms and qualifications for
5 applicants and for projects;

6 B. provide infrastructure assistance to acequias
7 for qualified projects on terms and conditions established by
8 the commission; and

9 C. authorize funding for qualified projects,
10 including for planning, engineering design or construction of
11 irrigation works and infrastructure projects, including dams,
12 reservoirs, diversions, ditches, flumes or other appurtenances
13 for the purposes of restoration, repair, improvement of
14 irrigation efficiency and protection from floods.

15 SECTION 5. [NEW MATERIAL] LAND GRANT-MERCED AND ACEQUIA
16 INFRASTRUCTURE TRUST FUND--CREATED--INVESTMENT--DISTRIBUTION.--

17 A. The "land grant-merced and acequia
18 infrastructure trust fund" is created as a nonreverting fund in
19 the state treasury. The trust fund consists of money that is
20 appropriated, donated or otherwise accrues to the trust fund.
21 Money in the trust fund shall be invested by the state
22 investment officer in the manner that land grant permanent
23 funds are invested pursuant to Chapter 6, Article 8 NMSA 1978.
24 Income from investment of the trust fund shall be credited to
25 the trust fund. Money in the trust fund shall not be expended

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1 for any purpose, but annual distributions from the trust fund
2 shall be made to the land grant-merced infrastructure project
3 fund and the acequia infrastructure project fund pursuant to
4 this section.

5 B. Except as provided in Subsection C of this
6 section, on July 1 of each year in which the balance in the
7 trust fund is over five million dollars (\$5,000,000), three
8 percent of the balance in the fund shall be divided into equal
9 distributions to the land grant-merced infrastructure project
10 fund and the acequia infrastructure project fund.

11 C. When on July 1 four and seven-tenths percent of
12 the average of the year-end market value of the balance in the
13 trust fund for the immediately preceding five calendar years
14 exceeds five million dollars (\$5,000,000), four and seven-
15 tenths percent of the balance in the trust fund shall be
16 divided into equal distributions to the land grant-merced
17 infrastructure project fund and the acequia infrastructure
18 project fund.

19 SECTION 6. [NEW MATERIAL] LAND GRANT-MERCED
20 INFRASTRUCTURE PROJECT FUND--CREATED--PURPOSE--
21 APPROPRIATIONS.--

22 A. The "land grant-merced infrastructure project
23 fund" is created in the state treasury and shall be
24 administered by the department in consultation with the
25 council.

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1 B. The land grant-merced infrastructure project
2 fund consists of:

- 3 (1) distributions from the trust fund;
4 (2) payments of principal and interest on
5 loans for qualified projects;
6 (3) other money appropriated by the
7 legislature or distributed or otherwise allocated to the land
8 grant-merced infrastructure project fund for the purpose of
9 supporting qualified projects; and
10 (4) the proceeds of severance tax bonds
11 appropriated to the land grant-merced infrastructure project
12 fund for qualified projects.

13 C. Except for severance tax bond proceeds required
14 to revert to the severance tax bonding fund, balances in the
15 land grant-merced infrastructure project fund at the end of a
16 fiscal year shall revert to the trust fund.

17 D. The land grant-merced infrastructure project
18 fund may consist of subaccounts as determined to be necessary
19 by the department.

20 E. The department, in consultation with the
21 council, may establish procedures and rules as required to:

- 22 (1) administer the land grant-merced
23 infrastructure project fund;
24 (2) originate grants or loans for qualified
25 projects recommended by the council; and

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1 (3) govern the process through which qualified
2 entities may apply for financial assistance from the land
3 grant-merced infrastructure project fund.

4 F. Disbursements from the land grant-merced
5 infrastructure project fund shall be made by warrant of the
6 secretary of finance and administration pursuant to vouchers
7 signed by the chair of the council.

8 SECTION 7. [NEW MATERIAL] ACEQUIA INFRASTRUCTURE PROJECT
9 FUND--CREATED--PURPOSE--APPROPRIATIONS.--

10 A. The "acequia infrastructure project fund" is
11 created in the state treasury and shall be administered by the
12 department in consultation with the commission.

13 B. The acequia infrastructure project fund consists
14 of:

15 (1) distributions from the trust fund;

16 (2) payments of principal and interest on
17 loans for qualified projects;

18 (3) other money appropriated by the
19 legislature or distributed or otherwise allocated to the
20 acequia infrastructure project fund for the purpose of
21 supporting qualified projects; and

22 (4) the proceeds of severance tax bonds
23 appropriated to the fund for qualified projects.

24 C. Except for severance tax bond proceeds required
25 to revert to the severance tax bonding fund, balances in the

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1 acequia infrastructure project fund at the end of a fiscal year
2 shall revert to the trust fund.

3 D. The acequia infrastructure project fund may
4 consist of subaccounts as determined to be necessary by the
5 department.

6 E. The department, in consultation with the
7 commission, may establish procedures and adopt rules as
8 required to:

9 (1) administer the acequia infrastructure
10 project fund;

11 (2) originate grants or loans for qualified
12 projects recommended by the commission; and

13 (3) govern the process through which qualified
14 entities may apply for financial assistance from the acequia
15 infrastructure project fund.

16 F. Disbursements from the acequia infrastructure
17 project fund shall be made by warrant of the secretary of
18 finance and administration pursuant to vouchers signed by the
19 chair of the commission.

20 SECTION 8. [NEW MATERIAL] REPORTS.--

21 A. The council shall provide a report to the
22 appropriate legislative interim committee tasked with examining
23 land grant-merced issues no later than November 1 of each year
24 regarding the total expenditures from the land grant-merced
25 infrastructure project fund for the previous fiscal year, the

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1 purposes for which expenditures were made, an analysis of the
2 progress of the projects funded and recommendations for
3 improvement of the Land Grant-Merced and Acequia Infrastructure
4 Act.

5 B. The commission shall provide a report to the
6 appropriate legislative interim committee tasked with examining
7 acequia issues no later than October 1 of each year regarding
8 the total expenditures from the acequia infrastructure project
9 fund for the previous fiscal year, the purposes for which
10 expenditures were made, an analysis of the progress of the
11 projects funded and proposals for improvement of the Land
12 Grant-Merced and Acequia Infrastructure Act.

13 SECTION 9. Section 7-27-10.1 NMSA 1978 (being Laws 2003,
14 Chapter 134, Section 1, as amended) is amended to read:

15 "7-27-10.1. TRANSFER TO SEVERANCE TAX PERMANENT FUND
16 BEFORE DETERMINING BONDING CAPACITY--AUTHORIZATION FOR
17 SEVERANCE TAX BONDS--PRIORITY FOR WATER [PROJECTS] AND TRIBAL
18 INFRASTRUCTURE AND LAND GRANT-MERCED AND ACEQUIA INFRASTRUCTURE
19 PROJECTS.--

20 A. On December 31 of each year from 2019 through
21 2028, the division shall transfer twenty-three million six
22 hundred ninety thousand dollars (\$23,690,000) from the
23 severance tax bonding fund to the severance tax permanent fund,
24 unless the state board of finance determines that a lesser
25 transfer amount is necessary pursuant to Section 7-27-8 NMSA

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1 1978 to avoid a potential shortfall in debt service
2 obligations.

3 B. By January 15 of each year, the division shall
4 estimate the amount of bonding capacity available for severance
5 tax bonds to be authorized by the legislature based on the
6 lesser of the following estimates:

7 (1) an estimate that provides for equal annual
8 issuances over the expected term of bonds with terms greater
9 than one year anticipated to be issued by the state board of
10 finance in the fiscal year in compliance with the requirements
11 of Section 7-27-14 NMSA 1978; and

12 (2) an estimate that provides that issuances
13 for each year of that term shall be projected to result in
14 stable levels of state tax supported debt relative to the
15 median state debt ratios published by the national municipal
16 bond rating agencies.

17 C. The division shall allocate nine percent of the
18 estimated bonding capacity each year for water projects, and
19 the legislature authorizes the state board of finance to issue
20 severance tax bonds in the annually allocated amount for use by
21 the water trust board to fund water projects statewide. The
22 water trust board shall certify to the state board of finance
23 the need for issuance of bonds for water projects. The state
24 board of finance may issue and sell the bonds in the same
25 manner as other severance tax bonds in an amount not to exceed

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1 the authorized amount provided for in this subsection. If
2 necessary, the state board of finance shall take the
3 appropriate steps to comply with the federal Internal Revenue
4 Code of 1986, as amended. Proceeds from the sale of the bonds
5 are appropriated to the water project fund in the New Mexico
6 finance authority for the purposes certified by the water trust
7 board to the state board of finance.

8 D. The division shall allocate four and one-half
9 percent of the estimated bonding capacity for tribal
10 infrastructure projects.

11 E. The division shall allocate one and one-tenth
12 percent of the estimated bonding capacity for land grant-merced
13 infrastructure projects.

14 F. The division shall allocate one and one-tenth
15 percent of the estimated bonding capacity for acequia
16 infrastructure projects.

17 [~~E.~~] G. The legislature authorizes the state board
18 of finance to issue severance tax bonds in the amount provided
19 for in this section for use by the tribal infrastructure board
20 to fund tribal infrastructure projects. The tribal
21 infrastructure board shall certify to the state board of
22 finance the need for issuance of bonds for tribal
23 infrastructure projects. The state board of finance may issue
24 and sell the bonds in the same manner as other severance tax
25 bonds in an amount not to exceed the authorized amount provided

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1 for in this section. If necessary, the state board of finance
2 shall take the appropriate steps to comply with the [~~federal~~]
3 Internal Revenue Code of 1986, as amended. Proceeds from the
4 sale of the bonds are appropriated to the tribal infrastructure
5 project fund for the purposes certified by the tribal
6 infrastructure board to the state board of finance.

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

23 I. The legislature authorizes the state board of
24 finance to issue severance tax bonds in the amount provided for
25 in this section for use by the interstate stream commission to

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1 fund acequia infrastructure projects. The interstate stream
2 commission shall certify to the state board of finance the need
3 for issuance of bonds for acequia infrastructure projects. The
4 state board of finance may issue and sell the bonds in the same
5 manner as other severance tax bonds in an amount not to exceed
6 the authorized amount provided for in this section. If
7 necessary, the state board of finance shall take the
8 appropriate steps to comply with the Internal Revenue Code of
9 1986, as amended. Proceeds from the sale of the bonds are
10 appropriated to the acequia infrastructure project fund for the
11 purposes certified by the interstate stream commission for
12 acequia infrastructure projects to the state board of finance.

13 [F.] J. Money from the severance tax bonds provided
14 for in this section shall not be used to pay indirect project
15 costs. Any unexpended balance from proceeds of severance tax
16 bonds issued for a water, [~~project or a~~] tribal infrastructure,
17 acequia infrastructure or land grant-merced infrastructure
18 project shall revert to the severance tax bonding fund within
19 six months of completion of the project. The New Mexico
20 finance authority shall monitor and ensure proper reversions of
21 the bond proceeds appropriated for water projects, and the
22 department of finance and administration shall monitor and
23 ensure proper reversions of the bond proceeds appropriated for
24 acequia, tribal and land grant-merced infrastructure projects.

25 [G.] K. As used in this section:

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1 (1) "acequia infrastructure project" means a
2 qualified project approved by the interstate stream commission
3 pursuant to the Land Grant-Merced and Acequia Infrastructure
4 Act;

5 [~~(1)~~] (2) "division" means the board of
6 finance division of the department of finance and
7 administration;

8 (3) "land grant-merced infrastructure project"
9 means a qualified project approved by the land grant council
10 pursuant to the Land Grant-Merced and Acequia Infrastructure
11 Act;

12 [~~(2)~~] (4) "tribal infrastructure project"
13 means a qualified project under the Tribal Infrastructure Act;
14 and

15 [~~(3)~~] (5) "water project" means a capital
16 outlay project for:

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

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

21 (c) the restoration and management of
22 watersheds;

23 (d) flood prevention; or

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

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