AN ACT

RELATING TO SEVERANCE TAX BONDS; AMENDING THE SEVERANCE TAX
BONDING ACT TO CHANGE CERTAIN PROVISIONS PERTAINING TO
SUPPLEMENTAL SEVERANCE TAX BONDS; AUTHORIZING THE ISSUANCE
OF ADDITIONAL SUPPLEMENTAL SEVERANCE TAX BONDS FOR PUBLIC
SCHOOL CAPITAL OUTLAY PURPOSES; MAKING AN APPROPRIATION;
DECLARING AN EMERGENCY.

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

     Section 1. Section 7-27-14 NMSA 1978 (being Laws 1961,
Chapter 5, Section 11, as amended) is amended to read:

     "7-27-14. AMOUNT OF TAX--SECURITY FOR BONDS.--

          A. The legislature shall provide for the
continued assessment, levy, collection and deposit into the
severance tax bonding fund of the tax or taxes upon natural
resource products severed and saved from the soil of the
state that, together with such other income as may be
deposited to the fund, will be sufficient to produce an
amount that is at least the amount necessary to meet annual
debt service charges on all outstanding severance tax bonds
and supplemental severance tax bonds.

          B. The state board of finance shall issue no
severance tax bonds unless the aggregate amount of severance
tax bonds outstanding, and including the issue proposed, can
be serviced with not more than fifty percent of the annual
deposits into the severance tax bonding fund, as determined
by the deposits during the preceding fiscal year.

          C. The state board of finance shall issue no

supplemental severance tax bonds with a term that extends
beyond the fiscal year in which the bonds are issued unless
the aggregate amount of severance tax bonds and supplemental
severance tax bonds outstanding, and including the issue
proposed, can be serviced with not more than sixty-two and
one-half percent of the annual deposits into the severance
tax bonding fund, as determined by the deposits during the
preceding fiscal year.

      D. The state board of finance may issue
supplemental severance tax bonds with a term that does not
extend beyond the fiscal year on which they are issued if
the debt service on such supplemental severance tax bonds
when added to the debt service previously paid or scheduled
to be paid during that fiscal year on severance tax bonds
and supplemental severance tax bonds does not exceed
seventy-five percent of the deposits into the severance tax
bonding fund during the preceding fiscal year.

      E. The provisions of this section shall not be
modified by the terms of any severance tax bonds or
supplemental severance tax bonds hereafter issued."

  Section 2. SUPPLEMENTAL SEVERANCE TAX BONDS--PURPOSE
FOR WHICH ISSUED--APPROPRIATION OF PROCEEDS.--

      A. The state board of finance may issue and sell
supplemental severance tax bonds in compliance with the
Severance Tax Bonding Act in an amount not exceeding
seventy-five million dollars ($75,000,000) when the public
school capital outlay council certifies by resolution the
need for the issuance of the bonds for public school

critical capital outlay projects pursuant to the Public
School Capital Outlay Act.

        B. The state board of finance shall schedule the
issuance and sale of the bonds in the most expeditious and
economic manner possible upon a finding by the board that
the projects have been developed sufficiently to justify the
issuance and that the projects can proceed to contract
within a reasonable time. The state board of finance shall
further take the appropriate steps necessary to comply with
the Internal Revenue Code of 1986, as amended.

        C. The proceeds from the sale of the bonds are
appropriated in the public school capital outlay fund to
carry out the provisions of the Public School Capital Outlay
Act. If the public school capital outlay council has not
certified the need for the issuance of the bonds by the end
of fiscal year 2005, authorization provided in this section
shall expire. Any unexpended or unencumbered balance
remaining from the proceeds of bonds issued pursuant to this
section at the end of fiscal year 2006 shall revert to the
severance tax bonding fund.

    Section 3. EMERGENCY.--It is necessary for the public
peace, health and safety that this act take effect
immediately.