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HOUSE BILL 114

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,  
2000**

INTRODUCED BY  
Ted Hobbs

AN ACT

RELATING TO INVESTMENT OF THE SEVERANCE TAX PERMANENT FUND;  
CHANGING CERTAIN PROVISIONS PERTAINING TO INVESTMENT OF THE  
SEVERANCE TAX PERMANENT FUND IN NEW MEXICO VENTURE CAPITAL  
FUNDS.

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

Section 1. Section 7-27-5.15 NMSA 1978 (being Laws  
1990, Chapter 126, Section 5, as amended) is amended to read:

"7-27-5.15. NEW MEXICO VENTURE CAPITAL FUND  
INVESTMENTS.--

A. No more than [~~one~~] three percent of the market  
value of the severance tax permanent fund may be invested in  
New Mexico venture capital funds under this section.

B. If an investment is made under this section,  
not more than [~~seven million five hundred thousand dollars~~  
(~~\$7,500,000~~)] fifteen million dollars (\$15,000,000) of the

underscored material = new  
~~[bracketed material] = delete~~

1 amount authorized for investment pursuant to Subsection A of  
2 this section shall be invested in any one New Mexico venture  
3 capital fund. The amount invested in any one New Mexico  
4 venture capital fund shall not exceed fifty percent of the  
5 committed capital of that fund.

6 C. In making investments pursuant to this section,  
7 the council shall give consideration to investments in New  
8 Mexico venture capital funds whose investments enhance the  
9 economic development objectives of the state.

10 D. The state investment officer shall make  
11 investments pursuant to this section only upon approval of  
12 the council and upon review of the recommendation of the  
13 venture capital investment advisory committee. The state  
14 investment officer is authorized to make investments pursuant  
15 to this section contingent upon a New Mexico venture capital  
16 fund securing paid-in investments from other accredited  
17 investors for the balance of the minimum committed capital of  
18 the fund.

19 E. As used in this section:

20 (1) "committed capital" means the sum of the  
21 fixed amounts of money which accredited investors have  
22 obligated for investment in a New Mexico venture capital fund  
23 and which fixed amounts may be invested in that fund on one  
24 or more payments over time; and

25 (2) "New Mexico venture capital fund" means  
any limited partnership, limited liability company or  
corporation organized and operating in the United States and

underscored material = new  
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1 maintaining an office staffed by a full-time investment  
2 officer in New Mexico that:

3 (a) has as its primary business  
4 activity the investment of funds in return for equity in  
5 businesses for the purpose of providing capital for start-up,  
6 expansion, product or market development or similar business  
7 purposes;

8 (b) holds out the prospects for capital  
9 appreciation from such investments;

10 (c) has a minimum committed capital of  
11 [~~five million dollars (\$5,000,000)~~] fifteen million dollars  
12 (\$15,000,000);

13 (d) has at least one full-time manager  
14 with at least three years of professional experience in  
15 assessing the growth prospects of businesses or evaluating  
16 business plans and who has established permanent residency in  
17 the state;

18 (e) is committed to investing or helps  
19 secure investing by others in an amount at least equal to the  
20 total investment made by the state investment officer in that  
21 fund pursuant to this section, in businesses with a principal  
22 place of business in the state and that hold promise for  
23 attracting additional capital from individual or  
24 institutional investors nationwide for businesses in the  
25 state; and

(f) accepts investments only from  
accredited investors as that term is defined in Section 2 of

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~~[bracketed material] = delete~~

1 the federal Securities Act of 1933, as amended, (15 U.S.C.  
2 Section 77(b)) and rules and regulations promulgated pursuant  
3 to that section."

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