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SENATE BILL 297

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

INTRODUCED BY

Manny M. Aragon

FOR THE LEGISLATIVE FINANCE COMMITTEE

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

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1 fund, will be sufficient to produce an amount that is at
2 least the amount necessary to meet annual debt service
3 charges on all outstanding severance tax bonds and
4 supplemental severance tax bonds.

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

11 C. The state board of finance shall issue no
12 supplemental severance tax bonds with a term of one year or
13 more unless the aggregate amount of severance tax bonds and
14 supplemental severance tax bonds outstanding, and including
15 the issue proposed, can be serviced with not more than sixty-
16 two and one-half percent of the annual deposits into the
17 severance tax bonding fund, as determined by the deposits
18 during the preceding fiscal year.

19 D. The state board of finance may issue
20 supplemental severance tax bonds with a term of less than one
21 year if the aggregate amount of severance tax bonds and
22 supplemental severance tax bonds outstanding, and including
23 the issue proposed, can be serviced with not more than
24 seventy-five percent of the annual deposits into the
25 severance tax bonding fund, as determined by the deposits
during the preceding fiscal year.

[D.] E. The provisions of this section shall not

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1 be modified by the terms of any severance tax bonds or
2 supplemental severance tax bonds hereafter issued."

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

5 A. The state board of finance may issue and sell
6 supplemental severance tax bonds in compliance with the
7 Severance Tax Bonding Act in an amount not exceeding seventy-
8 five million dollars (\$75,000,000) when the public school
9 capital outlay council certifies by resolution the need for
10 the issuance of the bonds for public school critical capital
11 outlay projects pursuant to the Public School Capital Outlay
12 Act.

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

21 C. The proceeds from the sale of the bonds are
22 appropriated in the public school capital outlay fund to
23 carry out the provisions of the Public School Capital Outlay
24 Act. If the public school capital outlay council has not
25 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

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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. EFFECTIVE DATE--CONTINGENCY.--The provisions of this act shall not take effect unless either House Bill 86 or Senate Bill 151 of the second session of the forty-fourth legislature, or any similar legislation, is enacted into law, making all public schools eligible to apply for public school capital outlay funds pursuant to the Public School Capital Outlay Act.

Section 4. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.