

AN ACT

RELATING TO PUBLIC FINANCE; AMENDING CERTAIN SECTIONS OF THE SEVERANCE TAX BONDING ACT.

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

Section 1. Section 7-27-12 NMSA 1978 (being Laws 1961, Chapter 5, Section 10, as amended) is amended to read:

"7-27-12. WHEN SEVERANCE TAX BONDS TO BE ISSUED. --

A. The state board of finance shall issue and sell all severance tax bonds when authorized to do so by any law that sets out the amount of the issue and the recipient of the money.

B. The state board of finance shall also issue and sell severance tax bonds authorized by Sections 72-14-36 through 72-14-42 NMSA 1978, and such authority as has been given to the interstate stream commission to issue and sell such bonds is transferred to the state board of finance. The state board of finance shall issue and sell all severance tax bonds only when so instructed by resolution of the governing body or by written direction from an authorized officer of the recipient of the bond money.

C. Proceeds from supplemental severance tax bonds shall be used only for public school critical capital outlay projects pursuant to the Public School Capital Outlay Act or for infrastructure renovation and expansion at the state's

public post-secondary educational institutions and other institutions confirmed as state educational institutions in Article 12, Section 11 of the constitution of New Mexico pursuant to a plan developed and approved by the commission on higher education to fund the highest priority significant needs identified by the commission.

D. The state board of finance shall issue and sell all supplemental severance tax bonds when authorized to do so by any law that sets out the amount of the issue and names the public school capital outlay council or the commission on higher education as the recipient of the money. The state board of finance shall issue and sell supplemental severance tax bonds only when so instructed by resolution of the public school capital outlay council or by resolution of the commission on higher education."

Section 2. Section 7-27-18 NMSA 1978 (being Laws 1961, Chapter 5, Section 15) is amended to read:

"7-27-18. PROCEDURE FOR SALE OF BONDS. --

A. Severance tax bonds and supplemental severance tax bonds shall be sold by the state board of finance at such times and in such manner as the board may elect, consistent with the need of the board, commission or agency that is the recipient of the bond money, to the highest bidder for cash at not less than par and accrued interest.

B. The state board of finance shall publish a

notice of the time and place of sale in a newspaper of general circulation in the state, and also in a recognized financial journal outside the state. Such publication shall be made once at least five business days prior to the date fixed for such sale. Such notice shall specify the amount, denomination, maturity and description of the bonds to be offered for sale and the place, day and hour at which bids therefor shall be received and publicly examined. All bids shall be sealed or sent by facsimile or other electronic transmission to the state board of finance as set forth in the notice. All bids, except that of the state, shall be accompanied by a deposit of two percent of the bid price, either in the form of a financial surety bond or in cash or by cashier's check or treasurer's check of, or by certified check drawn on, a solvent commercial bank or trust company in the United States. The financial surety bond or the long-term debt obligations of the issuer or person guarantying the obligations of the issuer of the financial surety bond shall be rated in one of the top two rating categories of a nationally recognized rating agency, without regard to any modification of the rating, and the financial surety bond shall be issued by an insurance company licensed to issue such a bond in New Mexico. Deposits of unsuccessful bidders shall be returned upon rejection of the bid.

C. At the time and place specified in such

notice, bids shall be publicly examined and the bonds, or any part thereof, shall be awarded to the bidder or bidders offering the best price therefor. Before delivering any bonds sold, the state treasurer shall detach therefrom and cancel all interest coupons that may have matured prior to the date of delivery. The state board of finance may reject any or all bids and readvertise. The state board of finance may sell a severance tax bond or supplemental severance tax bond issue, or any part thereof, to the state at private sale. "