

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE BILL 170

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Robert M. Burpo

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

underscored material = new
[bracketed material] = delete

1 such bonds is transferred to the state board of finance. The
2 state board of finance shall issue and sell all severance tax
3 bonds only when so instructed by resolution of the governing
4 body or ~~[executive head]~~ by written direction from an
5 authorized officer of the recipient of the bond money.

6 C. Proceeds from supplemental severance tax bonds
7 shall be used only for public school critical capital outlay
8 projects pursuant to the Public School Capital Outlay Act or
9 for infrastructure renovation and expansion at the state's
10 public post-secondary educational institutions and other
11 institutions confirmed as state educational institutions in
12 Article 12, Section 11 of the constitution of New Mexico
13 pursuant to a plan developed and approved by the commission on
14 higher education to fund the highest priority significant
15 needs identified by the commission.

16 D. The state board of finance shall issue and sell
17 all supplemental severance tax bonds when authorized to do so
18 by any law that sets out the amount of the issue and names the
19 public school capital outlay council or the commission on
20 higher education as the recipient of the money. The state
21 board of finance shall issue and sell supplemental severance
22 tax bonds only when so instructed by resolution of the public
23 school capital outlay council or by resolution of the
24 commission on higher education ~~[pursuant to certification by~~
25 ~~the governing bodies of the appropriate educational~~

underscored material = new
[bracketed material] = delete

1 ~~institutions]~~."

2 Section 2. Section 7-27-14 NMSA 1978 (being Laws 1961,
3 Chapter 5, Section 11, as amended) is amended to read:

4 "7-27-14. AMOUNT OF TAX--SECURITY FOR BONDS. --

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

14 B. The state board of finance shall issue no
15 severance tax bonds with a term that extends beyond the fiscal
16 year in which the bonds are issued unless the aggregate amount
17 of severance tax bonds outstanding, and including the issue
18 proposed, can be serviced with not more than fifty percent of
19 the annual deposits into the severance tax bonding fund, as
20 determined by the deposits during the preceding fiscal year.
21 The state board of finance may issue severance tax bonds with
22 a term that does not extend beyond the fiscal year in which
23 they are issued if the debt service on such severance tax
24 bonds when added to the debt service previously paid or
25 scheduled to be paid during that fiscal year on severance tax

. 134490. 1

underscored material = new
[bracketed material] = delete

1 bonds does not exceed fifty percent of the deposits into the
2 severance tax bonding fund during the preceding fiscal year.

3 C. The state board of finance shall issue no
4 supplemental severance tax bonds with a term that extends
5 beyond the fiscal year in which the bonds are issued unless
6 the aggregate amount of severance tax bonds and supplemental
7 severance tax bonds outstanding, and including the issue
8 proposed, can be serviced with not more than sixty-two and
9 one-half percent of the annual deposits into the severance tax
10 bonding fund, as determined by the deposits during the
11 preceding fiscal year.

12 D. The state board of finance may issue
13 supplemental severance tax bonds with a term that does not
14 extend beyond the fiscal year in which they are issued if the
15 debt service on such supplemental severance tax bonds when
16 added to the debt service previously paid or scheduled to be
17 paid during that fiscal year on severance tax bonds and
18 supplemental severance tax bonds does not exceed eighty-seven
19 and one-half percent of the deposits into the severance tax
20 bonding fund during the preceding fiscal year.

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

24 Section 3. Section 7-27-18 NMSA 1978 (being Laws 1961,
25 Chapter 5, Section 15) is amended to read:

. 134490. 1

1 "7-27-18. PROCEDURE FOR SALE OF BONDS. --

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

8 B. The state board of finance shall publish a
9 notice of the time and place of sale in a newspaper of general
10 circulation in the state, and also in a recognized financial
11 journal outside the state. Such publication shall be made
12 once ~~[each week for two consecutive weeks]~~ at least five
13 business days prior to the date fixed for such sale ~~[the last~~
14 ~~publication to be at least ten days prior to the date of~~
15 ~~sale]~~. Such notice shall specify the amount, denomination,
16 maturity and description of the bonds to be offered for sale
17 and the place, day and hour at which ~~[sealed]~~ bids therefor
18 shall be received and publicly examined. All bids shall be
19 sealed or sent by facsimile or other electronic transmission
20 to the state board of finance as set forth in the notice. All
21 bids, except that of the state, shall be accompanied by a
22 deposit of two percent of the bid price, either in the form of
23 a financial surety bond or in cash or by cashier's check or
24 treasurer's check of, or by certified check drawn on, a
25 solvent commercial bank or trust company in the United States.

underscored material = new
[bracketed material] = delete

1 The financial surety bond or the long-term debt obligations of
2 the issuer or person guarantying the obligations of the issuer
3 of the financial surety bond shall be rated in one of the top
4 two rating categories of a nationally recognized rating
5 agency, without regard to any modification of the rating, and
6 the financial surety bond shall be issued by an insurance
7 company licensed to issue such a bond in New Mexico. Deposits
8 of unsuccessful bidders shall be returned upon rejection of
9 the bid.

10 C. At the time and place specified in such notice,
11 [~~the state board of finance shall open the bids in public and~~
12 ~~shall award~~] bids shall be publicly examined and the bonds, or
13 any part thereof, shall be awarded to the bidder or bidders
14 offering the best price therefor. Before delivering any bonds
15 sold, the state treasurer shall detach therefrom and cancel
16 all interest coupons [~~which~~] that may have matured prior to
17 the date of delivery. The state board of finance may reject
18 any or all bids and readvertise. The state board of finance
19 may sell a severance tax bond or supplemental severance tax
20 bond issue, or any part thereof, to the state at private
21 sale. "