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HOUSE BILL 171

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

INTRODUCED BY

Robert M. Burpo

AN ACT

**RELATING TO PUBLIC FINANCE; CLARIFYING PROVISIONS THAT GOVERN
THE STATE TREASURER'S INVESTMENT OF THE SHORT-TERM INVESTMENT
FUND.**

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

**Section 1. Section 6-10-10.1 NMSA 1978 (being Laws 1988,
Chapter 61, Section 2, as amended) is amended to read:**

**"6-10-10.1. SHORT-TERM INVESTMENT FUND CREATED--
DISTRIBUTION OF EARNINGS--REPORT OF INVESTMENTS.--**

**A. There is created in the state treasury the
"short-term investment fund". The fund shall consist of all
deposits from governmental entities and Indian tribes or
pueblos that are placed in the custody of the state treasurer
for short-term investment purposes pursuant to this section.
The state treasurer shall maintain a separate account for each**

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1 governmental entity and Indian tribe or pueblo having deposits
2 in the fund.

3 B. If any local public body is unable to receive
4 payment on public money at the rate of interest as set forth
5 in Section 6-10-36 NMSA 1978 from financial institutions
6 within the geographic boundaries of the governmental unit,
7 then a local public finance official having money of that
8 local public body in his custody not required for current
9 expenditure [~~within thirty days or less~~] may, with the consent
10 of the appropriate local board of finance, if any, remit some
11 or all of such money to the state treasurer [~~bank, savings and~~
12 ~~loan association or credit union~~] for deposit for the purpose
13 of short-term investment as allowed by this section.

14 [~~C. Before any local funds are invested or~~
15 ~~reinvested for the purpose of short-term investment pursuant~~
16 ~~to this section, the local public body finance official shall~~
17 ~~notify and make such funds available to banks, savings and~~
18 ~~loan associations and credit unions located within the~~
19 ~~geographical boundaries of their respective governmental unit,~~
20 ~~subject to the limitation on credit union accounts. To be~~
21 ~~eligible for such funds, the financial institution shall pay~~
22 ~~to the local public body the rate established by the state~~
23 ~~treasurer pursuant to a policy adopted by the state board of~~
24 ~~finance for such short-term investments.~~

25 ~~D.]~~ C. The local public body finance official

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1 shall specify the length of time each deposit shall be in the
2 short-term investment fund, but in any event the deposit shall
3 not be made for more than one hundred eighty-one days. The
4 state treasurer through the use of the state fiscal agent
5 shall separately track each such deposit and shall make such
6 information available to the public upon written request.

7 [E-] D. The state treasurer shall invest the
8 short-term investment fund as provided for state funds under
9 Section 6-10-10 NMSA 1978 [~~and~~] in investments with a maturity
10 at the time of purchase that does not exceed three hundred
11 ninety-seven days. The state treasurer may elect to have the
12 short-term investment fund consolidated for investment
13 purposes with the state funds under the control of the state
14 treasurer; provided that accurate and detailed accounting
15 records are maintained for the account of each participating
16 entity and Indian tribe or pueblo and that a proportionate
17 amount of interest earned is credited to each of the separate
18 government accounts. [~~The state treasurer may invest a~~
19 ~~portion of the funds in banks, savings and loan associations~~
20 ~~or credit unions subject to the requirements of this section.~~]
21 The fund shall be invested to achieve its objective, which is
22 to realize the maximum return consistent with safe and prudent
23 management.

24 [F-] E. At the end of each month, all [~~interest~~
25 ~~earned~~] net investment income or losses from investment of the

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1 short-term investment fund shall be distributed by the state
2 treasurer to the contributing entities and Indian tribes or
3 pueblos in amounts directly proportionate to the respective
4 amounts deposited in the fund and the length of time the
5 amounts in the fund were invested. The state treasurer shall
6 charge participating entities, Indian tribes and pueblos [a
7 ~~fee of five basis points~~] reasonable audit, administrative and
8 investment expenses to be paid directly from their net
9 investment income for the investment and administrative
10 services provided pursuant to this section.

11 [~~G.~~] F. As used in this section, [~~(1)~~] "local
12 public body" means any political subdivision of the state,
13 including school districts and any post-secondary educational
14 institution. [~~and (2) "short-term" means less than thirty~~
15 ~~days.~~

16 [~~H.~~] G. In addition to the deposit of funds of
17 local public bodies, the state treasurer may also accept for
18 deposit, deposit and account for, in the same manner as funds
19 of local public bodies, funds of the following governmental
20 entities if the governing authority of the entity approves by
21 resolution the deposit of the funds for the short-term
22 investment:

23 (1) the agricultural commodity commission
24 established under the Agricultural Commodity Commission Act;

25 (2) the Albuquerque metropolitan arroyo flood

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1 control authority established under the Arroyo Flood Control
2 Act;

3 (3) the business improvement district
4 management committee established under the Business
5 Improvement District Act;

6 (4) the New Mexico community [assistance]
7 development council established under the New Mexico Community
8 Assistance Act;

9 (5) the governing authority of only special
10 districts authorized under Chapter 73 NMSA 1978;

11 (6) the board of trustees established under
12 the Economic Advancement District Act;

13 (7) the board of directors of a corporation
14 or foundation established under the Educational Assistance
15 Act;

16 (8) a board of directors established under
17 the Flood Control District Act;

18 (9) the New Mexico hospital equipment loan
19 council established under the Hospital Equipment Loan Act;

20 (10) the authority established under the
21 Industrial and Agricultural Finance Authority Act;

22 (11) the authority established under the Las
23 Cruces Arroyo Flood Control Act;

24 (12) the authority established under the
25 Mortgage Finance Authority Act;

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1 (13) the authority established under the
2 Municipal Mortgage Finance Act;

3 (14) the authority established under the
4 Public School Insurance Authority Act;

5 (15) the authority established under the
6 Southern Sandoval County Arroyo Flood Control Act;

7 (16) a board of trustees established under
8 the Special Hospital District Act; and

9 (17) the authority established under the
10 New Mexico Finance Authority Act.

11 [~~F.~~] H. In addition to the deposit of funds of
12 local public bodies, the state treasurer may also accept for
13 deposit and deposit and account for, in the same manner as
14 funds of local public bodies, funds of any Indian tribe or
15 pueblo in the state if authorized to do so under a joint
16 powers agreement executed by the state treasurer and the
17 governing authority of the Indian tribe or pueblo under the
18 provisions of the Joint Powers Agreements Act. "