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HOUSE BILL 656

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

INTRODUCED BY

Leo C. Watchman Jr.

AN ACT

RELATING TO PUBLIC SCHOOLS; PROVIDING AN ONGOING AUTHORIZATION FOR SUPPLEMENTAL SEVERANCE TAX BONDS FOR PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS; CREATING THE PUBLIC SCHOOL CAPITAL OUTLAY TASK FORCE; MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.

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

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1 sell severance tax bonds authorized by Sections 72-14-36
2 through 72-14-42 NMSA 1978, and such authority as has been
3 given to the interstate stream commission to issue and sell
4 such bonds is transferred to the state board of finance. The
5 state board of finance shall issue and sell all severance tax
6 bonds only when so instructed by resolution of the governing
7 body or executive head of the recipient of the bond money.

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

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

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1 ~~school capital outlay council or by resolution of the~~
2 ~~commission on higher education pursuant to certification by the~~
3 ~~governing bodies of the appropriate educational institutions].~~

4 D. Proceeds from supplemental severance tax bonds
5 issued pursuant to Paragraph (2) of Subsection A of Section 19
6 of Chapter 6 of Laws 1999 (1st S.S.) shall be used for the
7 purposes specified in that paragraph.

8 E. Except as provided in Subsection F of this
9 section, the state board of finance shall issue and sell all
10 supplemental severance tax bonds when so instructed by
11 resolution of the public school capital outlay council pursuant
12 to Section 7-27-12.2 NMSA 1978.

13 F. The state board of finance shall issue and sell
14 supplemental severance tax bonds authorized by Paragraph (2) of
15 Subsection A of Section 19 of Chapter 6 of Laws 1999 (1st S.S.)
16 when so instructed by resolution of the commission on higher
17 education pursuant to certification by the governing bodies of
18 the appropriate educational institutions."

19 Section 2. A new section of the Severance Tax Bonding
20 Act, Section 7-27-12.2 NMSA 1978, is enacted to read:

21 "7-27-12.2. [NEW MATERIAL] SUPPLEMENTAL SEVERANCE TAX
22 BONDS--PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS. --

23 A. The public school capital outlay council is
24 authorized to certify by resolution that proceeds of
25 supplemental severance tax bonds are needed for public school

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1 capital outlay projects pursuant to Section 22-24-5 NMSA 1978.
2 The resolution shall specify the total amount needed.

3 B. The state board of finance may issue and sell
4 supplemental severance tax bonds in compliance with the
5 Severance Tax Bonding Act when the public school capital outlay
6 council certifies by resolution the need for the issuance of
7 the bonds. The amount of the bonds sold at each sale shall not
8 exceed the lesser of the amount certified by the public school
9 capital outlay council or the amount that may be issued
10 pursuant to the restrictions of Section 7-27-14 NMSA 1978.

11 C. The state board of finance shall schedule the
12 issuance and sale of the bonds in the most expeditious and
13 economical manner possible.

14 D. The proceeds from the sale of the bonds are
15 appropriated to the public school capital outlay fund for the
16 purpose of making awards of grant assistance pursuant to
17 Section 22-24-5 NMSA 1978. "

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

20 "7-27-27. PURPOSE AND INTENT.--The purpose of the
21 Severance Tax Bonding Act is to establish the authority who
22 shall issue and sell all severance tax bonds [~~and supplemental~~
23 ~~severance tax bonds~~] for financing specific projects authorized
24 by the legislature and all supplemental severance tax bonds
25 pursuant to Section 7-27-12.2 NMSA 1978 and to guarantee

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1 redemption of such bonds by revenue derived from the receipts
2 from taxes levied upon natural resource products severed and
3 saved from the soil and such other money as the legislature may
4 from time to time determine. It is intended that projects to
5 be financed from the fund shall include ~~[but not be limited to]~~
6 the construction of buildings for state institutions and water
7 resource projects; and it is further intended that the income
8 from water resource projects in excess of the amount required
9 for operation and maintenance of the project shall be used to
10 repay the severance tax bonding fund. "

11 Section 4. Laws 1999 (1st S.S.), Chapter 6, Section 19 is
12 amended to read:

13 "Section 19. SUPPLEMENTAL SEVERANCE TAX BONDS--PURPOSE
14 FOR WHICH ISSUED--APPROPRIATION OF PROCEEDS.--

15 A. The state board of finance may issue and sell
16 supplemental severance tax bonds in compliance with the
17 Severance Tax Bonding Act in the following amounts for the
18 following purposes upon the following certification:

19 (1) an amount not exceeding one hundred
20 million dollars (\$100,000,000) when the public school capital
21 outlay council certifies by resolution the need for the
22 issuance of the bonds for public school critical capital outlay
23 projects pursuant to the Public School Capital Outlay Act; and

24 (2) an amount not exceeding twenty-five
25 million dollars (\$25,000,000) when the commission on higher

1 education certifies by resolution the need for the issuance of
2 the bonds for infrastructure renovation and expansion at the
3 state's public post-secondary educational institutions or other
4 educational institutions confirmed in Article 12, Section 11 of
5 the constitution of New Mexico pursuant to a plan developed and
6 approved by the commission on higher education to fund the
7 highest priority significant needs identified by the
8 commi ssi on.

9 ~~[E.]~~ B. The state board of finance shall schedule
10 the issuance and sale of the bonds in the most expeditious and
11 economical manner possible upon a finding by the board that the
12 projects have been developed sufficiently to justify the
13 issuance and that the projects can proceed to contract within a
14 reasonable time. The state board of finance shall further take
15 the appropriate steps necessary to comply with the Internal
16 Revenue Code of 1986, as amended.

17 ~~[D.]~~ C. The proceeds from the sale of the bonds
18 pursuant to Paragraph (1) of Subsection A of this section are
19 appropriated to the public school capital outlay fund to carry
20 out the provisions of the Public School Capital Outlay Act. If
21 the public school capital outlay council has not certified the
22 need for the issuance of the bonds by the end of fiscal year
23 ~~[2004]~~ 2001, authorization provided in this section shall
24 expire. Any unexpended or unencumbered balance remaining from
25 the proceeds of bonds issued pursuant to Paragraph (1) of

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1 Subsection A of this section at the end of fiscal year 2006
2 shall revert to the severance tax bonding fund.

3 ~~[E-]~~ D. The proceeds from the sale of the bonds in
4 Paragraph (2) of Subsection A of this section are appropriated
5 to the commission on higher education for distribution to the
6 governing bodies of the educational institutions who have
7 certified projects for funding with the bond proceeds. If the
8 commission on higher education has not certified the need for
9 the issuance of the bonds by the end of fiscal year 2004,
10 authorization provided in this section shall expire. Any
11 unexpended or unencumbered balance remaining from the proceeds
12 of bonds issued pursuant to Paragraph (2) of Subsection A of
13 this section at the end of fiscal year 2006 shall revert to the
14 severance tax bonding fund. "

15 Section 5. [NEW MATERIAL] PUBLIC SCHOOL CAPITAL OUTLAY
16 TASK FORCE-- CREATION-- STAFF. --

17 A. The "public school capital outlay task force" is
18 created. The task force consists of sixteen members as
19 follows:

20 (1) the nine members of the public school
21 capital outlay council;

22 (2) two members representing school districts
23 that receive grants from the federal government as assistance
24 to areas affected by federal activity authorized in accordance
25 with Title 20 of the United States Code, appointed by the New

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1 Mexico legislative council in consultation with the governor;

2 (3) the chairmen of the legislative finance
3 committee, the senate education committee and the house
4 education committee or their designees;

5 (4) one member appointed by the speaker of the
6 house of representatives; and

7 (5) one member appointed by the president pro
8 tempore of the senate.

9 Section 6. [NEW MATERIAL] PUBLIC SCHOOL CAPITAL OUTLAY
10 TASK FORCE--DUTIES.--The public school capital outlay task
11 force shall:

12 A. study and evaluate the progress and
13 effectiveness of programs administered pursuant to the Public
14 School Capital Outlay Act and the Public School Capital
15 Improvements Act;

16 B. evaluate the existing revenue streams for
17 funding public school capital outlay projects and recommend any
18 changes that may be more cost-effective or appropriate;

19 C. monitor and assist the public school capital
20 outlay council as it develops rules pursuant to the Public
21 School Capital Outlay Act; and

22 D. no later than December 1 of each year, report
23 the results of its analyses and its findings and
24 recommendations to the governor and the legislature.

25 Section 7. APPROPRIATIONS.--

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A. Two million three hundred thousand dollars (\$2,300,000) is appropriated from the general fund to the state department of public education for expenditure in fiscal years 2001 through 2003 for the purpose of assessing the needs of local school districts for public school capital outlay projects and projecting the costs of the projects. Any unexpended or unencumbered balance remaining at the end of fiscal year 2003 shall revert to the general fund.

B. Sixty-six million three hundred thirty thousand dollars (\$66,330,000) is appropriated from the general fund to the public school capital outlay fund for expenditure in fiscal years 2001 through 2004 for providing grant assistance for projects pursuant to the Public School Capital Outlay Act. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

C. Thirty-three million six hundred seventy thousand dollars (\$33,670,000) is appropriated from the general fund to the state department of public education for expenditure in fiscal years 2001 through 2004 for the purpose of completing the public school capital outlay projects specified in this subsection. Expenditure of each of the following amounts is contingent upon the department entering into a contract with the local school district containing such terms, conditions and reporting requirements as are required by the public school capital outlay council. Any unexpended or

1 unencumbered balance remaining at the end of fiscal year 2004
2 shall revert to the general fund. Included in the
3 appropriation are the following amounts for the following
4 projects:

5 (1) five million six hundred seventy thousand
6 dollars (\$5,670,000) to replace Navajo elementary school in the
7 Gallup-McKinley school district;

8 (2) six million dollars (\$6,000,000) to
9 construct Tohatchi middle school in the Gallup-McKinley school
10 district;

11 (3) seven million dollars (\$7,000,000) for a
12 new high school at Pueblo Pintado in the Gallup-McKinley school
13 district;

14 (4) ten million dollars (\$10,000,000) to
15 complete Laguna-Acoma high school in the Grants-Cibola school
16 district; and

17 (5) five million dollars (\$5,000,000) to
18 finish Zuni high school and other projects in the Zuni school
19 district.

20 D. Twenty thousand dollars (\$20,000) is
21 appropriated from the general fund to the legislative council
22 service for expenditure in fiscal years 2001 and 2002 for the
23 purpose of paying per diem and mileage for public members of
24 the public school capital outlay task force. Any unexpended or
25 unencumbered balance remaining at the end of fiscal year 2002

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1 shall revert to the general fund.

2 Section 8. REPEAL. --Laws 2000, Chapter 95, Section 2 and
3 Laws 2000 (2nd S. S.), Chapter 11, Section 3 are repealed.

4 Section 9. DELAYED REPEAL. --Sections 5 and 6 of this act
5 are repealed effective January 1, 2004.

6 Section 10. EFFECTIVE DATE. --The effective date of the
7 provisions of Sections 1 through 4 of this act is July 1, 2001.

8 Section 11. EMERGENCY. --It is necessary for the public
9 peace, health and safety that this act take effect immediately.

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