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## FISCAL IMPACT REPORT

SPONSOR:	<u>Burpo</u>	DATE TYPED:	<u>02/23/01</u>	HB	<u>170/aHTRC</u>
SHORT TITLE:	<u>Amend Severance Tax Bonding Act</u>			SB	<u></u>
		ANALYST:			<u>Williams</u>

### SOURCES OF INFORMATION

LFC Files

No Response

Department of Finance and Administration/State Board of Finance

### SUMMARY

#### Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment removes the section of the bill which clarifies that sponge, or short-term, severance tax bonds can be issued as long as the debt service on these bonds and scheduled debt service is not greater than 50 percent of the fund receipts in the preceding fiscal year.

#### Synopsis of Original Bill

The bill generally makes clarify and technical changes regarding the issuance of severance tax bonds. The language clarifies the issuance of sponge, or short-term, severance tax bonds as long as the debt service on these bonds and scheduled debt service is not greater than 50 percent of the fund receipts in the preceding fiscal year. Publication of bond sales is changed to at least five business days prior to the sale date to facilitate sales. The State Board of Finance is authorized to accept sealed bids and bids sent by facsimile or other electronic means. Bid deposits must be in the form of:

- financial surety bond, which must be backed by rating in one of the top two rating categories of a nationally recognized rating agency and issued by an insurance company appropriately licensed in New Mexico
- cash
- cashier's check
- treasurer's check of, or certified check drawn on, a solvent commercial bank or trust in the United States

### FISCAL IMPLICATIONS

No fiscal impact.

AW/njw:ar