AN ACT

RELATING TO PUBLIC FINANCE; SETTING A MINIMUM RATE OF RETURN FOR CERTAIN TRANSACTIONS OF THE NEW MEXICO FINANCE AUTHORITY.

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

Section 1. Section 6-21-23 NMSA 1978 (being Laws 1992, Chapter 61, Section 23, as amended) is amended to read:

"6-21-23. PROHIBITED ACTIONS.--The authority shall not:

A. lend money or make a grant other than to a qualified entity;

B. charge a rate of interest on any loan made with funds derived from governmental gross receipts tax revenue or from the proceeds of bonds issued by the authority that is less than the sum of:

(1) the weighted average interest rate of the most recently issued series of bonds of the authority; and

.154354.1

(2) a rate sufficient to recover the direct costs of the authority and a reasonable allocation of the authority's other administrative, origination and servicing costs;

C. earn a rate of interest on any securities purchased from a qualified entity with governmental gross receipts tax revenue or with the proceeds of bonds issued by the authority that is less than the sum of:

(1) the weighted average interest rate of the most recently issued series of bonds of the authority; and

(2) a rate sufficient to recover the direct costs of the authority and a reasonable allocation of the authority's other administrative, origination and servicing costs;

[B.] D. purchase securities other than from a qualified entity or other than for investment as provided in the New Mexico Finance Authority Act;

[C.] E. lease a public project to any entity other than a qualified entity; except that the authority may lease a public project to any entity following termination of a lease of the public project to a qualified entity if leasing the public project to an entity other than a qualified entity is necessary to avoid forfeiture or impairment of the public project or a default on bonds whose payment is secured, in whole or in part, by the public project or by lease rentals

.154354.1

1   from the public project;

2   [D.] F.   deal in securities within the meaning of or

3   subject to any securities law, securities exchange law or

4   securities dealers law of the United States or of the state or

5   of any other state or jurisdiction, domestic or foreign, except

6   as authorized in the New Mexico Finance Authority Act;

7   [E.] G.   issue bills of credit or accept deposits of

8   money for time on demand deposit or administer trusts or engage

9   in any form or manner, or in the conduct of, any private or

10   commercial banking business, or act as a savings bank or

11   savings and loan association or any other kind of financial

12   institution except as authorized in the New Mexico Finance

13   Authority Act;

14   [F.] H.   engage in any form of private or commercial

15   banking business except as authorized in the New Mexico Finance

16   Authority Act;

17   [G.] I.   lend money, issue bonds, including public-

18   private partnership project bonds, or make a grant for the

19   promotion of gaming or a gaming enterprise or for development

20   of infrastructure for a gaming facility; or

21   [H.] J.   after December 31, 2005, except in case of

22   an emergency, accept an application for financial assistance

23   from a municipality, county or other covered entity for a water

24   or wastewater project unless it is submitted with a water

25   conservation plan or a water conservation plan is on file with

.154354.1

- 3 -

1   the state engineer in accordance with the provisions of Section

2   [3 of this 2003 act] 72-14-3.2 NMSA 1978."

3   - 4 -

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

.154354.1