

State of New Mexico
House of Representatives

FIFTY-THIRD LEGISLATURE
FIRST SESSION

January 23, 2017

HOUSE FLOOR AMENDMENT number 1 to SENATE BILL 113, as amended

Amendment sponsored by Representative Patricia A. Lundstrom

1. Strike House Appropriations and Finance Committee Amendment 4.

2. On page 1, line 17, after the first semicolon, insert "SUSPENDING A PORTION OF THE SEVERANCE TAX BONDING CAPACITY ALLOCATION FOR WATER INFRASTRUCTURE PROJECTS; REQUIRING THE ISSUANCE OF SEVERANCE TAX BONDS;".

3. On page 6, line 4, strike "D." and insert in lieu thereof "C.".

4. On page 12, between lines 21 and 22, insert the following new sections:

"SECTION 8. Section 7-27-10.1 NMSA 1978 (being Laws 2003, Chapter 134, Section 1, as amended) is amended to read:

"7-27-10.1. BONDING CAPACITY--AUTHORIZATION FOR SEVERANCE TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL INFRASTRUCTURE PROJECTS.--

A. By January 15 of each year, the division shall estimate the amount of bonding capacity available for severance tax bonds to be authorized by the legislature.

B. For each year except 2017 and 2018, the division shall allocate nine percent of the estimated bonding capacity [~~each~~] for that year for water projects, and the legislature authorizes the state board of finance to issue severance tax bonds in the annually allocated amount for use by the water trust board to fund water

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projects statewide. The water trust board shall certify to the state board of finance the need for issuance of bonds for water projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in this subsection. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the water project fund in the New Mexico finance authority for the purposes certified by the water trust board to the state board of finance.

C. The division shall allocate the following [~~percentages~~] percentage of the estimated bonding capacity for tribal infrastructure projects:

- (1) in 2016, six and one-half percent; and
- (2) in 2017 and each subsequent year, four and one-half percent.

D. The legislature authorizes the state board of finance to issue severance tax bonds in the amount [~~allocated pursuant to~~] provided for in this section for use by the tribal infrastructure board to fund tribal infrastructure projects. The tribal infrastructure board shall certify to the state board of finance the need for issuance of bonds for tribal infrastructure projects. The state board of finance may issue and sell the bonds in the same manner as other severance tax bonds in an amount not to exceed the authorized amount provided for in this [~~subsection~~] section. If necessary, the state board of finance shall take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended. Proceeds from the sale of the bonds are appropriated to the tribal infrastructure project fund for the purposes certified by the tribal infrastructure board to the state board of finance.

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E. Money from the severance tax bonds provided for in this section shall not be used to pay indirect project costs. Any unexpended balance from proceeds of severance tax bonds issued for a water project or a tribal infrastructure project shall revert to the severance tax bonding fund within six months [of] after completion of the project. The New Mexico finance authority shall monitor and ensure proper reversions of the bond proceeds appropriated for water projects, and the department of finance and administration shall monitor and ensure proper reversions of the bond proceeds appropriated for tribal infrastructure projects.

F. As used in this section:

(1) "division" means the board of finance division of the department of finance and administration;

(2) "tribal infrastructure project" means a qualified project under the Tribal Infrastructure Act; and

(3) "water project" means a capital outlay project for:

(a) the storage, conveyance or delivery of water to end users;

(b) the implementation of federal Endangered Species Act of 1973 collaborative programs;

(c) the restoration and management of watersheds;

(d) flood prevention; or

(e) conservation, recycling, treatment or reuse of water."

SECTION 9. SEVERANCE TAX BOND PROCEEDS--2017 ALLOCATION FOR

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WATER RIGHTS ADJUDICATION--APPROPRIATION.--

A. The board of finance division of the department of finance and administration shall, for 2017, allocate that percentage of estimated severance tax bonding capacity for 2017 equal to the amount defined in Subsection B of this section to the agencies and for the purposes listed in Subsection C of this section. The state board of finance shall issue and sell severance tax bonds in that amount as expeditiously and economically as possible and take the appropriate steps necessary to comply with the federal Internal Revenue Code of 1986, as amended.

B. The percentage of estimated bonding capacity for 2017 allocated and the amount of severance tax bonds issued in accordance with Subsection A of this section is equal to the difference between:

(1) the amount the state engineer and the administrative office of the courts would receive in fiscal year 2018 in accordance with Section 72-4A-9 NMSA 1978 if nine percent of severance tax bonding capacity were allocated for water projects in 2017; and

(2) the amount dedicated in fiscal year 2018 in accordance with Section 72-4A-9 NMSA 1978 to the state engineer and to the administrative office of the courts.

C. Proceeds from the sale of the bonds issued in accordance with Subsection A of this section are appropriated for expenditure in fiscal year 2018 and subsequent fiscal years as follows:

(1) eighty percent to the state engineer for water rights adjudications; and

(2) twenty percent to the administrative office of

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the courts for the courts' costs associated with those adjudications.

SECTION 10. ISSUANCE OF SEVERANCE TAX BONDS--APPROPRIATION TO THE GENERAL FUND.--

A. In fiscal year 2017, in addition to the bonds issued in accordance with Section 7-27-14 NMSA 1978 and notwithstanding the limitations of that section, the state board of finance shall, in accordance with the Severance Tax Bonding Act, issue and sell severance tax bonds when the secretary of finance and administration certifies the need for and the amount of the bonds. The secretary shall certify the need for those bonds in an amount equal to the amount that would be issued if the suspension effected by Section 8 of this 2017 act were not in effect, minus the amount of severance tax bonds issued in accordance with Section 9 of this 2017 act.

B. The state board of finance shall issue and sell bonds as required by Subsection A of this section as expeditiously and economically as possible and take the appropriate steps necessary to comply with the federal Internal Revenue Code of 1986, as amended.

C. Proceeds from the sale of bonds issued in accordance with Subsection A of this section are appropriated to the general fund. The board of finance division of the department of finance and administration shall transfer the proceeds from that sale to the general fund for use by the department in fiscal year 2017 to restore the allotments from the general fund for capital project appropriations whose expenditure periods end on or before June 30, 2016.

SECTION 11. TEMPORARY PROVISION.--Promptly after the effective date of this act, the board of finance division of the department of finance and administration shall revise its 2017 estimate of the amount of bonding capacity available for severance tax bonds authorized by the legislature."

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5. Renumber the succeeding section accordingly.

Patricia A. Lundstrom

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____