

**FIFTY-FOURTH LEGISLATURE
FIRST SESSION, 2019**

January 21, 2019

Mr. Speaker:

Your **JUDICIARY COMMITTEE**, to whom has been referred

HOUSE BILL 229

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. On page 1, line 15, after "DUTIES", insert "; PROVIDING A PROPERTY TAX EXEMPTION".
2. On page 1, line 18, strike "This" and insert in lieu thereof "Sections 1 through 10 of this 2019".
3. On page 6, line 12, before "exercise", insert "sixty days after delivering written notice to the municipality and county that formed the district,".
4. On page 9, between lines 2 and 3, insert the following new sections:

"SECTION 7. [NEW MATERIAL] BONDING AUTHORITY.--

A. A district may issue revenue bonds, the pledged revenue for which shall be fees, charges, lease payments, installment sale payments or other revenue sources by a project for any one or more of the purposes authorized by the Regional Air Center Special Economic District Act.

B. A district may pledge irrevocably any or all of the revenue received by the district to the payment of the interest on and principal of revenue bonds for any of the purposes authorized in the Regional Air Center Special Economic District Act.

C. Revenues in excess of the annual principal and interest due on revenue bonds secured by a pledge of revenue may be accumulated in a debt service reserve account. The district may appoint a commercial bank trust department to act as paying agent or trustee of the revenues and to administer the payment of principal of and interest on the bonds.

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D. Except as otherwise provided in the Regional Air Center Special Economic District Act, revenue bonds:

(1) may have interest, principal value or any part thereof payable at intervals or at maturity as may be determined by the authority;

(2) may be subject to a prior redemption at the district's option at a time and upon terms and conditions, with or without the payment of a premium, as determined by the authority;

(3) may mature at any time not exceeding thirty years after the date of issuance;

(4) may be serial in form and maturity, may consist of one bond payable at one time or in installments or may be in another form determined by the authority;

(5) shall be sold for cash at, above or below par and at a price that results in a net effective interest rate that does not exceed the maximum permitted by the Public Securities Act and the Public Securities Short-Term Interest Rate Act; and

(6) may be sold at public or negotiated sale.

E. At a regular or special meeting, the authority may adopt a resolution that:

(1) declares the necessity for issuing revenue bonds;

(2) authorizes the issuance of revenue bonds by an affirmative vote of a majority of all the members of the authority; and

(3) designates the sources of revenues to be pledged to the repayment of the revenue bonds.

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SECTION 8. [NEW MATERIAL] REFUNDING BONDS.--

A. A district that has issued bonds in accordance with the Regional Air Center Special Economic District Act may issue refunding bonds for the purpose of refinancing, paying and discharging all or any part of outstanding bonds for the:

(1) acceleration, deceleration or other modification of the payment of the outstanding bonds, including, without limitation, any capitalization of any interest thereon in arrears or about to become due for any period not exceeding two years from the date of the refunding bonds;

(2) purpose of reducing interest costs or effecting other economies; or

(3) purpose of modifying or eliminating restrictive contractual limitations:

(a) pertaining to the issuance of additional bonds; or

(b) concerning the outstanding bonds or facilities relating to the outstanding bonds.

B. A district may pledge irrevocably for the payment of interest, principal and premium, if any, on refunding bonds the appropriate pledged revenues, which may be pledged to an original issue of bonds.

C. Refunding bonds may be issued separately or in combination in one series or more.

D. Refunding bonds shall be authorized by resolution. Bonds that are refunded shall be paid at maturity or on any permitted prior redemption date in the amounts, at the time and places and, if called prior to maturity, in accordance with any applicable notice provisions, all as provided in the proceedings authorizing the issuance of the refunded bonds or otherwise appertaining thereto, except for

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any such bond that is voluntarily surrendered for exchange or payment by the holder or owner.

E. The principal amount of the refunding bonds may exceed the principal amount of the refunded bonds and may also be less than or the same as the principal amount of the bonds being refunded if provision is duly and sufficiently made for the payment of the refunded bonds.

F. The proceeds of refunding bonds, including accrued interest and premiums appertaining to the sale of refunding bonds, shall be immediately applied to the retirement of the bonds being refunded or placed in escrow in a commercial bank or trust company that possesses and exercises trust powers and that is a member of the federal deposit insurance corporation. The proceeds shall be applied to the principal of, interest on and any prior redemption premium due in connection with the bonds being refunded; provided that the refunding bond proceeds, including accrued interest and premiums appertaining to a sale of refunding bonds, may be applied to the establishment and maintenance of a reserve fund and to the payment of expenses incidental to the refunding and the issuance of the refunding bonds, the interest on those bonds and the principal of those bonds, or both interest and principal as the authority determines. This section does not require the establishment of an escrow if the refunded bonds and the amounts necessary to retire the refunded bonds within that time are deposited with the paying agent for the refunded bonds. Any such escrow shall not necessarily be limited to proceeds of refunding bonds but may include other money available for its purpose. Proceeds in escrow pending such use may be invested or reinvested in bills, certificates of indebtedness, notes or bonds that are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States or in certificates of deposit of banks that are members of the federal deposit insurance corporation; provided that the par value of the certificates of deposit is collateralized by a pledge of obligations or by a pledge of payment that is unconditionally guaranteed by the United States; and further provided that the par value of those obligations is at least seventy-five percent of the par value of the certificates of

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deposit. Such proceeds and investments in escrow, together with any interest or other income to be derived from any such investment, shall be in an amount at all times sufficient as

to principal, interest, any prior redemption premium due and any charges of the escrow agent payable therefrom to pay the bonds being refunded as they become due at their respective maturities or at any designated prior redemption date or dates in connection with which the municipality shall exercise a prior redemption option. A purchaser of a refunding bond issued is not responsible for the application of the proceeds by the district or any of its officers, agents or employees.

G. Refunding bonds may bear additional terms and provisions as determined by the district subject to the limitations in this section relating to original bond issues. Refunding bonds are not subject to the provisions of any other statute.

H. District refunding bonds:

(1) may have interest, principal value or any part thereof payable at intervals or at maturity, as determined by the authority;

(2) may be subject to prior redemption at the district's option at a time or times and upon terms and conditions with or without payment of premium or premiums, as determined by the authority;

(3) may be serial in form and maturity or may consist of a single bond payable in one or more installments or may be in another form, as determined by the authority; and

(4) shall be exchanged for the bonds and any matured unpaid interest being refunded at not less than par or sold at public or negotiated sale at, above or below par and at a price that results in a net effective interest rate that does not exceed the maximum permitted by the Public Securities Act.

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I. At a regular or special meeting, an authority may adopt a resolution by majority vote to authorize the issuance of the refunding bonds.

SECTION 9. [NEW MATERIAL] BONDS NOT OBLIGATION OF THE STATE.--Except as otherwise provided in the Regional Air Center Special Economic District Act, all bonds or other obligations issued pursuant to that act are payable solely from the revenues of the district that may be pledged to the payment of such obligations, and the bonds or other obligations shall not create an obligation, debt or liability of the state or any other of its political subdivisions. No breach of any pledge, obligation or agreement or a district shall impose a pecuniary liability or a charge upon the general credit or taxing power of the state or any other of its political subdivisions.

SECTION 10. [NEW MATERIAL] DISSOLUTION.--The municipality and county that formed the district and any counties, municipalities, Indian nations, tribes or pueblos that have become part of the district may, by unanimous vote, agree to unwind and dissolve the district and dismiss the authority members if they find the district is not meeting the needs of the community in managing airport operations, creating jobs or fostering economic development. The assets and all debts and obligations of the district shall be transferred to and assumed by the county or municipality as set forth in the unwinding or dissolution agreement.

SECTION 11. Section 7-36-3 NMSA 1978 (being Laws 1975, Chapter 218, Section 1, as amended by Laws 2006, Chapter 90, Section 1 and by Laws 2006, Chapter 92, Section 1) is amended to read:

"7-36-3. INDUSTRIAL REVENUE BOND, POLLUTION CONTROL BOND, [~~AND~~] ECONOMIC DEVELOPMENT BOND AND REGIONAL AIR CENTER SPECIAL ECONOMIC DISTRICT BOND PROJECT PROPERTY--HEALTH-RELATED EQUIPMENT--TAX STATUS.--

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A. Property interests of a lessee in project property held under a lease from a county or a municipality under authority of an industrial revenue bond or pollution control revenue bond act, [~~or~~] the Statewide Economic Development Finance Act or the Regional Air Center Special Economic District Act are exempt from property taxation for as long as there is an outstanding bonded indebtedness under the

terms of the revenue bonds issued for the acquisition of the project property, but in no event for a period of more than thirty years from the date of execution of the first lease of the project to the lessee by the county or municipality.

B. Property interests of a person, other than a public utility, arising out of the purchase of a project authorized by the Industrial Revenue Bond Act, the County Industrial Revenue Bond Act, the Pollution Control Revenue Bond Act, [~~or~~] the Statewide Economic Development Finance Act or the Regional Air Center Special Economic District Act are exempt from property taxation for as long as the project purchaser remains liable to the project seller for any part of the purchase price, but not to exceed thirty years from the date of execution of the sale agreement.

C. Property interests of a participating health facility in health-related equipment purchased, acquired, leased, financed or refinanced with the proceeds of bonds issued under the Hospital Equipment Loan Act are exempt from property taxation for as long as the participating health facility remains liable for any amount under any lease, loan or other agreement securing the bonds, but not to exceed thirty years from the date the bonds were issued for the health-related equipment.

D. The exemptions from property taxation under this section are not cumulative; provided, however, that the exemptions may be applied consecutively if subsequent exemptions relate to the financing of a new project or new health-related equipment."".

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Respectfully submitted,

Gail Chasey, Chair

Adopted _____
(Chief Clerk)

Not Adopted _____
(Chief Clerk)

Date _____

The roll call vote was 11 For 2 Against

Yes: 11

No: Chandler, McQueen

Excused: Armstrong, D

Absent: None

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