

SENATE TAX, BUSINESS AND TRANSPORTATION  
COMMITTEE SUBSTITUTE FOR  
SENATE BILL 321

**55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

AN ACT

RELATING TO COURTS; ENACTING THE COUNTY COURTHOUSE BONDING ACT;  
AUTHORIZING THE NEW MEXICO FINANCE AUTHORITY TO ISSUE COUNTY  
COURTHOUSE TAX REVENUE BONDS; CREATING THE COUNTY COURTHOUSE  
BONDING FUND; CREATING THE COUNTY COURTHOUSE GRANT FUND;  
PROVIDING FOR GRANTS TO CERTAIN COUNTIES FOR COURTHOUSE  
PROJECTS; PROVIDING A TAX DISTRIBUTION TO THE COUNTY COURTHOUSE  
BONDING FUND.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1  
through 6 of this act may be cited as the "County Courthouse  
Bonding Act".

SECTION 2. [NEW MATERIAL] NEW MEXICO FINANCE AUTHORITY--  
BUILDING BONDS--PROCEEDS.--The New Mexico finance authority is  
authorized to issue and sell revenue bonds, known as "county

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1 courthouse tax revenue bonds", payable solely from the county  
2 courthouse bonding fund, in compliance with the County  
3 Courthouse Bonding Act for the purpose of remodeling,  
4 renovating or constructing courthouses, including the purchase  
5 of equipment and furnishings but excluding the purchase of land  
6 or buildings; provided that state funding shall be expended  
7 only for courtrooms and court-related facilities in counties  
8 that meet the requirements set by the authority pursuant to the  
9 County Courthouse Bonding Act. The net proceeds from the  
10 county courthouse tax revenue bonds shall be appropriated to  
11 the county courthouse grant fund.

12 SECTION 3. [NEW MATERIAL] COUNTY COURTHOUSE BONDING  
13 FUND--CREATED--MONEY IN THE FUND PLEDGED.--

14 A. The "county courthouse bonding fund" is created  
15 as a special fund within the New Mexico finance authority. The  
16 fund shall be administered by the New Mexico finance authority  
17 as a special account. The fund shall consist of money  
18 appropriated and transferred to the fund and gross receipts tax  
19 revenues distributed to the fund pursuant to Section 8 of the  
20 County Courthouse Bonding Act. Earnings of the fund shall be  
21 credited to the fund. Balances in the fund at the end of any  
22 fiscal year shall remain in the fund, except as provided in  
23 this section.

24 B. Money in the county courthouse bonding fund is  
25 pledged for the payment of principal and interest on all county

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1 courthouse tax revenue bonds issued pursuant to the County  
2 Courthouse Bonding Act. Money in the fund is appropriated to  
3 the New Mexico finance authority for the purpose of paying debt  
4 service on the county courthouse tax revenue bonds and the  
5 expenses incurred in the issuance, payment and administration  
6 of the bonds.

7 C. Any balance remaining in the county courthouse  
8 bonding fund shall be transferred to the general fund upon  
9 certification by the New Mexico finance authority that:

10 (1) the local government division of the  
11 department of finance and administration, the New Mexico  
12 finance authority and the administrative office of the courts  
13 have agreed that the county courthouse tax revenue bonds issued  
14 pursuant to the County Courthouse Bonding Act have been  
15 retired, that no additional obligations of the county  
16 courthouse bonding fund exist and that no additional  
17 expenditures from the fund are necessary; or

18 (2) a court of proper jurisdiction has ruled  
19 that the county courthouse tax revenue bonds have been retired,  
20 that no additional obligations of the county courthouse bonding  
21 fund exist and that no additional expenditures from the fund  
22 are necessary.

23 D. The county courthouse tax revenue bonds issued  
24 pursuant to the County Courthouse Bonding Act shall be payable  
25 solely from the county courthouse bonding fund or, with the

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1 approval of the bondholders, such other special funds as may be  
2 provided by law and do not create an obligation or indebtedness  
3 of the state within the meaning of any constitutional  
4 provision. No breach of any contractual obligation incurred  
5 pursuant to that act shall impose a pecuniary liability or a  
6 charge upon the general credit or taxing power of the state,  
7 and the bonds are not general obligations for which the state's  
8 full faith and credit are pledged.

9 SECTION 4. [NEW MATERIAL] COURTHOUSE BONDS--AGREEMENT OF  
10 THE STATE.--

11 A. The state does hereby pledge to and agree with  
12 the holders of any bonds or notes issued under the County  
13 Courthouse Bonding Act that the state will not limit or alter  
14 the rights hereby vested in the authority to fulfill the terms  
15 of any agreements made with the holders thereof or in any way  
16 impair the rights and agreements made with the holders thereof  
17 or in any way impair the rights and remedies of those holders  
18 until the bonds or notes together with the interest thereon,  
19 with interest on any unpaid installments or interest, and all  
20 costs and expenses in connection with any action or proceedings  
21 by or on behalf of those holders, are fully met and discharged.  
22 The New Mexico finance authority is authorized to include this  
23 pledge and agreement of the state in any agreement with the  
24 holders of the bonds or notes.

25 B. Any law authorizing the imposition, collection

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1 or distribution from the net receipts attributable to the gross  
 2 receipts tax imposed by the Gross Receipts and Compensating Tax  
 3 Act or that affects the tax shall not be amended, repealed or  
 4 otherwise directly or indirectly modified so as to impair or  
 5 reduce debt service coverage for any outstanding revenue bonds  
 6 that may be secured by a pledge of those tax revenues, unless  
 7 the revenue bonds have been discharged in full or provisions  
 8 have been made for a full discharge.

9 C. The New Mexico finance authority may secure the  
 10 county courthouse tax revenue bonds issued pursuant to this  
 11 section by a pledge of money in the public project revolving  
 12 fund with a lien priority on the money in the public project  
 13 revolving fund as determined by the authority.

14 SECTION 5. [NEW MATERIAL] FULL AUTHORITY FOR THE ISSUANCE  
 15 OF BONDS--BONDS AS LEGAL INVESTMENTS.--

16 A. The County Courthouse Bonding Act shall, without  
 17 reference to any other act of the legislature, be full  
 18 authority for the issuance and sale of county courthouse tax  
 19 revenue bonds, which bonds shall have all the qualities of  
 20 investment securities under the Uniform Commercial Code and  
 21 shall not be invalid for any irregularity or defect or be  
 22 contestable in the hands of bona fide purchasers or holders  
 23 thereof for value.

24 B. County courthouse tax revenue bonds are legal  
 25 investments for the public project revolving fund created in

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1 the New Mexico finance authority and any person or board  
2 charged with the investment of any public funds and are  
3 acceptable as security for any deposit of public money.

4 SECTION 6. [NEW MATERIAL] COUNTY COURTHOUSE GRANT FUND--  
5 CREATION--ADMINISTRATION--PURPOSES.--

6 A. There is created in the New Mexico finance  
7 authority the "county courthouse grant fund", which shall be  
8 administered by the authority. The authority shall adopt, in  
9 accordance with the New Mexico Finance Authority Act, rules  
10 necessary to administer the fund.

11 B. The following shall be deposited directly into  
12 the county courthouse grant fund:

13 (1) the net proceeds from the sale of bonds  
14 issued pursuant to the County Courthouse Bonding Act;

15 (2) money appropriated by the legislature to  
16 implement the provisions of this section; and

17 (3) any other public or private money  
18 dedicated to the fund.

19 C. Money in the county courthouse grant fund is  
20 appropriated to the authority to:

21 (1) make grants to qualified counties to  
22 remodel, renovate or construct courthouses, including equipment  
23 and furnishings, but excluding the purchase of land or  
24 buildings; provided that the grant shall be expended only for  
25 courtrooms and court-related facilities; and

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1 (2) administer the provisions of this section.

2 D. The authority shall adopt rules governing the  
3 terms and conditions of grants made from the county courthouse  
4 grant fund. Grants shall be made from the fund only if the  
5 qualified county provides matching funding for a proposed  
6 project, which shall be in an amount equal to the grant.  
7 Grants from the county courthouse grant fund shall be made only  
8 after the authority has determined that the financing for the  
9 complete project is cost-effective.

10 SECTION 7. A new section of the Tax Administration Act is  
11 enacted to read:

12 "[NEW MATERIAL] DISTRIBUTION--GROSS RECEIPTS TAX--  
13 COUNTY COURTHOUSE BONDING FUND.--Beginning July 1, 2021 and  
14 continuing monthly through June 30, 2026, a distribution  
15 pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the  
16 county courthouse bonding fund in the amount of one million  
17 dollars (\$1,000,000) from the net receipts attributable to the  
18 gross receipts tax imposed by the Gross Receipts and  
19 Compensating Tax Act."

20 SECTION 8. EFFECTIVE DATE.--The effective date of the  
21 provisions of this act is July 1, 2021.

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