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AN ACT

RELATING TO PUBLIC FINANCE; ALLOCATING SEVERANCE TAX BONDING
CAPACITY TO THE NEW MEXICO HOUSING TRUST FUND; AUTHORIZING
SEVERANCE TAX BONDS; REQUIRING CERTAIN REVERSIONS TO THE
SEVERANCE TAX BONDING FUND; REQUIRING THE NEW MEXICO MORTGAGE
FINANCE AUTHORITY TO PRIORITIZE EXPENDING OR ENCUMBERING
CERTAIN BALANCES IN THE NEW MEXICO HOUSING TRUST FUND.

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

SECTION 1. A new section of the Severance Tax Bonding
Act is enacted to read:

"AUTHORIZATION FOR SEVERANCE TAX BONDS--NEW MEXICO
MORTGAGE FINANCE AUTHORITY--NEW MEXICO HOUSING TRUST FUND.--

A. After the annual estimate of severance tax
bonding capacity is made pursuant to Subsection B of Section
7-27-10.1 NMSA 1978, the board of finance division of the
department of finance and administration shall allocate two
and one-half percent of the estimated bonding capacity for
the New Mexico housing trust fund for the purposes of
carrying out the provisions of the New Mexico Housing Trust
Fund Act.

B. The legislature authorizes the state board of
finance to issue severance tax bonds in the amount allocated
pursuant to this section for use by the New Mexico mortgage
finance authority to fund the New Mexico housing trust

1 fund for the purposes of carrying out the provisions of the
2 New Mexico Housing Trust Fund Act. The New Mexico mortgage
3 finance authority shall certify to the state board of finance
4 the need for issuance of bonds. The state board of finance
5 may issue and sell the bonds in the same manner as other
6 severance tax bonds in an amount not to exceed the authorized
7 amount provided for in this section. If necessary, the state
8 board of finance shall take the appropriate steps to comply
9 with the federal Internal Revenue Code of 1986, as that code
10 may be amended or renumbered. Proceeds from the sale of the
11 bonds are appropriated to the New Mexico housing trust fund
12 for the purposes certified by the New Mexico mortgage finance
13 authority to the state board of finance.

14 C. Money from the severance tax bonds provided
15 for in this section shall not be used to pay indirect project
16 costs. Any unexpended balance from proceeds of severance tax
17 bonds issued for projects pursuant to the New Mexico Housing
18 Trust Fund Act shall revert to the severance tax bonding
19 fund within one year of completion of the project. Any
20 unencumbered balance from the proceeds of severance tax bonds
21 issued pursuant to this section after three years from the
22 issuance of those bonds shall revert to the severance tax
23 bonding fund. The New Mexico mortgage finance authority
24 shall monitor and ensure proper reversions of the bond
25 proceeds appropriated for the projects."

1 SECTION 2. Section 58-18C-4 NMSA 1978 (being Laws 2005,
2 Chapter 105, Section 4) is amended to read:

3 "58-18C-4. NEW MEXICO HOUSING TRUST FUND CREATED.--

4 A. The "New Mexico housing trust fund" is
5 created in the authority. The fund shall consist of all
6 distributions, appropriations and other allocations made to
7 the fund. Earnings of the fund shall be credited to the
8 fund, and unexpended and unencumbered balances in the fund
9 shall not revert to any other fund except as provided in
10 Subsection D of this section. The authority shall be the
11 trustee for the fund, and the state investment council shall
12 be the investment agent for the fund. The fund may consist
13 of such subaccounts as the authority deems necessary to carry
14 out the purpose of the fund.

15 B. The fund shall consist of revenue from the
16 following recurring sources:

17 (1) appropriations and transfers from the
18 general fund;

19 (2) proceeds of severance tax bonds issued
20 pursuant to Section 1 of this 2022 act and any payments of
21 principal of and interest on loans for projects funded by the
22 proceeds of those bonds;

23 (3) any other money appropriated or
24 distributed to the fund; or

25 (4) any private contributions to the fund.

1 C. Money in the fund is appropriated to the
2 authority for the purposes of carrying out the provisions
3 of the New Mexico Housing Trust Fund Act. The authority
4 shall prioritize expending or encumbering balances in the
5 fund from payments of principal of and interest on loans for
6 projects funded by the proceeds of severance tax bonds prior
7 to expending or encumbering any proceeds from more recently
8 issued bonds.

9 D. The authority shall monitor and ensure proper
10 reversions of severance tax bond proceeds as required by
11 Section 1 of this 2022 act."

12 SECTION 3. APPLICABILITY.--The allocation of severance
13 tax bonding capacity and the authorization of severance tax
14 bonds for the New Mexico housing trust fund pursuant to
15 Section 1 of this 2022 act shall commence with the severance
16 tax bonding capacity estimated in January 2024. _____