

SENATE TAX, BUSINESS AND TRANSPORTATION
COMMITTEE SUBSTITUTE FOR
SENATE BILL 383

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

AN ACT

RELATING TO MUNICIPALITIES; PROVIDING FOR THE ISSUANCE OF FLOOD RECOVERY REVENUE BONDS FOR REBUILDING, REPAIRING, REPLACING AND HARDENING OF MUNICIPAL PROPERTY DAMAGED BY A FLOOD; CREATING A MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS TAX FOR THE PAYMENT OF FLOOD RECOVERY REVENUE BONDS; DECLARING AN EMERGENCY.

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

SECTION 1. Section 3-31-1 NMSA 1978 (being Laws 1973, Chapter 395, Section 3, as amended) is amended to read:

"3-31-1. REVENUE BONDS--AUTHORITY TO ISSUE--PLEDGE OF REVENUES--LIMITATION ON TIME OF ISSUANCE.--

A. In addition to any other law and constitutional home rule powers authorizing a municipality to issue revenue bonds, a municipality may issue revenue bonds pursuant to Chapter 3, Article 31 NMSA 1978 for the purposes specified in

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1 this section.

2 B. Utility revenue bonds may be issued for
3 acquiring, extending, enlarging, bettering, repairing or
4 otherwise improving a municipal utility or for any combination
5 of the foregoing purposes. The municipality may pledge
6 irrevocably any or all of the net revenues from the operation
7 of the municipal utility or of any one or more of other such
8 municipal utilities for payment of the interest on and
9 principal of the revenue bonds.

10 C. Joint utility revenue bonds may be issued for
11 acquiring, extending, enlarging, bettering, repairing or
12 otherwise improving joint water facilities, sewer facilities,
13 gas facilities or electric facilities or for any combination of
14 the foregoing purposes. The municipality may pledge
15 irrevocably any or all of the net revenues from the operation
16 of these municipal utilities for the payment of the interest on
17 and principal of the bonds.

18 D. Gross receipts tax revenue bonds may be issued
19 for any municipal purpose. A municipality may pledge
20 irrevocably any or all of the gross receipts tax revenue
21 received by the municipality pursuant to Section 7-1-6.4 or
22 7-1-6.12 NMSA 1978 to the payment of the interest on and
23 principal of the gross receipts tax revenue bonds or for any
24 area of municipal government services. A law that imposes or
25 authorizes the imposition of a tax authorized by the Municipal

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1 Local Option Gross Receipts and Compensating Taxes Act or that
2 affects the tax, or a law supplemental thereto or otherwise
3 appertaining thereto, shall not be repealed or amended or
4 otherwise directly or indirectly modified in such a manner as
5 to impair adversely any outstanding revenue bonds that may be
6 secured by a pledge of such tax unless the outstanding revenue
7 bonds have been discharged in full or provision has been fully
8 made therefor. Revenues in excess of the annual principal and
9 interest due on gross receipts tax revenue bonds secured by a
10 pledge of gross receipts tax revenue may be accumulated in a
11 debt service reserve account. The governing body of the
12 municipality may appoint a commercial bank trust department to
13 act as trustee of the gross receipts tax revenue and to
14 administer the payment of principal of and interest on the
15 bonds.

16 E. Gasoline tax revenue bonds may be issued for
17 laying off, opening, constructing, reconstructing, resurfacing,
18 maintaining, acquiring rights of way, repairing and otherwise
19 improving municipal buildings, alleys, streets, public roads
20 and bridges or any combination of the foregoing purposes. The
21 municipality may pledge irrevocably any or all of the gasoline
22 tax revenue received by the municipality to the payment of the
23 interest on and principal of the gasoline tax revenue bonds.

24 F. Project revenue bonds may be issued for
25 acquiring, extending, enlarging, bettering, repairing,

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1 improving, constructing, purchasing, furnishing, equipping and
2 rehabilitating any revenue-producing project, including, where
3 applicable, purchasing, otherwise acquiring or improving the
4 ground therefor, including acquiring and improving parking
5 lots, or for any combination of the foregoing purposes. The
6 municipality may pledge irrevocably any or all of the net
7 revenues from the operation of the revenue-producing project
8 for which the particular project revenue bonds are issued to
9 the payment of the interest on and principal of the project
10 revenue bonds. The net revenues of any revenue-producing
11 project may not be pledged to the project revenue bonds issued
12 for a revenue-producing project that clearly is unrelated in
13 nature; but nothing in this subsection shall prevent the pledge
14 to such project revenue bonds of any revenues received from
15 existing, future or disconnected facilities and equipment that
16 are related to and that may constitute a part of the particular
17 revenue-producing project. A general determination by the
18 governing body that any facilities or equipment is reasonably
19 related to and constitutes a part of a specified revenue-
20 producing project shall be conclusive if set forth in the
21 proceedings authorizing the project revenue bonds.

22 G. Fire district revenue bonds may be issued for
23 acquiring, extending, enlarging, bettering, repairing,
24 improving, constructing, purchasing, furnishing, equipping and
25 rehabilitating any fire district project, including, where

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1 applicable, purchasing, otherwise acquiring or improving the
2 ground therefor, or for any combination of the foregoing
3 purposes. The municipality may pledge irrevocably any or all
4 of the revenues received by the fire district from the fire
5 protection fund as provided in the Fire Protection Fund Law and
6 any or all of the revenues provided for the operation of the
7 fire district project for which the particular bonds are issued
8 to the payment of the interest on and principal of the bonds.
9 The revenues of any fire district project shall not be pledged
10 to the bonds issued for a fire district project that clearly is
11 unrelated in its purpose; but nothing in this section prevents
12 the pledge to such bonds of any revenues received from
13 existing, future or disconnected facilities and equipment that
14 are related to and that may constitute a part of the particular
15 fire district project. A general determination by the
16 governing body of the municipality that any facilities or
17 equipment is reasonably related to and constitutes a part of a
18 specified fire district project shall be conclusive if set
19 forth in the proceedings authorizing the fire district bonds.

20 H. Law enforcement protection revenue bonds may be
21 issued for the repair and purchase of law enforcement apparatus
22 and equipment that meet nationally recognized standards. The
23 municipality may pledge irrevocably any or all of the revenues
24 received by the municipality from the law enforcement
25 protection fund distributions pursuant to the Law Enforcement

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1 Protection Fund Act to the payment of the interest on and
2 principal of the law enforcement protection revenue bonds.

3 I. Flood recovery revenue bonds may be issued for
4 rebuilding, repairing, replacing and hardening of municipal
5 property damaged by a flood. The municipality shall pledge
6 irrevocably all of the revenue received by the municipality
7 from the municipal flood recovery gross receipts tax to the
8 payment of the interest on and principal of the bonds.

9 [~~F.~~] J. Except for the purpose of refunding
10 previous revenue bond issues, no municipality may sell revenue
11 bonds payable from pledged revenues after the expiration of two
12 years from the date of the ordinance authorizing the issuance
13 of the bonds or, for bonds to be issued and sold to the New
14 Mexico finance authority as authorized in Subsection C of
15 Section 3-31-4 NMSA 1978, after the expiration of two years
16 from the date of the resolution authorizing the issuance of the
17 bonds. However, any period of time during which a particular
18 revenue bond issue is in litigation shall not be counted in
19 determining the expiration date of that issue."

20 SECTION 2. Section 3-31-1.1 NMSA 1978 (being Laws 2019,
21 Chapter 274, Section 2) is amended to read:

22 "3-31-1.1. DEFINITIONS.--As used in Chapter 3, Article 31
23 NMSA 1978:

24 A. "bond" means any obligation of a municipality
25 issued under Chapter 3, Article 31 NMSA 1978, whether

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1 designated as a bond, note, loan, warrant, debenture, lease-
2 purchase agreement or other instrument evidencing an obligation
3 of a municipality to make payments;

4 B. "flood recovery revenue bonds" means the bonds
5 authorized by Subsection I of Section 3-31-1 NMSA 1978;

6 [~~B.~~] C. "gasoline tax revenue" means all or
7 portions of the amounts of tax revenues distributed to
8 municipalities pursuant to Sections 7-1-6.9 and 7-1-6.27 NMSA
9 1978;

10 [~~C.~~] D. "gasoline tax revenue bonds" means the
11 bonds authorized by Subsection E of Section 3-31-1 NMSA 1978;

12 [~~D.~~] E. "gross receipts tax revenue" means the
13 amount of money distributed to a municipality pursuant to
14 Section 7-1-6.4 NMSA 1978 and transferred to a municipality
15 pursuant to Section 7-1-6.12 NMSA 1978 for any municipal gross
16 receipts tax imposed pursuant to the Municipal Local Option
17 Gross Receipts and Compensating Taxes Act;

18 [~~E.~~] F. "gross receipts tax revenue bonds" means
19 the bonds authorized by Subsection D of Section 3-31-1 NMSA
20 1978;

21 [~~F.~~] G. "joint utility revenue bonds" or "joint
22 utility bonds" means the bonds authorized by Subsection C of
23 Section 3-31-1 NMSA 1978;

24 [~~G.~~] H. "pledged revenues" means the revenues, net
25 income or net revenues authorized to be pledged to the payment

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1 of revenue bonds as specifically provided in Chapter 3, Article
2 31 NMSA 1978;

3 ~~[H.]~~ I. "project revenue bonds" means the bonds
4 authorized by Subsection F of Section 3-31-1 NMSA 1978; and

5 ~~[I.]~~ J. "utility revenue bonds" or "utility bonds"
6 means the bonds authorized by Subsection B of Section 3-31-1
7 NMSA 1978."

8 **SECTION 3.** A new section of the Municipal Local Option
9 Gross Receipts and Compensating Taxes Act is enacted to read:

10 "[NEW MATERIAL] MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS
11 TAX.--

12 A. The majority of the members of the governing
13 body of a municipality may impose by ordinance an excise tax at
14 a rate not to exceed one-fourth percent of the gross receipts
15 of a person engaging in business in the municipality for the
16 privilege of engaging in business. The tax may be imposed in
17 increments of one-thousandth percent not to exceed an aggregate
18 rate of one-fourth percent. The tax shall be imposed until the
19 flood recovery revenue bonds issued pursuant to Section 3-31-1
20 NMSA 1978 are fully discharged or otherwise provided for in
21 full.

22 B. The tax imposed pursuant to this section may be
23 referred to as the "municipal flood recovery gross receipts
24 tax".

25 C. A governing body, at the time of enacting an

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1 ordinance imposing a rate of tax authorized in Subsection A of
2 this section, shall dedicate the revenue only for payment of
3 flood recovery revenue bonds issued pursuant to Section 3-31-1
4 NMSA 1978."

5 SECTION 4. EMERGENCY.--It is necessary for the public
6 peace, health and safety that this act take effect immediately.

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