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HOUSE BILL 727

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY  
ROBERT S. LIGHT

AN ACT

RELATING TO WATER; AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO SATISFY INTERSTATE STREAM COMPACT OBLIGATIONS; AMENDING AND ENACTING CERTAIN SECTIONS OF THE NMSA 1978; REPEALING LAWS 1991, CHAPTER 99, SECTIONS 2 AND 3.

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

Section 1. Section 72-14-9 NMSA 1978 (being Laws 1955, Chapter 266, Section 1) is amended to read:

"72-14-9. DEFINITIONS. -- As used in ~~[this act, the following words and terms shall have the following meanings]~~  
Sections 72-14-9 through 72-14-28 NMSA 1978:

~~[(a) The word]~~ A. "engineer" ~~[shall mean]~~ or "state engineer" means the state engineer ~~[of the state]~~ of New Mexico;

~~[(b) The word]~~ B. "commission" ~~[shall mean]~~ means the New Mexico interstate stream commission or other department

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1 or agency [~~which~~] that may be created and charged with the  
2 duties and functions of [~~said~~] the commission;

3 [~~(c) The word~~] C. "works" [~~shall be deemed to~~  
4 ~~include~~] includes all property, rights, easements and franchises  
5 relating thereto and deemed necessary or convenient for their  
6 operation and all water rights acquired or exercised by the  
7 commission in connection with such works, and shall embrace all  
8 means of conserving and distributing water, including, without  
9 limiting the generality of the foregoing, reservoirs, dams,  
10 diversion canals, distributing canals, lateral ditches, pumping  
11 units, wells, mains, pipelines and waterworks systems and shall  
12 include all such works for the conservation, development,  
13 storage, distribution and [~~utilization~~] use of water, including,  
14 without limiting the generality of the foregoing, works for the  
15 purpose of irrigation, development of power, watering of stock,  
16 supplying of water for public, domestic, industrial and other  
17 uses, [~~and~~] for fire protection and for facilitating compliance  
18 with New Mexico's interstate obligations;

19 [~~(d) The term~~] D. "cost of works" [~~shall embrace~~]  
20 includes the cost of construction; the cost of all lands,  
21 property, rights, easements and franchises acquired [~~which~~] that  
22 are deemed necessary for such construction; the cost of all  
23 water rights acquired or exercised by the commission in  
24 connection with such works; the cost of all machinery and  
25 equipment, financing charges, interest prior to and during

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1 construction and for a period not exceeding three [~~(3)~~] years  
2 after the completion of construction; the cost of engineering  
3 and legal expenses, plans, specifications, surveys, estimates of  
4 cost and other expenses necessary or incident to determining the  
5 feasibility or [~~practicability~~] practicability of any project and  
6 the administrative [~~expense~~] expenses and [~~such~~] other expenses  
7 as may be necessary or incident to the financing [~~herein~~  
8 ~~authorized and the construction~~] of the works and the placing of  
9 the same in operation;

10 [~~(e) The word~~] E. "owner" [~~shall include~~] includes  
11 all individuals, irrigation districts, incorporated companies,  
12 societies or associations having any title or interest in any  
13 properties, rights, easements, water rights or franchises to be  
14 acquired; and

15 [~~(f) The word~~] F. "project" [~~shall mean~~] means any  
16 one of the works [~~hereinabove~~] defined in this section or any  
17 combination of such works [~~which~~] that are physically connected  
18 or jointly managed and operated as a single unit. "

19 Section 2. Section 72-14-11 NMSA 1978 (being Laws 1955,  
20 Chapter 266, Section 3) is amended to read:

21 "72-14-11. CONSTRUCTION OR IMPLEMENTATION USING REVENUE  
22 BOND PROCEEDS AUTHORIZED. --

23 A. The commission is [~~hereby~~] authorized to  
24 construct or implement, whenever it [~~shall deem~~] deems such  
25 construction or implementation expedient, any works [as

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1 ~~hereinabove defined~~], the cost of such construction or  
2 implementation to be paid wholly by means of or with the  
3 proceeds of revenue bonds [~~hereinafter~~] authorized, or in  
4 connection with a grant to aid in financing such construction or  
5 implementation from the United States [~~of America~~] or any  
6 instrumentality or agency thereof, or with other funds provided  
7 under the authority of [~~this act~~] Sections 72-14-9 through 72-  
8 14-28 NMSA 1978. Before constructing any project, the  
9 commission shall make estimates of the cost of the project, of  
10 the cost of maintaining, repairing and operating the [~~same~~]  
11 project and of the revenues to be derived [~~therefrom~~] from the  
12 project, and no such project shall be constructed unless,  
13 according to [~~such~~] the estimates, the revenues to be derived  
14 [~~therefrom~~] will be sufficient to pay the cost of maintaining,  
15 repairing and operating the [~~same~~] project and to pay the prin-  
16 cipal and interest of revenue bonds [~~which~~] that may be issued  
17 for the cost of such project; provided, however, that in  
18 connection with the issuance of any of [~~such~~] the bonds, the  
19 failure of the commission to make the estimates required by this  
20 section or to make [~~same~~] the estimates in proper form shall in  
21 no way affect the validity or enforceability of any such bonds  
22 or of the trust indenture, resolution or other security  
23 [~~therefor~~] for the bonds.

24 B. The purpose of [~~this act~~] Sections 72-14-9  
25 through 72-14-28 NMSA 1978 is to meet, so far as possible, a

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1 statewide need for the conservation and use of water through the  
2 construction and operation of projects designed for such  
3 purposes. The commission is ~~[therefor]~~ empowered to make such  
4 investigations as may be necessary to plan and carry out a  
5 comprehensive statewide program of water conservation; provided,  
6 however, that ~~[this Act]~~ those sections shall not be construed  
7 to repeal or amend by implication or otherwise the provisions of  
8 law ~~[heretofore]~~ enacted with respect to permits for the  
9 acquisition of water rights, permits for the change in place or  
10 method of use of water or permits for the construction of works;  
11 and provided further that no project shall be authorized in an  
12 underground water basin not so declared by the state engineer  
13 unless there has been notice, publication and hearing held as  
14 provided by law in the case of application to appropriate water  
15 in declared underground water basins. The projects to be  
16 finally constructed shall qualify as parts of such statewide  
17 program and shall be approved by the commission upon the showing  
18 of their prospective ability to meet, through the sale of water  
19 or other services, the cost of operation, maintenance and repair  
20 and the amortization of the cost of the construction; provided,  
21 however, that the failure of the commission to determine such  
22 prospective ability of a project shall in no way affect the  
23 validity or enforceability of any such bonds. "

24 Section 3. Section 72-14-13 NMSA 1978 (being Laws 1955,  
25 Chapter 266, Section 5, as amended) is amended to read:

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1 "72-14-13. WATER CONSERVATION REVENUE BONDS AUTHORIZED--  
2 EXTENT OF STATE OBLIGATION. --

3 A. The commission, with the approval of the state  
4 board of finance, is [hereby] authorized to provide by  
5 resolution [~~at one time or from time to time~~] for the issuance  
6 of water conservation revenue bonds of the state for the purpose  
7 of paying the cost, as [hereinabove] defined in Section 72-14-9  
8 NMSA 1978, of any one or more such [public] works, the principal  
9 and interest of which bonds shall be payable solely from the  
10 special fund [herein] provided for such payment. Such bonds  
11 shall mature at such time [~~or times~~], not more than fifty years  
12 from their date, [~~or dates~~] as may be fixed by [such] the  
13 resolution, but may be made redeemable before maturity at the  
14 option of the state, to be exercised by the commission, at such  
15 price [~~or prices~~] and under such terms and conditions as may be  
16 fixed by the [~~board~~] commission prior to the issuance of the  
17 bonds. The [~~board~~] commission shall determine the rate of  
18 interest, [~~such bonds shall bear, not exceeding six percent per~~  
19 ~~annum~~] which shall not be in excess of the maximum net effective  
20 interest rate permitted by the Public Securities Act on the  
21 bonds, the time [~~or times~~] of payment of such interest, the form  
22 of the bonds and the interest coupons, if any, to be attached  
23 thereto, and the manner of executing the bonds and coupons, and  
24 shall fix the denomination [~~or denominations~~] of the bonds and  
25 the place [~~or places~~] of payment of principal and interest

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[bracketed material] = delete

1 thereof, which may be at any bank or trust company within or  
2 without the state.

3 B. All bonds issued under ~~[this act]~~ Sections  
4 72-14-9 through 72-14-28 NMSA 1978 shall contain ~~[a statement]~~  
5 statements on their ~~[face]~~ faces that the state shall not be  
6 obligated to pay the ~~[same]~~ bonds or the interest ~~[thereon]~~ on  
7 the bonds except from the "special sinking fund" hereinafter set  
8 forth and any other ~~[moneys]~~ money pledged therefor. In case  
9 any of the officers whose signatures appear on the bonds or  
10 coupons ~~[shall]~~ cease to be such officers before the delivery of  
11 ~~[such]~~ the bonds, ~~[such]~~ the signatures shall nevertheless be  
12 valid and sufficient for all purposes, ~~[the same]~~ as if ~~[they]~~  
13 the officers had remained in office until ~~[such]~~ delivery. All  
14 ~~[such]~~ the bonds ~~[shall be and shall have and]~~ are ~~[hereby]~~  
15 declared to have all the qualities and incidents of negotiable  
16 instruments. ~~[Such]~~ The bonds shall not constitute or be a  
17 debt, liability or obligation of the state, and shall be secured  
18 ~~[only]~~ by the revenues of such works and the funds received from  
19 the sale or disposal of water and from the operation, lease,  
20 sale or other disposition of the works, property and facilities  
21 to be acquired out of the proceeds of such bonds, and, if so  
22 pledged by the commission, from income creditable to the  
23 permanent reservoirs for irrigation purposes income fund.

24 C. Provisions may be made for the registration of  
25 any of the bonds in the name of the owner as to principal alone

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1 or as to both principal and interest. The bonds authorized  
2 under the provisions of ~~[this act]~~ Sections 72-14-9 through  
3 72-14-28 NMSA 1978 may be issued and sold from time to time to  
4 any purchaser, including, without limitation, the New Mexico  
5 finance authority, and in such amounts as may be determined by  
6 the commission, and the commission may sell the bonds in such  
7 manner and for such price as it may determine to be for the best  
8 interests of the state. ~~[The state treasurer is hereby~~  
9 ~~authorized to invest the permanent funds of the state in the~~  
10 ~~bonds herein authorized.]~~ The proceeds of such bonds shall be  
11 used solely for the payment of the cost of the works and shall  
12 be checked out in such manner and under such restrictions, if  
13 any, as the commission may provide.

14 D. If the proceeds of the bonds, by error of  
15 calculation or otherwise, ~~[shall be]~~ are less than the cost of  
16 the works, additional bonds may in like manner be issued to  
17 provide the amount of such deficit and, unless otherwise  
18 provided in the resolution authorizing the bonds, shall be  
19 deemed to be of the same issue and shall be entitled to payment  
20 from the same fund without preference or priority of the bonds  
21 first issued for the same works. If the proceeds of bonds  
22 issued for any such works ~~[shall]~~ exceed the cost ~~[thereof]~~ of  
23 the works, the surplus shall be paid into the fund ~~[hereinafter]~~  
24 provided for the payment of principal and interest of such  
25 bonds. Prior to the preparation of definitive bonds, the ~~[board~~



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1 ~~may under like restrictions]~~ commission may issue temporary  
2 bonds with or without coupons, exchangeable for definitive bonds  
3 when such bonds have been executed and are available for  
4 delivery. Such bonds may be issued without any other  
5 proceedings or the happening of any other conditions or things  
6 than those proceedings, conditions and things ~~[which]~~ that are  
7 specified and required by ~~[this act]~~ Sections 72-14-9 through  
8 72-14-28 NMSA 1978 or by the constitution of ~~[the state]~~ New  
9 Mexico.

10 E. Each resolution providing for the issuance of  
11 bonds shall set forth a project or projects for which the bonds  
12 are to be issued, and the bonds authorized by each such  
13 resolution shall constitute a separate series. The bonds of  
14 each series shall be identified by a series letter ~~[or letters]~~  
15 and may be sold and delivered at one time or from time to time."

16 Section 4. Section 72-14-15 NMSA 1978 (being Laws 1955,  
17 Chapter 266, Section 7) is amended to read:

18 "72-14-15. FUNDS ESTABLISHED. -- The commission shall create  
19 a fund to be known as the "administration fund" and shall also  
20 create three ~~[(3)]~~ separate funds in respect of the bonds of  
21 each series: one fund to be known as the "construction or  
22 acquisition fund, series . . . . ."; another fund to  
23 be known as the "water fund, series . . . . . "; and  
24 another fund to be known as the "sinking fund, series . . . . . ";  
25 each ~~[such]~~ fund to be identified by the same series letter ~~[or~~

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1 ~~letters~~] as the bonds of such series. The [~~moneys~~] money in  
2 each [~~such~~] fund shall be deposited in such depository [~~or~~  
3 ~~depositories~~] and secured in such manner as may be determined by  
4 the [~~board~~] commission. It [~~shall be~~] is lawful for any bank or  
5 trust company incorporated under the laws of this state or of  
6 the United States to act as such depository and to furnish such  
7 indemnifying bonds or to pledge such securities as may be  
8 required by the commission. A separate account shall be kept in  
9 each construction or acquisition fund and in each water fund for  
10 each project. All expenditures not properly chargeable to the  
11 construction or acquisition fund account or to the water fund  
12 account of any one project shall be charged by the commission in  
13 such proportions as it [~~shall determine~~] determines to the  
14 construction or acquisition fund accounts or to the water fund  
15 accounts, as the case may be, of the projects in respect of  
16 which such expenditures were incurred. "

17 Section 5. Section 72-14-16 NMSA 1978 (being Laws 1955,  
18 Chapter 266, Section 8) is amended to read:

19 "72-14-16. BOND PROCEEDS TO BE APPROPRIATELY CREDITED. --  
20 The proceeds of the bonds of each series issued under the  
21 provisions of [~~this act~~] Sections 72-14-9 through 72-14-28 NMSA  
22 1978 shall be placed to the credit of the appropriate  
23 construction or acquisition fund, which fund shall [~~at all~~  
24 ~~times~~] be kept segregated and set apart from all other funds.  
25 There shall also be credited to the appropriate construction or

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1 acquisition fund all accrued interest upon the bonds and the  
2 interest received upon the deposits of [~~moneys~~] money in such  
3 fund and [~~moneys~~] money received by way of grant from the United  
4 States or from any other source for the construction or  
5 acquisition of the works. The [~~moneys~~] money in each  
6 construction or acquisition fund shall be paid out or disbursed  
7 in such manner as may be determined by the commission, subject  
8 to the provisions of [~~this act~~] those sections, to pay the cost  
9 of the works [~~as hereinabove defined~~]. Any surplus [~~which~~] that  
10 may remain in any construction or acquisition fund after  
11 providing for the payment of the cost of the works shall be  
12 added to and become a part of the appropriate sinking fund  
13 [~~hereinafter~~] provided for in Section 72-14-18 NMSA 1978. "

14 Section 6. Section 72-14-17 NMSA 1978 (being Laws 1955,  
15 Chapter 266, Section 9) is amended to read:

16 "72-14-17. COMMISSION TO SET PRICES, RATES AND CHARGES--  
17 CONTRACTS--DISPOSITION OF PROPERTY. --

18 A. The commission is [~~hereby~~] authorized [~~and~~  
19 ~~empowered~~], subject to the provisions of [~~this act~~] Sections  
20 72-14-9 through 72-14-28 NMSA 1978, to fix and establish the  
21 prices, rates and charges at which [~~any and all~~] the resources  
22 and facilities made available under the provisions of [~~this act~~]  
23 those sections shall be sold and disposed of; to enter into [~~any~~  
24 ~~and all~~] contracts and agreements; and to do [~~any and all~~]  
25 things [~~which~~] that in its judgment are necessary, convenient or

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1 expedient for the accomplishment of [~~any and all~~] the purposes  
2 and objects of [~~this act~~] those sections, under such general  
3 regulations and upon such terms, limitations and conditions as  
4 it shall prescribe [~~and~~]. It is [~~and shall be~~] the duty of the  
5 [~~board~~] commission to enter into such contracts and fix and  
6 establish such prices, rates and charges so as to provide [~~at~~  
7 ~~all times~~] funds [~~which~~] that will be sufficient to pay [~~all~~]  
8 costs of operation and maintenance [~~of any and all~~] of the works  
9 authorized by [~~this act~~] those sections, together with necessary  
10 repairs thereto, and [~~which~~] that will provide [~~at all times~~]  
11 sufficient funds to meet and pay the principal and interest of  
12 all bonds as they severally become due and payable; provided  
13 that nothing contained in [~~this act~~] Sections 72-14-9 through  
14 72-14-28 NMSA 1978 shall authorize any change, alteration or  
15 revision of any such rates, prices or charges as established by  
16 any contract entered into under authority of [~~this act~~] those  
17 sections except as provided by any such contract.

18 B. Every contract made by the commission for the  
19 sale of water, use of water, water storage or other service or  
20 for the sale of any property or facilities shall provide that in  
21 the event of [~~any~~] failure or default in the payment of [~~any~~  
22 ~~moneys~~] money specified in [~~such~~] the contract to be paid to the  
23 commission, the commission may, upon such notice as shall be  
24 prescribed in [~~such~~] the contract, terminate [~~such~~] the contract  
25 and all obligations [~~thereunder~~] under it. The act of the

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1 commission in ceasing on any such default to furnish or deliver  
2 water, use of water, water storage or other service under [~~sueh~~]  
3 the contract shall not deprive the commission of or limit any  
4 remedy provided by [~~sueh~~] the contract or by law for the  
5 recovery of [~~any and all moneys~~] money due or [~~whieh~~] that may  
6 become due under [~~sueh~~] the contract.

7 C. The commission is empowered to sell or otherwise  
8 dispose of any rights of way, easements or property when it  
9 [~~shall determine~~] determines that the same is no longer needed  
10 for the purposes of [~~this act~~] Sections 72-14-9 through 72-14-28  
11 NMSA 1978, or to lease or rent the same or to otherwise take and  
12 receive the income or profit and revenue therefrom. All income  
13 or profit and revenue of the works and all [~~moneys~~] money  
14 received from the sale or disposal of water, use of water, water  
15 storage or other service and from the operation, lease, sale or  
16 other disposition of the works, property and facilities acquired  
17 under the provisions of [~~this act~~] those sections shall be paid  
18 to the credit of the appropriate water fund."

19 Section 7. A new Section 72-1-2.3 NMSA 1978 is enacted to  
20 read:

21 "72-1-2.3. [NEW MATERIAL] PURCHASE OF WATER RIGHTS  
22 AUTHORIZED. --The purchase of water rights is authorized, subject  
23 to the following conditions:

24 A. the interstate stream commission shall review the  
25 expenditure of funds authorized for the purchase of water rights

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1 at each of the commission's regularly scheduled meetings or as  
2 it deems necessary. This review shall be based on, at a  
3 minimum, the conditions set forth in this section;

4 B. the interstate stream commission shall only  
5 purchase water rights authorized by this section subject to the  
6 following schedule of priorities in the following order of  
7 importance:

8 (1) to purchase water rights, without  
9 purchasing the appurtenant land, from willing and able sellers  
10 within the Pecos River basin;

11 (2) to purchase water rights with the  
12 appurtenant land within the Pecos River basin; and

13 (3) to purchase water, either surface or  
14 subsurface, within the Pecos River basin; and

15 C. the interstate stream commission shall, before  
16 any purchases are made, have market evaluations or appraisals  
17 made that take into consideration recent and comparable sales,  
18 including but not limited to sales that included surface acreage  
19 with and without improvements. The market evaluation or  
20 appraisal along with other relevant considerations shall be the  
21 basis for any purchase. "

22 Section 8. REPEAL. -- Laws 1991, Chapter 99, Sections 2 and  
23 3 are repealed.

# State of New Mexico House of Representatives

FORTY- SECOND LEGISLATURE

SECOND SESSION, 1996

February 8, 1996

Mr. Speaker:

Your AGRICULTURE AND WATER RESOURCES COMMITTEE,  
to whom has been referred

HOUSE BILL 727

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

1. On page 1, line 13, strike "REPEALING" and insert in lieu  
thereof "AMENDING".

2. On page 1, line 14, strike "SECTIONS 2 AND 3" and insert  
in lieu thereof "SECTION 2".

3. On page 14, between lines 21 and 22, insert the following  
to read:

"Section 8. Laws 1991, Chapter 99, Section 2 is amended to  
read:

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FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

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"Section 2. APPROPRIATIONS-- CONDITIONS. --

~~[A. Subject to the conditions set forth in Subsection B of this section]~~ The following amounts are appropriated to the interstate stream commission as follows:

(1) one million dollars (\$1,000,000) is appropriated from the New Mexico irrigation works construction fund for expenditure in the eighty-first fiscal year for the purpose of purchasing water rights along the Pecos River basin that would effectively aid the state in complying with the Pecos River Compact and the United States supreme court's amended decree in Texas v. New Mexico, No. 65 original;

(2) two million dollars (\$2,000,000) or fifty percent of the New Mexico irrigation works construction fund, whichever is more, is appropriated each of the eighty-second through the eighty-sixth fiscal years from the New Mexico irrigation works construction fund for expenditure in each of the eighty-second through the eighty-sixth fiscal years for the purpose of retiring water rights along the Pecos River basin that would effectively aid New Mexico in compliance with the United States supreme court's amended decree in Texas v. New Mexico, No. 65 original [and

~~B. The appropriations set forth in Subsection A of this section are subject to the following conditions:~~



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SECOND SESSION, 1996

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~~(1) the interstate stream commission shall review the expenditures of the appropriation made in Subsection A of this section, at each of the interstate stream commission's regularly scheduled meetings or as it deems necessary throughout the seventy-ninth through eighty-sixth fiscal years. This review shall be based on, at a minimum, the conditions set forth in this section;~~

~~(2) the interstate stream commission shall only expend the money appropriated in Subsection A of this section, subject to the following schedule of priorities in the following order of importance:~~

~~(a) to purchase water rights, without purchasing the appurtenant land, from willing and able sellers, within the Pecos River basin;~~

~~(b) to purchase water rights with the appurtenant land within the Pecos River basin; and~~

~~(c) to purchase water, either surface or subsurface, within the Pecos River basin; and~~

~~(3) the interstate stream commission shall before any purchases are made using the money appropriated in Subsection A of this section have market evaluations or appraisals made that take into consideration recent and comparable sales, including but not limited to, sales that included surface acreage with and~~

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FORTY- SECOND LEGISLATURE  
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~~without improvements. The market evaluation or appraisal along with other relevant considerations shall be the basis for any purchases]. "".~~

4. On page 14, strike lines 22 and 23 in their entirety.,

and thence referred to the TAXATION AND REVENUE  
COMMI TTEE.

Respectfully submitted,

\_\_\_\_\_  
G. X. McSherry, Chairman

Adopted \_\_\_\_\_

Not Adopted \_\_\_\_\_

(Chi ef Clerk)

(Chi ef Clerk)

Date \_\_\_\_\_

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FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

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The roll call vote was 5 For 0 Against  
 Yes: 5  
 Excused: Casey, Porter, Stell, Townsend  
 Absent: None

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# State of New Mexico House of Representatives

FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

February 12, 1996

Mr. Speaker:

Your TAXATION AND REVENUE COMMITTEE, to whom has  
been referred

HOUSE BILL 727, as amended

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

1. On page 1, between lines 16 and 17, insert the following  
new sections:

"Section 1. Section 7-27-5 NMSA 1978 (being Laws 1983,  
Chapter 306, Section 7, as amended) is amended to read:

"7-27-5. INVESTMENT OF SEVERANCE TAX PERMANENT FUND. -- The  
severance tax permanent fund shall be invested for two general  
purposes, to provide income to the fund and to stimulate the  
economy of New Mexico, preferably on a continuing basis. The  
investments in Sections 7-27-5.1 and 7-27-5.6 NMSA 1978 shall be  
those intended to provide maximum income to the fund and shall be

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1  
2 referred to as the market rate investments. The investments  
3 permitted in Sections 7-27-5.3 through 7-27-5.5, [~~7-27-5.7~~] 7-27-  
4 5.13 through 7-27-5.17, [~~and 7-27-5.21~~] 7-27-5.22 and 7-27-5.23  
5 NMSA 1978 shall be those intended to stimulate the economy of New  
6 Mexico and shall be referred to as the differential rate  
7 investments. The prudent man rule shall be applied to the market  
8 rate investments, and the state investment officer shall keep  
9 separate records of the earnings of the market rate investments.  
10 All transactions entered into on or after July 1, 1991 shall be  
11 accounted for in accordance with generally accepted accounting  
12 principles. "

12  
13 Section 2. A new section of the Severance Tax Bonding Act,  
14 Section 7-27-5.23 NMSA 1978, is enacted to read:

15 "7-27-5.23. [NEW MATERIAL] SEVERANCE TAX PERMANENT FUND--  
16 INVESTMENT IN OBLIGATIONS ISSUED TO SATISFY INTERSTATE STREAM  
17 COMPACT OBLIGATIONS.--Subject to the approval of the state  
18 investment council, the severance tax permanent fund may be  
19 invested in revenue bonds issued by the interstate stream  
20 commission or by the New Mexico finance authority on behalf of the  
21 interstate stream commission to satisfy interstate stream compact  
22 obligations. "".

23 3. Renumber the succeeding sections accordingly.

24  
25 4. Strike House Agriculture and Water Resources Committee  
Amendment 3.

. 110822. 1

Underscored material = new  
[bracketed material] = delete

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5. On page 14, between lines 21 and 22, insert the following  
to read:

"Section 8. Laws 1991, Chapter 99, Section 2, as amended by  
Laws 1993, Chapter 97, Section 1, is amended to read:

"APPROPRIATIONS-- CONDITIONS. --

~~[A. Subject to conditions set forth in Subsection B of  
this section]~~ The following amounts are appropriated to the  
interstate stream commission as follows:

(1) one million dollars (\$1,000,000) is  
appropriated from the New Mexico irrigation works construction  
fund for expenditure in the eighty-first fiscal year for the  
purpose of purchasing water rights along the Pecos River basin  
that would effectively aid the state in complying with the Pecos  
River Compact and the United States supreme court's amended decree  
in Texas v. New Mexico, No. 65 original; and

(2) two million dollars (\$2,000,000) is  
appropriated from the New Mexico irrigation works construction  
fund in each of the eighty-second through the eighty-sixth fiscal  
years for expenditure in each of the eighty-second through the  
eighty-sixth fiscal years for the purpose of retiring water rights  
along the Pecos River basin that would effectively aid New Mexico  
in compliance with the United States supreme court's amended  
decree in Texas v. New Mexico, No. 65 original.

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~~[B. The appropriations set forth in Subsection A of this section are subject to the following conditions:~~

~~(1) the interstate stream commission shall review the expenditures of the appropriation made in Subsection A of this section at each of the interstate stream commission's regularly scheduled meetings or as it deems necessary throughout the seventy-ninth through eighty-sixth fiscal years. This review shall be based on, at a minimum, the conditions set forth in this section;~~

~~(2) the interstate stream commission shall only expend the money appropriated in Subsection A of this section, subject to the following schedule of priorities in the following order of importance:~~

~~(a) to purchase water rights, without purchasing the appurtenant land, from willing and able sellers, within the Pecos River basin;~~

~~(b) to purchase water rights with the appurtenant land within the Pecos River basin; and~~

~~(c) to purchase water, either surface or subsurface, within the Pecos River basin; and~~

~~(3) the interstate stream commission shall before any purchases are made using the money appropriated in Subsection~~

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~~A of this section have market evaluations or appraisals made that take into consideration recent and comparable sales, including but not limited to, sales that included surface acreage with and without improvements. The market evaluation or appraisal along with other relevant consideration shall be the basis for any purchase.]"~~

Respectfully submitted,

\_\_\_\_\_  
Jerry W. Sandal, Chairman

Adopted \_\_\_\_\_

Not Adopted \_\_\_\_\_

(Chief Clerk)

(Chief Clerk)

Date \_\_\_\_\_

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The roll call vote was 8 For 0 Against  
Yes: 8  
Excused: None  
Absent: Gallegos, Lovejoy, Lujan, Ryan, Sandoval

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February 15, 1996

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10 Mr. President:

11

12 Your FINANCE COMMITTEE, to whom has been referred

12

13

14 HOUSE BILL 727, as amended

14

15

15 has had it under consideration and reports same with

16

16 recommendation that it DO PASS.

17

18

18 Respectfully submitted,

19

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22

22 \_\_\_\_\_  
Ben D. Altamirano, Chairman

23

24

25

Adopted \_\_\_\_\_

Not Adopted \_\_\_\_\_

(Chief Clerk)

(Chief Clerk)

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Date \_\_\_\_\_

The roll call vote was 8 For 0 Against  
Yes: 8  
No: 0  
Excused: Aragon, Doni sthorpe, Ingle, Macias, Nava  
Absent: None

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