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HOUSE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

ENDORSED BY THE NEW MEXICO FINANCE AUTHORITY
OVERSIGHT COMMITTEE

AN ACT

RELATING TO THE NEW MEXICO FINANCE AUTHORITY; PROVIDING FOR
STANDARD PROJECTS THAT RECEIVE ECONOMIC DEVELOPMENT REVOLVING
FUND FUNDING TO BE APPROVED FIRST BY LAW STARTING JULY 1, 2019;
REPEALING AND REENACTING A SECTION OF THE NMSA 1978.

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

SECTION 1. That version of Section 6-25-6 NMSA 1978
(being Laws 2011, Chapter 150, Section 2, as amended by Laws
2013, Chapter 106, Section 2) that is to become effective on
July 1, 2016 is repealed and a new Section 6-25-6 NMSA 1978 is
enacted to read:

"6-25-6. [NEW MATERIAL] NEW MEXICO FINANCE AUTHORITY--
ADDITIONAL POWERS AND DUTIES.--

A. To implement a program to assist eligible
entities in financing projects, the authority has the powers

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1 specified in this section.

2 B. State projects receiving financing assistance
3 with money in the fund shall first be approved by law. To
4 protect public money in the fund or other public resources,
5 rules of the authority relating to state projects shall include
6 provisions to ensure achievement of the economic development
7 goals of the state project and shall describe the means of
8 recovering public money or other public resources if an
9 eligible entity defaults on its obligations to the authority.

10 C. Standard projects receiving financing assistance
11 with money in the fund shall be approved by the authority
12 pursuant to rules approved by the New Mexico finance authority
13 oversight committee. Beginning July 1, 2019, standard projects
14 shall first be approved by law.

15 D. The authority may:

16 (1) issue project revenue bonds on behalf of
17 an eligible entity, payable from the revenues of a project and
18 other revenues authorized as security for the bonds, to finance
19 a project on behalf of an eligible entity;

20 (2) make loans from the fund for projects to
21 eligible entities that establish one or more dedicated sources
22 of revenue to repay the loan from the authority;

23 (3) enter into loan participation agreements
24 from the fund for projects, whether in the form of an interest
25 rate buy-down, the purchase of loans or portions of loans

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1 originated and underwritten by third-party lenders or other
2 similar arrangements;

3 (4) provide loan guarantees from the fund for
4 projects;

5 (5) make, execute and enforce all contracts
6 necessary, convenient or desirable for purposes of the
7 authority or pertaining to project revenue bonds, economic
8 development revolving fund bonds, loans, loan participations or
9 loan guarantees and the Statewide Economic Development Finance
10 Act and pay the reasonable value of services rendered to the
11 authority pursuant to the contracts;

12 (6) purchase and hold loans and loan
13 participations in the fund at prices and in a manner determined
14 by the authority;

15 (7) sell loans and loan participations
16 acquired or held by the authority in the fund at prices and in
17 a manner determined by the authority;

18 (8) prescribe the form of application or
19 procedure required of an eligible entity to apply for financing
20 assistance;

21 (9) fix the terms and conditions of the
22 financing assistance, including the priority of lien and type
23 of collateral or other security, and enter into agreements with
24 eligible entities with respect to financing assistance;

25 (10) fix, revise from time to time, charge and

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1 collect fees and other charges in connection with the issuance
2 of bonds; the making, purchase, participation in or guarantee
3 of loans; and the review of proposed financing assistance to an
4 eligible entity, whether or not the financing assistance is
5 provided;

6 (11) employ architects, engineers, accountants
7 and attorneys; construction and financial experts; and such
8 other advisors, consultants and agents as may be necessary in
9 its judgment, and fix and pay their compensation;

10 (12) to the extent allowed under its contracts
11 with the holders of bonds of the authority, consent to
12 modification of the rate of interest, time and payment of
13 installments of principal or interest, security or any other
14 term of financing assistance;

15 (13) consider the ability of the eligible
16 entity to secure financing for a project from other sources and
17 the costs of that financing;

18 (14) acquire fee simple, leasehold,
19 mortgagor's or mortgagee's interests in real or personal
20 property and sell, mortgage, convey, lease or assign that
21 property for authority purposes; and

22 (15) in the event of default by an eligible
23 entity, enforce its rights by suit, mandamus and all other
24 remedies available under law.

25 E. The authority shall adopt rules subject to

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1 approval of the New Mexico finance authority oversight
2 committee to:

3 (1) establish procedures for applying for
4 financing assistance;

5 (2) establish credit qualifications for
6 eligible entities and establish terms and conditions for
7 financing assistance;

8 (3) establish economic development goals for
9 projects in consultation with the department;

10 (4) establish methods for determining
11 quantifiable benefits;

12 (5) provide safeguards to protect public money
13 and other public resources provided for a state project;

14 (6) establish procedures by which the
15 authority requests approval by law for projects receiving
16 financing assistance with money in the fund; and

17 (7) establish fees to pay the costs of
18 evaluating, originating and administering financing assistance.

19 F. The authority shall coordinate with the
20 department to provide staffing and other assistance to the
21 department in carrying out the department's responsibilities
22 and activities pursuant to the Statewide Economic Development
23 Finance Act.

24 G. The authority shall report to the New Mexico
25 finance authority oversight committee twice each year regarding

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1 the total expenditures from the economic development revolving
2 fund for the previous fiscal year, the purposes for which
3 expenditures were made, an analysis of the progress of the
4 projects funded and proposals for legislative action."

5 SECTION 2. EFFECTIVE DATE.--The effective date of the
6 provisions of this act is July 1, 2016.

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