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AN ACT

RELATING TO PUBLIC FINANCE; CLARIFYING THAT THE EDUCATIONAL RETIREMENT BOARD, THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION AND THE STATE INVESTMENT COUNCIL MAY PARTICIPATE IN THE LOCAL GOVERNMENT INVESTMENT POOL.

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

SECTION 1. Section 6-10-10.1 NMSA 1978 (being Laws 1988, Chapter 61, Section 2, as amended) is amended to read:

"6-10-10.1. LOCAL GOVERNMENT INVESTMENT POOL CREATED-- DISTRIBUTION OF EARNINGS--REPORT OF INVESTMENTS.--

A. There is created in the state treasury the "local government investment pool". The fund shall consist of all deposits from participating governments, including revenues dedicated to repaying bonds, that are placed in the custody of the state treasurer for investment purposes pursuant to this section. The state treasurer shall maintain one or more separate accounts for each participating government having deposits in the local government investment pool and may divide the fund into two or more subfunds, as the state treasurer deems appropriate, for short-term and medium-term investment purposes, including one or more subfunds for bond proceeds deposited by participating governments.

B. If an eligible governing body is unable to

1 receive payment on public money at the rate of interest as  
2 set forth in Section 6-10-36 NMSA 1978 from financial  
3 institutions within the geographic boundaries of the eligible  
4 governing body, or if the eligible governing body is not  
5 bound by the terms of Section 6-10-36 NMSA 1978, the finance  
6 officer having control of the money of that eligible  
7 governing body not required for current expenditure may, with  
8 the consent of the board of finance of the eligible governing  
9 body if consent is required by the laws or rules of the  
10 eligible governing body, remit some or all of the money to  
11 the state treasurer for deposit for the purpose of investment  
12 as allowed by this section.

13 C. Before funds are invested or reinvested  
14 pursuant to this section, a finance officer shall notify and  
15 make the funds available for investment to banks, savings and  
16 loan associations and credit unions located within the  
17 geographical boundaries of the participating government or  
18 the eligible governing body, subject to the limitation on  
19 credit union accounts. To be eligible for deposit of the  
20 government funds, the financial institution shall pay to the  
21 participating government or eligible governing body the rate  
22 established by the state treasurer pursuant to a policy  
23 adopted by the state board of finance for the investments.

24 D. A finance officer shall specify the length of  
25 time a deposit shall be in the local government investment

1 pool. The state treasurer through the use of the state  
2 fiscal agent shall separately track each deposit and shall  
3 make information regarding the deposit available to the  
4 public upon written request.

5 E. The state treasurer shall invest the local  
6 government investment pool as provided in Section 6-10-10  
7 NMSA 1978 regarding the investment of state funds in  
8 investments with a maturity at the time of purchase that does  
9 not exceed three years. The state treasurer may elect to  
10 have the local government investment pool consolidated for  
11 investment purposes with the state funds under the control of  
12 the state treasurer; provided that accurate and detailed  
13 accounting records are maintained for the account of each  
14 participating government and that a proportionate amount of  
15 interest earned is credited to each of the separate accounts  
16 of a participating government. The fund shall be invested to  
17 achieve its objective, which is to realize the maximum return  
18 consistent with safe and prudent management.

19 F. At the end of each month, all net investment  
20 income or losses from investment of the local government  
21 investment pool shall be distributed by the state treasurer  
22 to the accounts of participating governments in amounts  
23 directly proportionate to the respective amounts deposited by  
24 them in the local government investment pool and the length  
25 of time the amounts in each account were invested.

1           G. The state treasurer shall charge participating  
2 governments reasonable audit, administrative and investment  
3 expenses and shall deduct those expenses directly from the  
4 net investment income for the investment and administrative  
5 services provided pursuant to this subsection. The amount of  
6 the charges, the manner of the use by the state treasurer and  
7 the nature of bond-related services to be offered shall be  
8 established in rules adopted and promulgated by the state  
9 treasurer subject to approval by the state board of finance.

10           H. Subject to appropriation by the legislature,  
11 amounts deducted from the accounts of participating  
12 governments for charges permitted pursuant to this section  
13 shall be expended by the state treasurer in fiscal year 2008  
14 and in subsequent fiscal years for the administration and  
15 management of the local government investment pool, services  
16 provided to participating governments related to investment  
17 of their money in that fund and other services authorized by  
18 this section. Balances remaining at the end of a fiscal year  
19 from the amounts deducted pursuant to this section shall  
20 revert to the general fund. Balances in the state  
21 treasurer's operating account resulting from deductions taken  
22 pursuant to this section in excess of the amount required to  
23 provide administration, management and related services  
24 required by this subsection or other services authorized by  
25 this section shall be offset by reductions in the charges

1 made by the state treasurer to the accounts of participating  
2 governments in subsequent deductions from participating  
3 governments' accounts.

4 I. Each fiscal year, the state treasurer shall  
5 cause to have the short-term investment portion of the local  
6 government investment pool rated by a nationally recognized  
7 statistical rating organization. If the rating received by  
8 the short-term investment portion of the fund is lower than  
9 "AA", the state treasurer shall immediately submit a plan to  
10 the state board of finance detailing the steps that will be  
11 taken to obtain an "AA" or higher rating.

12 J. The state treasurer may offer to provide to  
13 participating governments services related to requirements of  
14 the federal income tax laws applicable to the investment of  
15 bond proceeds.

16 K. A tribe or quasi-governmental body created  
17 pursuant to New Mexico statute may become a participating  
18 government only if the governing authority of the tribe or  
19 quasi-governmental body has adopted a resolution authorizing  
20 the tribe or quasi-governmental body to remit money to the  
21 state treasurer for investment in the local government  
22 investment pool.

23 L. Deposits by the state treasurer on behalf of  
24 the general fund and bond proceeds investment pools shall, in  
25 aggregate, be no more than thirty-five percent of the total

1 amount in the local government investment pool at any time.

2 M. The educational retirement board, the public  
3 employees retirement association and the state investment  
4 council may remit money to the state treasurer for investment  
5 in the local government investment pool." \_\_\_\_\_

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