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SENATE BILL 255

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

John Pinto

AN ACT

RELATING TO TAXATION; AMENDING SECTION 7-27-10.1 NMSA 1978
(BEING LAWS 2003, CHAPTER 134, SECTION 1, AS AMENDED) TO
INCREASE TO TEN PERCENT THE ESTIMATED SEVERANCE TAX BONDING
CAPACITY FOR TRIBAL INFRASTRUCTURE PROJECTS.

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

SECTION 1. Section 7-27-10.1 NMSA 1978 (being Laws 2003,
Chapter 134, Section 1, as amended) is amended to read:

"7-27-10.1. BONDING CAPACITY--AUTHORIZATION FOR SEVERANCE
TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL
INFRASTRUCTURE PROJECTS.--

A. By January 15 of each year, the board of finance
division of the department of finance and administration shall
estimate the amount of bonding capacity available for severance
tax bonds to be authorized by the legislature.

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1 B. The division shall allocate ten percent of the
2 estimated bonding capacity each year for water projects, and
3 the legislature authorizes the state board of finance to issue
4 severance tax bonds in the annually allocated amount for use by
5 the water trust board to fund water projects statewide, except
6 for projects authorized in Subsection E of this section. The
7 water trust board shall certify to the state board of finance
8 the need for issuance of bonds for water projects. The state
9 board of finance may issue and sell the bonds in the same
10 manner as other severance tax bonds in an amount not to exceed
11 the authorized amount provided for in this subsection. If
12 necessary, the state board of finance shall take the
13 appropriate steps to comply with the federal Internal Revenue
14 Code of 1986, as amended. Proceeds from the sale of the bonds
15 are appropriated to the water project fund in the New Mexico
16 finance authority for the purposes certified by the water trust
17 board to the state board of finance.

18 C. The board of finance division shall allocate
19 [~~five~~] ten percent of the estimated bonding capacity each year
20 for tribal infrastructure projects, and the legislature
21 authorizes the state board of finance to issue severance tax
22 bonds in the annually allocated amount for use by the tribal
23 infrastructure board to fund tribal infrastructure projects.
24 The tribal infrastructure board shall certify to the state
25 board of finance the need for issuance of bonds for tribal

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1 infrastructure projects. The state board of finance may issue
2 and sell the bonds in the same manner as other severance tax
3 bonds in an amount not to exceed the authorized amount provided
4 for in this subsection. If necessary, the state board of
5 finance shall take the appropriate steps to comply with the
6 federal Internal Revenue Code of 1986, as amended. Proceeds
7 from the sale of the bonds are appropriated to the tribal
8 infrastructure project fund for the purposes certified by the
9 tribal infrastructure board to the state board of finance.

10 D. Money from the severance tax bonds provided for
11 in this section shall not be used to pay indirect project
12 costs. Any unexpended balance from proceeds of severance tax
13 bonds issued for a water project or a tribal infrastructure
14 project shall revert to the severance tax bonding fund within
15 six months of completion of the project. The New Mexico
16 finance authority shall monitor and ensure proper reversions of
17 the bond proceeds appropriated for water projects, and the
18 department of finance and administration shall monitor and
19 ensure proper reversions of the bond proceeds appropriated for
20 tribal infrastructure projects.

21 E. The board of finance division of the department
22 of finance and administration shall:

23 (1) void the authorization to the water
24 project fund held at the New Mexico finance authority to make
25 grants or loans of severance tax bond proceeds for projects

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1 pursuant to Subsection U of Section 1 of Chapter 41 of Laws
2 2006 for the northwest New Mexico council of governments in
3 McKinley county for a water distribution project and Subsection
4 25 of Section 1 of Chapter 139 of Laws 2007 for the Navajo
5 Nation division of natural resources department of water
6 resources water management branch for a regional water project
7 in Rio Arriba, Sandoval, McKinley, San Juan and Cibola
8 counties; and

9 (2) authorize the department of environment to
10 make a grant of the unexpended proceeds of severance tax bonds
11 issued in fiscal years 2006 and 2007 for the purposes of the
12 water project fund to be used for the authorizations identified
13 in Paragraph (1) of this subsection and appropriate to the
14 department of environment five million three hundred seventy-
15 five thousand two hundred forty-four dollars (\$5,375,244) for
16 the Navajo Nation division of natural resources department of
17 water resources water management branch for a regional water
18 distribution project in Rio Arriba, Sandoval, McKinley, San
19 Juan and Cibola counties. Any unexpended balance of the funds
20 authorized for expenditure in this section shall revert to the
21 severance tax bonding fund at the end of fiscal year 2013 or
22 upon completion of the project, whichever is earlier.

23 F. As used in this section:

24 (1) "tribal infrastructure project" means a
25 qualified project under the Tribal Infrastructure Act; and

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(2) "water project" means a capital outlay project for:

- (a) the storage, conveyance or delivery of water to end users;
- (b) the implementation of federal Endangered Species Act of 1973 collaborative programs;
- (c) the restoration and management of watersheds;
- (d) flood prevention; or
- (e) conservation, recycling, treatment or reuse of water."