

1 HOUSE BILL 236

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

3 INTRODUCED BY

4 Jason C. Harper and Carlos R. Cisneros

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8 ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

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10 AN ACT

11 RELATING TO PUBLIC FINANCE; PROVIDING FOR INCREASED
12 DISTRIBUTIONS TO THE SEVERANCE TAX PERMANENT FUND BY PHASING IN
13 REDUCTIONS TO SEVERANCE TAX BONDING CAPACITY AND SUPPLEMENTAL
14 SEVERANCE TAX BONDING CAPACITY.

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 7-27-14 NMSA 1978 (being Laws 1961,
18 Chapter 5, Section 11, as amended) is amended to read:

19 "7-27-14. AMOUNT OF TAX--SECURITY FOR BONDS.--

20 A. The legislature shall provide for the continued
21 assessment, levy, collection and deposit into the severance tax
22 bonding fund of the tax or taxes upon natural resource products
23 severed and saved from the soil of the state that, together
24 with such other income as may be deposited to the fund, will be
25 sufficient to produce an amount that is at least the amount

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1 necessary to meet annual debt service charges on all
2 outstanding severance tax bonds and supplemental severance tax
3 bonds.

4 B. Except as otherwise specifically provided by
5 law, the state board of finance shall issue no severance tax
6 bonds unless the aggregate amount of severance tax bonds
7 outstanding, and including the issue proposed, can be serviced
8 with not more than [~~fifty percent~~] the following percentages of
9 the annual deposits into the severance tax bonding fund, as
10 determined by the lesser of the deposits during the preceding
11 fiscal year or the deposits during the current fiscal year as
12 estimated by the division:

13 (1) for fiscal year 2016, forty-nine and one-
14 tenth percent;

15 (2) for fiscal year 2017, forty-eight and two-
16 tenths percent;

17 (3) for fiscal year 2018, forty-seven and
18 three-tenths percent; and

19 (4) for fiscal year 2019 and subsequent fiscal
20 years, forty-six and four-tenths percent.

21 C. The state board of finance shall issue no
22 supplemental severance tax bonds with a term that extends
23 beyond the fiscal year in which the bonds are issued unless the
24 aggregate amount of severance tax bonds and supplemental
25 severance tax bonds outstanding, and including the issue

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1 proposed, can be serviced with not more than [~~sixty-two and~~
2 ~~one-half percent~~] the following percentages of the annual
3 deposits into the severance tax bonding fund, as determined by
4 the lesser of the deposits during the preceding fiscal year or
5 the deposits during the current fiscal year as estimated by the
6 division:

7 (1) for fiscal year 2016, sixty-one and six-
8 tenths percent;

9 (2) for fiscal year 2017, sixty and seven-
10 tenths percent;

11 (3) for fiscal year 2018, fifty-nine and
12 eight-tenths percent; and

13 (4) for fiscal year 2019 and subsequent fiscal
14 years, fifty-eight and nine-tenths percent.

15 D. Except as otherwise specifically provided by
16 law, the state board of finance may issue supplemental
17 severance tax bonds with a term that does not extend beyond the
18 fiscal year in which they are issued if the debt service on
19 such supplemental severance tax bonds when added to the debt
20 service previously paid or scheduled to be paid during that
21 fiscal year on severance tax bonds and supplemental severance
22 tax bonds does not exceed [~~ninety-five percent~~] the following
23 percentages of the lesser of the deposits into the severance
24 tax bonding fund during the preceding fiscal year or the
25 deposits into the severance tax bonding fund during the current

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- 1 fiscal year as estimated by the division:
- 2 (1) for fiscal year 2016, ninety-two and
- 3 seven-tenths percent;
- 4 (2) for fiscal year 2017, ninety and four-
- 5 tenths percent;
- 6 (3) for fiscal year 2018, eighty-eight and
- 7 one-tenth percent; and
- 8 (4) for fiscal year 2019 and subsequent fiscal
- 9 years, eighty-five and eight-tenths percent.

10 E. The provisions of this section shall not be
11 modified by the terms of any severance tax bonds or
12 supplemental severance tax bonds hereafter issued.

13 F. For the purposes of this section, "division"
14 means the board of finance division of the department of
15 finance and administration."

16 SECTION 2. EFFECTIVE DATE.--The effective date of the
17 provisions of this act is July 1, 2015.