

HOUSE TRANSPORTATION AND PUBLIC WORKS COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 262

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

AN ACT

RELATING TO CAPITAL EXPENDITURES; PROVIDING ADDITIONAL REVENUE FOR THE STATE ROAD FUND AND THE LOCAL GOVERNMENTS ROAD FUND BY INCREASING THE GASOLINE TAX AND THE SPECIAL FUEL EXCISE TAX BEGINNING IN FISCAL YEAR 2016 AND THE MOTOR VEHICLE EXCISE TAX BEGINNING IN FISCAL YEAR 2019; INDEXING THE GASOLINE TAX AND SPECIAL FUEL EXCISE TAX TO INFLATION BEGINNING IN FISCAL YEAR 2017; AUTHORIZING THE ISSUANCE OF SEVERANCE TAX AND SUPPLEMENTAL SEVERANCE TAX BONDS IN CERTAIN FISCAL YEARS FOR TRANSPORTATION PROJECTS; REQUIRING AN ANNUAL ESTIMATE OF SUPPLEMENTAL SEVERANCE TAX BONDING CAPACITY; REDUCING TOTAL BONDING CAPACITY FOR SEVERANCE TAX AND SUPPLEMENTAL SEVERANCE TAX BONDS FOR FISCAL YEAR 2021 AND SUBSEQUENT FISCAL YEARS; ADJUSTING THE MANNER IN WHICH THE CAPACITY FOR ISSUANCE OF SEVERANCE TAX AND SUPPLEMENTAL SEVERANCE TAX BONDS IS CALCULATED; REPEALING LAWS 2001, CHAPTER 37, SECTION 1; MAKING

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1 APPROPRIATIONS.

2  
3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

4 SECTION 1. Section 7-1-6.7 NMSA 1978 (being Laws  
5 1994, Chapter 5, Section 2, as amended) is amended to read:

6 "7-1-6.7. DISTRIBUTIONS--STATE AVIATION FUND.--

7 A. A distribution pursuant to Section 7-1-6.1 NMSA  
8 1978 shall be made to the state aviation fund in an amount  
9 equal to four and seventy-nine hundredths percent of the  
10 taxable gross receipts attributable to the sale of fuel  
11 specially prepared and sold for use in turboprop or jet-type  
12 engines as determined by the department.

13 B. A distribution pursuant to Section 7-1-6.1 NMSA  
14 1978 shall be made to the state aviation fund in an amount  
15 equal to [~~twenty-six hundredths percent of gasoline taxes,~~  
16 ~~exclusive of penalties and interest, collected~~] the following  
17 percentages of the net receipts attributable to the taxes  
18 imposed pursuant to the Gasoline Tax Act:

19 (1) prior to July 1, 2015, twenty-six  
20 hundredths percent; and

21 (2) on and after July 1, 2015, twenty-three  
22 hundredths percent.

23 C. From July 1, 2013 through June 30, 2018, a  
24 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be  
25 made to the state aviation fund in an amount equal to

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1 forty-six thousandths percent of the net receipts attributable  
2 to the gross receipts tax distributable to the general fund.

3 D. A distribution pursuant to Section 7-1-6.1 NMSA  
4 1978 shall be made to the state aviation fund from the net  
5 receipts attributable to the gross receipts tax distributable  
6 to the general fund in an amount equal to

7 [~~(1) eighty thousand dollars (\$80,000) monthly~~  
8 ~~from July 1, 2007 through June 30, 2008;~~

9 ~~(2) one hundred sixty-seven thousand dollars~~  
10 ~~(\$167,000) monthly from July 1, 2008 through June 30, 2009; and~~

11 ~~(3)] two hundred fifty thousand dollars~~  
12 ~~(\$250,000) [monthly after July 1, 2009]."~~

13 SECTION 2. Section 7-1-6.8 NMSA 1978 (being Laws 1983,  
14 Chapter 211, Section 13, as amended) is amended to read:

15 "7-1-6.8. DISTRIBUTION--MOTORBOAT FUEL TAX FUND.--A  
16 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be  
17 made to the motorboat fuel tax fund in [~~an amount equal to~~  
18 ~~thirteen-hundredths of one percent]~~ the following percentages  
19 of the net receipts attributable to the gasoline tax:

20 A. prior to July 1, 2015, thirteen-hundredths  
21 percent; and

22 B. on and after July 1, 2015, twelve-hundredths  
23 percent."

24 SECTION 3. Section 7-1-6.9 NMSA 1978 (being Laws 1991,  
25 Chapter 9, Section 11, as amended) is amended to read:

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1           "7-1-6.9. DISTRIBUTION OF GASOLINE TAXES TO  
2 MUNICIPALITIES AND COUNTIES.--

3           A. A distribution pursuant to Section 7-1-6.1 NMSA  
4 1978 shall be made in [~~an amount equal to ten and thirty-eight~~  
5 ~~hundredths percent~~] the following percentages of the net  
6 receipts attributable to the taxes [~~exclusive of penalties and~~  
7 ~~interest~~] imposed by the Gasoline Tax Act:

8                     (1) prior to July 1, 2015, ten and thirty-  
9 eight hundredths percent; and

10                    (2) on and after July 1, 2015, nine and  
11 twenty-nine hundredths percent.

12           B. [~~Except as provided in Subsection D of this~~  
13 ~~section~~] The amount determined in Subsection A of this section  
14 shall be distributed as follows:

15                     (1) ninety percent of the amount shall be paid  
16 to the treasurers of municipalities and H class counties in the  
17 proportion that the taxable motor fuel sales in each of the  
18 municipalities and H class counties bears to the aggregate  
19 taxable motor fuel sales in all of these municipalities and H  
20 class counties; and

21                     (2) ten percent of the amount shall be paid to  
22 the treasurers of the counties, including H class counties, in  
23 the proportion that the taxable motor fuel sales outside of  
24 incorporated municipalities in each of the counties bears to  
25 the aggregate taxable motor fuel sales outside of incorporated

1 municipalities in all of the counties.

2 C. Except as provided in Subsection D of this  
 3 section, this distribution shall be paid into a separate road  
 4 fund in the municipal treasury or county road fund for  
 5 expenditure only for construction, reconstruction, resurfacing  
 6 or other improvement or maintenance of public roads, streets,  
 7 alleys or bridges, including right-of-way and materials  
 8 acquisition. Money distributed pursuant to this section may be  
 9 used by a municipality or county to provide matching funds for  
 10 projects subject to cooperative agreements entered into with  
 11 the [~~state highway and~~] department of transportation  
 12 [~~department~~] pursuant to Section 67-3-28 NMSA 1978. Any  
 13 municipality or H class county that has created or that creates  
 14 a "street improvement fund" to which gasoline tax revenues or  
 15 distributions are irrevocably pledged under Sections 3-34-1  
 16 through 3-34-4 NMSA 1978 or that has pledged all or a portion  
 17 of gasoline tax revenues or distributions to the payment of  
 18 bonds shall receive its proportion of the distribution of  
 19 revenues under this section impressed with and subject to these  
 20 pledges.

21 D. This distribution may be paid into a separate  
 22 road fund or the general fund of the municipality or county if  
 23 the municipality has a population less than three thousand or  
 24 the county has a population less than four thousand."

25 SECTION 4. Section 7-1-6.19 NMSA 1978 (being Laws 1991,

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1 Chapter 9, Section 15, as amended) is amended to read:

2 "7-1-6.19. DISTRIBUTION--COUNTY GOVERNMENT ROAD FUND  
3 CREATED.--

4 A. There is created in the state treasury the  
5 "county government road fund".

6 B. A distribution pursuant to Section 7-1-6.1 NMSA  
7 1978 shall be made to the county government road fund in [~~an~~  
8 ~~amount equal to five and seventy-six hundredths percent~~] the  
9 following percentages of the net receipts attributable to the  
10 gasoline tax:

11 (1) prior to July 1, 2015, five and seventy-  
12 six hundredths percent; and

13 (2) on and after July 1, 2015, five and  
14 fifteen-hundredths percent."

15 SECTION 5. Section 7-1-6.27 NMSA 1978 (being Laws 1991,  
16 Chapter 9, Section 20, as amended) is amended to read:

17 "7-1-6.27. DISTRIBUTION--MUNICIPAL ROADS.--

18 A. A distribution pursuant to Section 7-1-6.1 NMSA  
19 1978 shall be made to municipalities for the purposes and  
20 amounts specified in this section in an aggregate amount equal  
21 to [~~five and seventy-six hundredths percent~~] the following  
22 percentages of the net receipts attributable to the gasoline  
23 tax:

24 (1) prior to July 1, 2015, five and seventy-  
25 six hundredths percent; and

1                   (2) on and after July 1, 2015, five and  
2 fifteen-hundredths percent.

3                   B. The distribution authorized in this section  
4 shall be used for the following purposes:

5                   (1) reconstructing, resurfacing, maintaining,  
6 repairing or otherwise improving existing alleys, streets,  
7 roads or bridges, or any combination of the foregoing; or  
8 laying off, opening, constructing or otherwise acquiring new  
9 alleys, streets, roads or bridges, or any combination of the  
10 foregoing; provided that any of the foregoing improvements may  
11 include, but are not limited to, the acquisition of rights of  
12 way;

13                   (2) to provide matching funds for projects  
14 subject to cooperative agreements with the [~~state highway and~~  
15 department of transportation [~~department~~] pursuant to Section  
16 67-3-28 NMSA 1978; and

17                   (3) for expenses of purchasing, maintaining  
18 and operating transit operations and facilities, for the  
19 operation of a transit authority established by the Municipal  
20 Transit Law and for the operation of a vehicle emission  
21 inspection program. A municipality may engage in the business  
22 of the transportation of passengers and property within the  
23 political subdivision by whatever means the municipality may  
24 decide and may acquire cars, trucks, motor buses and other  
25 equipment necessary for operating the business. A municipality

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1 may acquire land, erect buildings and equip the buildings with  
2 all the necessary machinery and facilities for the operation,  
3 maintenance, modification, repair and storage of the cars,  
4 trucks, motor buses and other equipment needed. A municipality  
5 may do all things necessary for the acquisition and the conduct  
6 of the business of public transportation.

7 C. For the purposes of this section:

8 (1) "computed distribution amount" means the  
9 distribution amount calculated for a municipality for a month  
10 pursuant to Paragraph (2) of Subsection D of this section prior  
11 to any adjustments to the amount due to the provisions of  
12 Subsections E and F of this section;

13 (2) "floor amount" means four hundred  
14 seventeen dollars (\$417);

15 (3) "floor municipality" means a municipality  
16 whose computed distribution amount is less than the floor  
17 amount; and

18 (4) "full distribution municipality" means a  
19 municipality whose population at the last federal decennial  
20 census was at least two hundred thousand.

21 D. Subject to the provisions of Subsections E and F  
22 of this section, each municipality shall be distributed a  
23 portion of the aggregate amount distributable under this  
24 section in an amount equal to the greater of:

25 (1) the floor amount; or

1                   (2) eighty-five percent of the aggregate  
2 amount distributable under this section times a fraction, the  
3 numerator of which is the municipality's reported taxable  
4 gallons of gasoline for the immediately preceding state fiscal  
5 year and the denominator of which is the reported total taxable  
6 gallons for all municipalities for the same period.

7                   E. Fifteen percent of the aggregate amount  
8 distributable under this section shall be referred to as the  
9 "redistribution amount". Beginning in August 1990, and each  
10 month thereafter, from the redistribution amount there shall be  
11 taken an amount sufficient to increase the computed  
12 distribution amount of every floor municipality to the floor  
13 amount. In the event that the redistribution amount is  
14 insufficient for this purpose, the computed distribution amount  
15 for each floor municipality shall be increased by an amount  
16 equal to the redistribution amount times a fraction, the  
17 numerator of which is the difference between the floor amount  
18 and the municipality's computed distribution amount and the  
19 denominator of which is the difference between the product of  
20 the floor amount multiplied by the number of floor  
21 municipalities and the total of the computed distribution  
22 amounts for all floor municipalities.

23                   F. If a balance remains after the redistribution  
24 amount has been reduced pursuant to Subsection E of this  
25 section, there shall be added to the computed distribution

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1 amount of each municipality that is neither a full distribution  
2 municipality nor a floor municipality an amount that equals the  
3 balance of the redistribution amount times a fraction, the  
4 numerator of which is the computed distribution amount of the  
5 municipality and the denominator of which is the sum of the  
6 computed distribution amounts of all municipalities that are  
7 neither full distribution municipalities nor floor  
8 municipalities."

9 SECTION 6. Section 7-1-6.28 NMSA 1978 (being Laws 1991,  
10 Chapter 9, Section 22, as amended) is amended to read:

11 "7-1-6.28. DISTRIBUTION--MUNICIPAL ARTERIAL PROGRAM OF  
12 LOCAL GOVERNMENTS ROAD FUND.--A distribution pursuant to  
13 Section 7-1-6.1 NMSA 1978 shall be made to the municipal  
14 arterial program of the local governments road fund created in  
15 Section 67-3-28.2 NMSA 1978 in an amount equal to [~~one and~~  
16 ~~forty-four hundredths percent~~] the following percentages of the  
17 net receipts attributable to the gasoline tax:

18 A. prior to July 1, 2015, one and forty-four  
19 hundredths percent; and

20 B. on and after July 1, 2015, one and twenty-nine  
21 hundredths percent."

22 SECTION 7. Section 7-1-6.39 NMSA 1978 (being Laws 1995,  
23 Chapter 6, Section 9, as amended) is amended to read:

24 "7-1-6.39. DISTRIBUTION OF SPECIAL FUEL EXCISE TAX AND  
25 GASOLINE TAX TO LOCAL GOVERNMENTS ROAD FUND.--

1           A. A distribution pursuant to Section 7-1-6.1 NMSA  
 2 1978 shall be made to the local governments road fund in [~~an~~  
 3 ~~amount equal to nine and fifty-two hundredths percent~~] the  
 4 following percentages of the net receipts attributable to the  
 5 [~~taxes, exclusive of penalties and interest, from the~~] special  
 6 fuel excise tax [~~imposed by the Special Fuels Supplier Tax~~  
 7 ~~Act~~]:

8                     (1) prior to July 1, 2015, nine and fifty-two  
 9 hundredths percent; and

10                    (2) on and after July 1, 2015, seventeen and  
 11 thirty-nine hundredths percent.

12           B. On and after July 1, 2015, a distribution  
 13 pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the  
 14 local governments road fund in an amount equal to ten and  
 15 fifty-three hundredths percent of the net receipts attributable  
 16 to the gasoline tax."

17           SECTION 8. Section 7-13-3 NMSA 1978 (being Laws 1971,  
 18 Chapter 207, Section 3, as amended) is amended to read:

19           "7-13-3. IMPOSITION AND RATE OF TAX--DENOMINATION AS  
 20 "GASOLINE TAX".--

21           A. For the privilege of receiving gasoline in this  
 22 state, there is imposed an excise tax at a rate provided in  
 23 Subsection B of this section on each gallon of gasoline  
 24 received in New Mexico.

25           [~~B. The tax imposed by Subsection A of this section~~

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1 ~~shall be seventeen cents (\$.17) per gallon received in New~~  
2 ~~Mexico.~~

3 ~~E.]~~ The tax imposed by this section may be called  
4 the "gasoline tax".

5 B. The rate of the gasoline tax shall be:

6 (1) prior to July 1, 2015, seventeen cents  
7 (\$.17) per gallon received in New Mexico;

8 (2) beginning July 1, 2015 and prior to July  
9 1, 2016, nineteen cents (\$.19) per gallon received in New  
10 Mexico; and

11 (3) on and after July 1, 2016, the rate  
12 determined pursuant to Subsection C of this section.

13 C. No later than April 30, 2016 and April 30 of  
14 each subsequent year, the department shall calculate the rate  
15 of gasoline tax to be imposed as of July 1 of that year. The  
16 rate of the gasoline tax per gallon shall be equal to the  
17 product, rounded down to the nearest whole cent, of nineteen  
18 cents (\$.19) multiplied by a fraction with a numerator equal to  
19 the chained price index for the previous calendar year and a  
20 denominator equal to the chained price index for calendar year  
21 2014; provided that the rate of the tax shall not be less than  
22 the rate imposed on July 1 of the previous year. As used in  
23 this subsection, "chained price index" means the chained price  
24 index for nonresidential construction in the consumer price  
25 index."

1           SECTION 9. Section 7-14-4 NMSA 1978 (being Laws 1988,  
2 Chapter 73, Section 14) is amended to read:

3           "7-14-4. DETERMINATION OF AMOUNT OF MOTOR VEHICLE EXCISE  
4 TAX.--

5           A. The rate of the motor vehicle excise tax is  
6 [~~three percent~~] as follows and is applied to the price paid for  
7 the vehicle:

8                     (1) prior to July 1, 2018, three percent; and

9                     (2) on and after July 1, 2018, four percent.

10          B. If the price paid does not represent the value  
11 of the vehicle in the condition that existed at the time it was  
12 acquired, the tax rate shall be applied to the reasonable value  
13 of the vehicle in such condition at such time. However,  
14 allowances granted for vehicle trade-ins may be deducted from  
15 the price paid or the reasonable value of the vehicle  
16 purchased."

17          SECTION 10. Section 7-14-10 NMSA 1978 (being Laws 1988,  
18 Chapter 73, Section 20, as amended) is amended to read:

19          "7-14-10. DISTRIBUTION OF PROCEEDS.--

20          A. The receipts from the tax and any associated  
21 interest and penalties shall be deposited in the "motor vehicle  
22 suspense fund", hereby created in the state treasury.

23          B. Prior to July 1, 2018, as of the end of each  
24 month, the net receipts attributable to the tax and associated  
25 penalties and interest shall be distributed to the general

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1 fund.

2 C. On and after July 1, 2018, as of the end of each  
3 month, the net receipts attributable to:

4 (1) seventy-five percent of the tax and  
5 associated penalties and interest shall be distributed to the  
6 general fund; and

7 (2) twenty-five percent of the tax and  
8 associated penalties and interest shall be distributed to the  
9 state road fund."

10 SECTION 11. Section 7-16A-3 NMSA 1978 (being Laws 1992,  
11 Chapter 51, Section 3, as amended) is amended to read:

12 "7-16A-3. IMPOSITION AND RATE OF TAX--DENOMINATION AS  
13 SPECIAL FUEL EXCISE TAX.--

14 A. For the privilege of receiving or using special  
15 fuel in this state, there is imposed an excise tax at a rate  
16 provided in Subsection B of this section on each gallon of  
17 special fuel received in New Mexico.

18 ~~[B. The tax imposed by Subsection A of this section~~  
19 ~~shall be twenty-one cents (\$.21) per gallon of special fuel~~  
20 ~~received or used in New Mexico.~~

21 ~~G.]~~ The tax imposed by this section may be called  
22 the "special fuel excise tax".

23 B. The rate of the special fuel excise tax shall  
24 be:

25 (1) prior to July 1, 2015, twenty-one cents

1  (\$.21) per gallon of special fuel received or used in New  
 2  Mexico;

3  (2) beginning July 1, 2015 and prior to July  
 4  1, 2016, twenty-three cents (\$.23) per gallon of special fuel  
 5  received or used in New Mexico; and

6  (3) on and after July 1, 2016, the rate  
 7  determined pursuant to Subsection C of this section.

8  C. No later than April 30, 2016 and April 30 of  
 9  each subsequent year, the department shall calculate the rate  
 10  of special fuel excise tax to be imposed as of July 1 of that  
 11  year. The rate of the special fuel excise tax per gallon shall  
 12  be equal to the product, rounded down to the nearest whole  
 13  cent, of twenty-three cents (\$.23) multiplied by a fraction  
 14  with a numerator equal to the chained price index for the  
 15  previous calendar year and a denominator equal to the chained  
 16  price index for calendar year 2014; provided that the rate of  
 17  the tax shall not be less than the rate imposed on July 1 of  
 18  the previous year. As used in this subsection, "chained price  
 19  index" means the chained price index for nonresidential  
 20  construction in the consumer price index."

21 **SECTION 12.** Section 7-27-10.1 NMSA 1978 (being Laws 2003,  
 22 Chapter 134, Section 1, as amended) is amended to read:

23 "7-27-10.1. BONDING CAPACITY FOR SEVERANCE TAX BONDS AND  
 24 SUPPLEMENTAL SEVERANCE TAX BONDS--AUTHORIZATION FOR SEVERANCE  
 25 TAX BONDS--PRIORITY FOR WATER PROJECTS AND TRIBAL

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1 INFRASTRUCTURE PROJECTS.--

2 A. By January 15 of each year, the [~~board of~~  
3 ~~finance~~] division [~~of the department of finance and~~  
4 ~~administration~~] shall estimate the amount of bonding capacity  
5 available for severance tax bonds to be authorized by the  
6 legislature and the amount of bonding capacity available for  
7 supplemental severance tax bonds to be issued pursuant to the  
8 Severance Tax Bonding Act.

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

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1 of finance.

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

19 D. Money from the severance tax bonds provided for  
20 in this section shall not be used to pay indirect project  
21 costs. Any unexpended balance from proceeds of severance tax  
22 bonds issued for a water project or a tribal infrastructure  
23 project shall revert to the severance tax bonding fund within  
24 six months of completion of the project. The New Mexico  
25 finance authority shall monitor and ensure proper reversions of

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1 the bond proceeds appropriated for water projects, and the  
2 department of finance and administration shall monitor and  
3 ensure proper reversions of the bond proceeds appropriated for  
4 tribal infrastructure projects.

5 E. The ~~[board of finance]~~ division ~~[of the~~  
6 ~~department of finance and administration]~~ shall:

7 (1) void the authorization to the water  
8 project fund held at the New Mexico finance authority to make  
9 grants or loans of severance tax bond proceeds for projects  
10 pursuant to Subsection U of Section 1 of Chapter 41 of Laws  
11 2006 for the northwest New Mexico council of governments in  
12 McKinley county for a water distribution project and Subsection  
13 25 of Section 1 of Chapter 139 of Laws 2007 for the Navajo  
14 Nation division of natural resources department of water  
15 resources water management branch for a regional water project  
16 in Rio Arriba, Sandoval, McKinley, San Juan and Cibola  
17 counties; and

18 (2) authorize the department of environment to  
19 make a grant of the unexpended proceeds of severance tax bonds  
20 issued in fiscal years 2006 and 2007 for the purposes of the  
21 water project fund to be used for the authorizations identified  
22 in Paragraph (1) of this subsection and appropriate to the  
23 department of environment five million three hundred seventy-  
24 five thousand two hundred forty-four dollars (\$5,375,244) for  
25 the Navajo Nation division of natural resources department of

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1 water resources water management branch for a regional water  
 2 distribution project in Rio Arriba, Sandoval, McKinley, San  
 3 Juan and Cibola counties. Any unexpended balance of the funds  
 4 authorized for expenditure in this section shall revert to the  
 5 severance tax bonding fund at the end of fiscal year 2013 or  
 6 upon completion of the project, whichever is earlier.

7 F. As used in this section:

8 (1) "division" means the board of finance  
 9 division of the department of finance and administration;

10 [~~(1)~~] (2) "tribal infrastructure project"  
 11 means a qualified project under the Tribal Infrastructure Act;  
 12 and

13 [~~(2)~~] (3) "water project" means a capital  
 14 outlay project for:

15 (a) the storage, conveyance or delivery  
 16 of water to end users;

17 (b) the implementation of federal  
 18 Endangered Species Act of 1973 collaborative programs;

19 (c) the restoration and management of  
 20 watersheds;

21 (d) flood prevention; or

22 (e) conservation, recycling, treatment  
 23 or reuse of water."

24 SECTION 13. Section 7-27-12 NMSA 1978 (being Laws 1961,  
 25 Chapter 5, Section 10, as amended by Laws 2001, Chapter 37,

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1 Section 1 and by Laws 2001, Chapter 338, Section 1) is amended  
2 to read:

3 "7-27-12. WHEN SEVERANCE TAX BONDS TO BE ISSUED.--

4 A. The state board of finance shall issue and sell  
5 all severance tax bonds when authorized to do so by any law  
6 that sets out the amount of the issue and the recipient of the  
7 money.

8 B. The state board of finance shall also issue and  
9 sell severance tax bonds authorized by Sections 72-14-36  
10 through 72-14-42 NMSA 1978, and such authority as has been  
11 given to the interstate stream commission to issue and sell  
12 such bonds is transferred to the state board of finance. The  
13 state board of finance shall issue and sell all severance tax  
14 bonds only when so instructed by resolution of the governing  
15 body or by written direction from an authorized officer of the  
16 recipient of the bond money.

17 C. Except as provided in Subsection D of this  
18 section, proceeds from supplemental severance tax bonds shall  
19 be used only for public school capital outlay projects pursuant  
20 to the Public School Capital Outlay Act or the Public School  
21 Capital Improvements Act.

22 D. Proceeds from supplemental severance tax bonds  
23 issued pursuant to:

24 (1) Paragraph (2) of Subsection A of Section  
25 19 of Chapter 6 of Laws 1999 (1st S.S.) shall be used for the

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1 purposes specified in that paragraph; and

2 (2) Section 18 of this 2015 act shall be used  
3 for the purposes specified in that section.

4 E. Except as provided in Subsection F of this  
5 section, the state board of finance shall issue and sell all  
6 supplemental severance tax bonds when so instructed by  
7 resolution of the public school capital outlay council pursuant  
8 to Section 7-27-12.2 NMSA 1978.

9 F. The state board of finance shall issue and sell  
10 supplemental severance tax bonds authorized by:

11 (1) Paragraph (2) of Subsection A of Section  
12 19 of Chapter 6 of Laws 1999 (1st S.S.) when so instructed by  
13 resolution of the [commission on] higher education department;  
14 and

15 (2) Section 18 of this 2015 act when certified  
16 by the department of transportation."

17 **SECTION 14.** Section 7-27-12.2 NMSA 1978 (being Laws  
18 2001, Chapter 338, Section 2, as amended) is amended to read:

19 "7-27-12.2. SUPPLEMENTAL SEVERANCE TAX BONDS--PUBLIC  
20 SCHOOL CAPITAL OUTLAY PROJECTS.--

21 A. The public school capital outlay council is  
22 authorized to certify by resolution that proceeds of  
23 supplemental severance tax bonds are needed for expenditures  
24 relating to public school capital outlay projects pursuant to  
25 the Public School Capital Outlay Act or for the state

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1 distribution for public school capital improvements pursuant to  
2 the Public School Capital Improvements Act. The resolution  
3 shall specify the total amount needed.

4 B. The state board of finance may issue and sell  
5 supplemental severance tax bonds in compliance with the  
6 Severance Tax Bonding Act when the public school capital outlay  
7 council certifies by resolution the need for the issuance of  
8 the bonds. The amount of the supplemental severance tax bonds  
9 sold pursuant to this section at each sale shall not exceed the  
10 lesser of the amount certified by the council or:

11 (1) for fiscal years 2016 through 2020,  
12 eighty-eight and nine-tenths percent of the lesser of the  
13 amount of supplemental severance tax bonds that may be issued  
14 pursuant to the restrictions of Section 7-27-14 NMSA 1978 or  
15 the amount of bonding capacity available for supplemental  
16 severance tax bonds as estimated by the board of finance  
17 division of the department of finance and administration  
18 pursuant to Section 7-27-10.1 NMSA 1978; or

19 (2) for fiscal year 2021 and subsequent fiscal  
20 years, one hundred percent of the lesser of the amount of  
21 supplemental severance tax bonds that may be issued pursuant to  
22 the restrictions of Section 7-27-14 NMSA 1978 or the amount of  
23 bonding capacity available for supplemental severance tax bonds  
24 as estimated by the board of finance division of the department  
25 of finance and administration pursuant to Section 7-27-10.1

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underscored material = new  
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1 NMSA 1978.

2 C. The state board of finance shall schedule the  
3 issuance and sale of the bonds in the most expeditious and  
4 economical manner possible.

5 D. The proceeds from the sale of the bonds are  
6 appropriated as follows:

7 (1) the amount certified by the secretary of  
8 public education as necessary to make the distribution pursuant  
9 to Section 22-25-9 NMSA 1978 is appropriated to the public  
10 school capital improvements fund for the purpose of carrying  
11 out the provisions of the Public School Capital Improvements  
12 Act; and

13 (2) the remainder of the proceeds is  
14 appropriated to the public school capital outlay fund for the  
15 purpose of carrying out the provisions of the Public School  
16 Capital Outlay Act."

17 SECTION 15. Section 7-27-12.5 NMSA 1978 (being Laws  
18 2010, Chapter 10, Section 9) is amended to read:

19 "7-27-12.5. AUTHORIZATION FOR SEVERANCE TAX BONDS--  
20 PRIORITY FOR INFRASTRUCTURE PROJECTS FOR COLONIAS.--

21 A. After the annual estimate of severance tax  
22 bonding capacity pursuant to Subsection A of Section 7-27-10.1  
23 NMSA 1978, the board of finance division of the department of  
24 finance and administration shall allocate five percent of the  
25 estimated bonding capacity for severance tax bonds each year

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

16 B. Money from the severance tax bonds provided for  
17 in this section shall not be used to pay indirect project  
18 costs. Any unexpended balance from proceeds of severance tax  
19 bonds issued for a colonias infrastructure project shall revert  
20 to the severance tax bonding fund within six months of  
21 completion of the project. The colonias infrastructure board  
22 shall monitor and ensure proper reversions of the bond proceeds  
23 appropriated for the projects.

24 C. As used in this section, "colonias  
25 infrastructure project" means a qualified project under the

1 Colonias Infrastructure Act."

2 SECTION 16. Section 7-27-14 NMSA 1978 (being Laws 1961,  
3 Chapter 5, Section 11, as amended) is amended to read:

4 "7-27-14. AMOUNT OF TAX--SECURITY FOR BONDS.--

5 A. The legislature shall provide for the continued  
6 assessment, levy, collection and deposit into the severance tax  
7 bonding fund of the tax or taxes upon natural resource products  
8 severed and saved from the soil of the state that, together  
9 with such other income as may be deposited to the fund, will be  
10 sufficient to produce an amount that is at least the amount  
11 necessary to meet annual debt service charges on all  
12 outstanding severance tax bonds and supplemental severance tax  
13 bonds.

14 B. Except as otherwise specifically provided by  
15 law, the state board of finance shall issue no severance tax  
16 bonds unless the aggregate amount of severance tax bonds  
17 outstanding, and including the issue proposed, can be serviced  
18 with not more than fifty percent of the annual deposits into  
19 the severance tax bonding fund, as determined by the lesser of  
20 the deposits during the preceding fiscal year or the deposits  
21 during the current fiscal year as estimated by the division.

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

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1 severance tax bonds outstanding, and including the issue  
2 proposed, can be serviced with not more than sixty-two and  
3 one-half percent of the annual deposits into the severance tax  
4 bonding fund, as determined by the lesser of the deposits  
5 during the preceding fiscal year or the deposits during the  
6 current fiscal year as estimated by the division.

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

19 (1) for fiscal years 2016 through 2020,  
20 ninety-five percent; and

21 (2) for fiscal year 2021 and subsequent fiscal  
22 years, ninety percent.

23 E. The provisions of this section shall not be  
24 modified by the terms of any severance tax bonds or  
25 supplemental severance tax bonds hereafter issued.

1           F. For the purposes of this section, "division"  
 2 means the board of finance division of the department of  
 3 finance and administration."

4           **SECTION 17.** A new section of the Severance Tax Bonding  
 5 Act is enacted to read:

6           "[NEW MATERIAL] SEVERANCE TAX BONDS--TRANSPORTATION  
 7 PROJECTS--APPROPRIATION OF PROCEEDS.--

8           A. For fiscal years 2015 through 2019, the  
 9 department of transportation is authorized to certify that  
 10 proceeds of severance tax bonds are needed for expenditures  
 11 relating to transportation projects identified pursuant to this  
 12 section. The certification shall specify the total amount  
 13 needed.

14           B. In fiscal years 2015 through 2019, the state  
 15 board of finance may issue and sell severance tax bonds, in  
 16 compliance with the Severance Tax Bonding Act, in an amount not  
 17 to exceed the lesser of ten percent of severance tax bonding  
 18 capacity for each of those fiscal years, as determined pursuant  
 19 to Section 7-27-10.1 NMSA 1978, or an aggregate principal  
 20 amount of five hundred eighty-five million five hundred  
 21 thousand dollars (\$585,500,000), when the department of  
 22 transportation certifies the need for the issuance of the  
 23 bonds.

24           C. The state board of finance shall schedule the  
 25 issuance and sale of the severance tax bonds as expeditiously

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1 and economically as possible upon a finding by the board that,  
2 based upon a certification from the department of  
3 transportation, the proceeds of the bonds are needed for  
4 transportation projects identified pursuant to Subsection D of  
5 this section, that each project identified has been developed  
6 sufficiently to justify the issuance of the bonds and that a  
7 contract for the transportation project can proceed within a  
8 reasonable time. The state board of finance shall further take  
9 the appropriate steps necessary to comply with the federal  
10 Internal Revenue Code of 1986, as amended. The state board of  
11 finance may issue and sell the bonds in the same manner as  
12 other severance tax bonds in an amount not to exceed the  
13 authorized amount provided for in Subsection B of this section.

14 D. The proceeds from the sale of severance tax  
15 bonds pursuant to this section are appropriated to the  
16 department of transportation in an amount not to exceed the  
17 following aggregate amounts for the following transportation  
18 projects:

19 (1) forty million dollars (\$40,000,000) for  
20 the planning, design, reconstruction and improvement of New  
21 Mexico highway 136, between the Santa Teresa port of entry and  
22 McNutt road in Santa Teresa;

23 (2) thirty-five million dollars (\$35,000,000)  
24 for the planning, design, reconstruction and improvement of New  
25 Mexico highway 1 from Mitchell Point to San Antonio;

1                   (3) forty million dollars (\$40,000,000) for  
2 the planning, design, construction and improvement of  
3 interstate 25 from mile post 0 to mile post 6;

4                   (4) thirty million dollars (\$30,000,000) for  
5 the planning, design, construction and improvement of United  
6 States highway 70 from mile post 148.8 to mile post 150.1;

7                   (5) ninety million dollars (\$90,000,000) for  
8 the planning, design, reconstruction and improvement of United  
9 States highway 82 from Artesia to Lovington;

10                   (6) forty-one million five hundred thousand  
11 dollars (\$41,500,000) for the planning, design, reconstruction  
12 and improvement of New Mexico highway 529 from mile post 0 to  
13 mile post 22;

14                   (7) twenty-two million dollars (\$22,000,000)  
15 for the planning, design, reconstruction and improvement of  
16 United States highway 285 from the Texas state line to Loving;

17                   (8) twenty-one million dollars (\$21,000,000)  
18 for the planning, design, reconstruction and improvement of  
19 United States highway 54 from mile post 119 to mile post 130;

20                   (9) thirty million dollars (\$30,000,000) for  
21 the planning, design, reconstruction and improvement of United  
22 States highway 54 from mile post 146 to mile post 163;

23                   (10) thirty-seven million dollars  
24 (\$37,000,000) for the planning, design, reconstruction and  
25 improvement of the interstate 25 and Rio Bravo boulevard

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1 interchange in Albuquerque;

2 (11) twenty-five million dollars (\$25,000,000)  
3 for the planning, design, reconstruction and improvement of  
4 interstate 25 in Albuquerque, between the interstate 25 and Rio  
5 Bravo boulevard interchange and the interstate 25 and Isleta  
6 boulevard interchange;

7 (12) twenty-five million dollars (\$25,000,000)  
8 for the replacement of a bridge over the Canadian river on  
9 United States highway 54 at mile post 325.3, including  
10 demolition, planning, design and construction;

11 (13) twenty-five million dollars (\$25,000,000)  
12 for the planning, design, reconstruction and improvement of  
13 United States highway 64 from mile post 364.8 to mile post  
14 391.7;

15 (14) fifty million dollars (\$50,000,000) for  
16 the planning, design, reconstruction and improvement of United  
17 States highway 64 from mile post 56 to mile post 60;

18 (15) twenty-seven million dollars  
19 (\$27,000,000) for the planning, design, reconstruction and  
20 improvement of New Mexico highway 68 from Espanola to Velarde;

21 (16) twelve million dollars (\$12,000,000) for  
22 the planning, design, reconstruction and improvement of New  
23 Mexico highway 6 from interstate 40 to the boundary between  
24 state transportation districts 3 and 6;

25 (17) fifteen million dollars (\$15,000,000) for

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1 the reconstruction and improvement of New Mexico highway 118  
 2 east of Gallup and within state transportation district 6; and  
 3 (18) twenty million dollars (\$20,000,000) for  
 4 the reconstruction and improvement of the portion of interstate  
 5 40 located within state transportation district 6.

6 E. Money from the severance tax bonds provided for  
 7 in this section shall not be used to pay indirect costs. If  
 8 the department of transportation has not certified the need for  
 9 the issuance of bonds before July 1, 2019, the authorization  
 10 provided in this section shall expire.

11 F. Any unexpended or unencumbered balance of the  
 12 funds authorized for expenditure in this section with respect  
 13 to a transportation project shall revert to the severance tax  
 14 bonding fund at the end of fiscal year 2023 or upon completion  
 15 of the transportation project, whichever is earlier."

16 **SECTION 18.** A new section of the Severance Tax Bonding  
 17 Act is enacted to read:

18 "NEW MATERIAL SUPPLEMENTAL SEVERANCE TAX BONDS--LOCAL  
 19 GOVERNMENT TRANSPORTATION PROJECTS--APPROPRIATION OF  
 20 PROCEEDS.--

21 A. For fiscal years 2016 through 2020, the  
 22 department of transportation is authorized to certify that  
 23 proceeds of supplemental severance tax bonds are needed for  
 24 expenditures relating to transportation projects for local  
 25 governments, as specifically authorized by the legislature.

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1           B. The state board of finance may issue and sell  
2 supplemental severance tax bonds in fiscal years 2016 through  
3 2020 in compliance with the Severance Tax Bonding Act when the  
4 department of transportation certifies the need for the  
5 issuance of the bonds, provided that in each of those fiscal  
6 years, the state board of finance shall issue no more than  
7 eleven and one-tenth percent of the lesser of the amount of  
8 supplemental severance tax bonds that may be issued pursuant to  
9 Section 7-27-14 NMSA 1978 or the amount of bonding capacity  
10 available for supplemental severance tax bonds as estimated by  
11 the board of finance division of the department of finance and  
12 administration pursuant to Section 7-27-10.1 NMSA 1978.

13           C. The state board of finance shall schedule the  
14 issuance and sale of the supplemental severance tax bonds as  
15 expeditiously and economically as possible upon a finding by  
16 the board that, based upon a certification from the department  
17 of transportation, the proceeds of the bonds are needed for the  
18 identified projects, that each of the identified projects  
19 certified has been specifically authorized by the legislature  
20 pursuant to this section, that each project identified has been  
21 developed sufficiently to justify the issuance of the bonds and  
22 a contract for the project can proceed within a reasonable  
23 time. The state board of finance shall further take the  
24 appropriate steps necessary to comply with the federal Internal  
25 Revenue Code of 1986, as amended. The state board of finance

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1 may issue and sell the bonds in the same manner as other  
2 supplemental severance tax bonds in an amount not to exceed the  
3 authorized amount provided for in Subsection B of this section.

4 D. The proceeds from the sale of the bonds are  
5 appropriated to the department for transportation for  
6 distribution to local governments for transportation projects  
7 specifically authorized by the legislature for fiscal years  
8 2016 through 2020.

9 E. Money from the supplemental severance tax bonds  
10 provided for in this section shall not be used to pay indirect  
11 costs. If the department of transportation has not certified  
12 the need for the issuance of the bonds before July 1, 2020, the  
13 authorization provided in this section shall expire.

14 F. Any unexpended or unencumbered balance of the  
15 funds authorized for expenditure in this section with respect  
16 to a transportation project shall revert to the severance tax  
17 bonding fund at the end of fiscal year 2024 or upon completion  
18 of the transportation project, whichever is earlier.

19 G. As used in this section, "local government"  
20 means a municipality acting within its planning and platting  
21 jurisdiction, a county or an Indian nation, tribe or pueblo."

22 SECTION 19. REPEAL.--Laws 2001, Chapter 37, Section 1 is  
23 repealed.