

CHAPTER 6

PUBLIC FINANCES

Pamphlet 14 - Department of Finance and Administration

Pamphlet 15 - Public Money

Pamphlet 16 - Bonds

ARTICLE 1

STATE BOARD OF FINANCE

6-1-1. Membership of state board of finance; powers and duties; establishment in connection with the board of finance division of the department of finance and administration.

A. The state board of finance shall consist of seven members:

(1) the governor;

(2) the lieutenant governor;

(3) the state treasurer; and

(4) four members appointed by the governor with the advice and consent of the senate, no more than two of these members to be from the same political party.

B. The terms of office for members appointed by the governor shall be two years. The term of each remaining member shall be coextensive with his term of office. If the office of lieutenant governor becomes vacant, his position on the state board of finance shall remain vacant until the election and qualification of a new lieutenant governor.

C. Members of the state board of finance, other than the governor and the state treasurer, shall be reimbursed for attending meetings of the board as provided in the Per Diem and Mileage Act [10-8-1 to 10-8-8 NMSA 1978] and shall receive no other compensation, perquisite or allowance.

D. The governor shall be president of the state board of finance, and the board shall annually elect a secretary from its membership. Meetings of the board shall be held at the state capitol at times determined by the governor. Four voting members of the board constitute a quorum for the transaction of business. Minutes of all proceedings and transactions of the board shall be kept in the offices of the department of finance and administration.

E. The state board of finance, in addition to other powers and duties provided by law, has general supervision of the fiscal affairs of the state and of the safekeeping and depositing of all money and securities belonging to or in the custody of the state, and it may make rules and regulations for carrying out the provisions of Sections 6-1-1, 6-10-2, 6-10-3, 6-10-20, 6-10-29, 6-10-37 through 6-10-44, 6-10-46, 6-10-47, 6-10-50, 6-10-52 through 6-10-54, 6-10-58 and 6-10-61 NMSA 1978. The board shall have access to all reports and correspondence relating to the condition of banks, and savings and loan associations whose deposits are insured by an agency of the United States, in this state which are in the financial institutions division or any department or agency of the state. If the board deems action necessary to enable it to perform its duties, it may require the director of the financial institutions division to make a special examination of any state bank or trust company or any state savings and loan association whose deposits are insured by an agency of the United States.

F. The state board of finance may make investigations it deems necessary to enable it to perform the duties imposed on it by law and may instruct the director of the board of finance division to employ experts, auditors, accountants and attorneys as it may, from time to time, deem necessary and prescribe their duties and fix their compensation within the appropriations made for that purpose by the legislature for use by the board.

G. The state board of finance is established in connection with the board of finance division of the department of finance and administration. The secretary of finance and administration, with the approval of the board, shall appoint a director of the division. This subsection shall not be construed to affect the exercise of any board power or duty nor shall it be construed as placing the board under the provisions of the Executive Reorganization Act [9-1-1 to 9-1-10 NMSA 1978] or the provisions of Section 9-6-5 NMSA 1978.

History: Laws 1923, ch. 76, § 3; 1925, ch. 85, § 1; C.S. 1929, § 112-103; 1941 Comp., § 7-101; Laws 1953, ch. 161, § [1]; 1953 Comp., § 11-1-1; Laws 1957, ch. 47, § 1; 1959, ch. 8, § 1; 1968, ch. 18, § 1; 1969, ch. 56, § 1; 1970, ch. 37, § 1; 1971, ch. 6, § 1; 1977, ch. 247, § 93; 1980, ch. 151, § 3; 1989, ch. 108, § 1.

ANNOTATIONS

Cross-references. - As to filing rules and regulations, see 14-4-1 NMSA 1978 et seq.

Capital Projects General Obligation Bond Act. - Laws 1992, ch. 103, §§ 1 to 16, effective March 10, 1992, authorize the issuance and sale of capital projects general obligation bonds to make capital expenditures for senior citizen facility improvements and acquisitions, for certain state public educational capital improvements and acquisitions, for court automation, for museum and cultural facility improvements and acquisitions, for health facility improvements and acquisitions, for water rights acquisition, for wastewater facility construction, acquisition and modification, for rehabilitation of state parks statewide, and for state fair renovation and improvements; provides for a tax levy for payment of principal of, interest on and expenses related to

the issuance of the bonds; requires approval of the registered voters at the 1992 general election; and authorizes standing for determination of the ballot question.

State board of finance is an executive agency. The state board of finance does not exert legislative power; it makes no appropriations; the emergency appropriation provision states the object thereof in compliance with constitutional requirements. 1959-60 Op. Att'y Gen. No. 59-79.

Authority to require additional security. - The state board of finance may exercise its authority under 6-10-20 NMSA 1978 to require additional security for deposits made by the state treasurer from the severance tax permanent fund. 1980 Op. Att'y Gen. No. 80-11.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 81A C.J.S. States §§ 133, 134.

6-1-2. State board of finance; loans and grants of emergency funds.

If the state board of finance determines that an emergency exists that warrants such action, it may lend or grant to any state agency, board, commission, municipal corporation or other political subdivision organized under the laws of the state that sum of money the board determines reasonable and appropriate from any funds appropriated to the board for use in meeting emergencies.

History: 1953 Comp., § 11-1-1.1, enacted by Laws 1959, ch. 139, § 1; 1973, ch. 92, § 1.

6-1-3. Loans of emergency funds; terms and conditions for repayment; security and interest.

The state board of finance may prescribe those terms and conditions it deems proper with respect to the repayment of any loan and the application of the proceeds of the loan, and it may require or waive security by way of the pledge of revenues or otherwise and may require or waive interest, as the board determines proper under the circumstances.

History: 1953 Comp., § 11-1-1.2, enacted by Laws 1959, ch. 139, § 2; 1973, ch. 92, § 2.

6-1-4. Loans or grants obtained by political subdivisions; application of proceeds.

Any municipal corporation or other political subdivision obtaining a loan or grant shall apply the proceeds thereof only for the purposes stated by the state board of finance in its action approving the loan or grant.

History: 1953 Comp., § 11-1-1.3, enacted by Laws 1959, ch. 139, § 3; 1973, ch. 92, § 3.

6-1-5. Repayment of loans; disposition of receipts; crediting emergency fund; deposit in general fund.

Any amount received by the state board of finance in repayment of any emergency loan shall be deposited by the board to the credit of the state board of finance emergency fund if the payment is received during the same fiscal year in which the loan was made. All payments made in any period subsequent to the close of the fiscal year in which the loan was made shall be deposited by the board in the general fund.

History: 1953 Comp., § 11-1-1.4, enacted by Laws 1959, ch. 139, § 4; 1973, ch. 92, § 4.

6-1-6. [Separate accounts.]

Separate accounts shall be kept for every appropriation or fund, showing the date and manner of each payment made out of the funds provided by such appropriation, the name and address of each person, organization, corporation or association, to whom, and for what purpose paid.

History: Laws 1923, ch. 48, § 3; C.S. 1929, § 134-503; 1941 Comp., § 7-105; 1953 Comp., § 11-1-6.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 81A C.J.S. States § 229.

6-1-7. [Standards for and transfer of supplies and equipment.]

Said board may adopt standards of stationery, office supplies and other equipment, and on the adoption of any such standard, no funds of the state of New Mexico shall be used in making purchases of such stationery, office supplies or other equipment otherwise than in accordance with such standards; and the state shall refuse to pay for any stationery, office supplies and other equipment not conforming thereto. The board of finance may authorize and direct the transfer, temporarily or otherwise, of all unused stationery, office supplies, and other equipment, and equipment from one office, department, bureau or institution to another, and its order with respect thereto shall be binding upon office, department, bureau or institution.

History: Laws 1935, ch. 27, § 2; 1941 Comp., § 7-121; 1953 Comp., § 11-1-22.

ANNOTATIONS

Compiler's note. - The "said board" referred to in this section is the state board of finance as provided by Laws 1935, ch. 27, § 1.

6-1-8 to 6-1-12. Repealed.

ANNOTATIONS

Repeals. - Laws 1987, ch. 339, § 1 repealing 6-1-8 to 6-1-10, 6-1-10.1, 6-1-10.2, 6-1-11, and 6-1-12 NMSA 1978, as enacted by Laws 1981, ch. 265, §§ 1, 2, 4, 5 and as amended by Laws 1983, ch. 26, §§ 1 to 3, relating to the state cash manager, effective July 1, 1987, was approved April 10, 1987. For former provisions, see 1983 Replacement Pamphlet. For present comparable provisions, see 6-1-1 to 6-1-7, 6-1-13 NMSA 1978.

Laws 1987, ch. 79, § 1 amended former 6-1-10 NMSA 1978 and was approved March 20, 1987. This amendment was not given effect due to the 1987 repeal of this section by Laws 1987, ch. 339, § 1. See 12-1-8 NMSA 1978.

6-1-13. Deposit accounts by state agencies; authorization by state treasurer.

A. A state agency may not open a new deposit account or deposit money in an existing deposit account unless it has submitted a request to the state treasurer in writing on forms prescribed by the state treasurer and received written authorization from the state treasurer for each such account. This section shall not constitute authority for agencies to open demand deposit accounts and shall not apply to deposits made pursuant to Section 6-10-35 NMSA 1978. On the effective date of this act, agency deposit accounts previously authorized shall be governed by the terms of this section.

B. The state treasurer shall establish for each account those conditions and reports appropriate to that account including, without limitation, the period for which the account may be authorized. The provisions of this section shall not apply to investments made by the state treasurer or the state investment council. The state treasurer shall submit to the state board of finance on a quarterly basis a list of all accounts established pursuant to this section.

C. As used in this section, "state agency" means the state of New Mexico or any of its branches, agencies, departments, boards, instrumentalities, or institutions other than state educational institutions designated by Article 12, Section 11 of the constitution of New Mexico.

History: 1978 Comp., § 6-1-13, enacted by Laws 1987, ch. 339, § 2.

ANNOTATIONS

The public school insurance authority is a state agency for purposes of complying with the reporting requirements under Subsection B. 1990 Op. Att'y Gen. No. 90-23.

Retiree health care authority is a state agency for purposes of receiving authorization for the opening of a new deposit account under Subsection A. 1991 Op. Att'y Gen. No. 91-06.

ARTICLE 2 SETTLING ACCOUNTS

6-2-1. Examination of parties; oath; compelling testimony.

The secretary of finance and administration or the director of the financial control division, whenever he may think it necessary to the proper settlement of any account, may examine the parties, witnesses and others on oath or affirmation, touching any matter material to be known in the settlement of such account, and for that purpose he may issue subpoenas and compel witnesses to attend before him and give evidence in the same manner as courts of law may do, and he is hereby authorized to administer all such oaths or affirmations.

History: Laws 1851-1852, p. 170; C.L. 1865, ch. 102, § 13; C.L. 1884, § 1762; C.L. 1897, § 2592; Code 1915, § 5334; C.S. 1929, § 134-602; 1941 Comp., § 3-203; 1953 Comp., § 4-4-3; Laws 1957, ch. 252, § 9; 1983, ch. 301, § 9.

ANNOTATIONS

Authority to compel production of certain affidavits. - Under this section, the state auditor (as this section is now amended, the secretary of finance and administration or the director of the financial control division) has the power to compel the heads of departments to produce the affidavit required under 10-1-6 NMSA 1978 before making payment to any person or persons employed who have not been residents of New Mexico for one year prior to their employment as state employees. 1951-52 Op. Att'y Gen. No. 5388.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 81A C.J.S. States § 121.

ARTICLE 3 STATE BUDGETS

6-3-1. State agency defined.

"State agency" means any department, institution, board, bureau, commission, district or committee of government of the state of New Mexico and means every office or officer of any of the above.

History: 1953 Comp., § 11-4-1.1, enacted by Laws 1957, ch. 253, § 1.

ANNOTATIONS

New Mexico beef council. - The New Mexico beef council, created under 77-2A-3 NMSA 1978, is a commission or committee of government and falls within this definition of "state agency"; it, thus, is subject to the requirements of this article. 1987 Op. Att'y Gen. No. 87-44.

The public school insurance authority is a state agency for purposes of the state budget laws. 1990 Op. Att'y Gen. No. 90-23.

6-3-2. Director of state budget division; qualifications.

The director of the state budget division shall be skilled in accountancy and auditing, familiar with the operation of educational and other state institutions, budgets and finances. The director shall be appointed by the secretary of finance and administration with the governor's consent.

History: 1953 Comp., § 11-4-1.3, enacted by Laws 1957, ch. 253, § 3; 1977, ch. 247, § 123.

ANNOTATIONS

Cross-references. - As to appointment of director, see 9-6-5 NMSA 1978.

6-3-3. State budget division; cooperation between state budget division and state agencies; assistance to state agencies.

There shall be full cooperation between the various state agencies and the state budget division. State agencies will give complete access to the division of their books and records if so requested. The budget division will lend assistance to any state agency in the preparation of its budget estimates.

History: 1953 Comp., § 11-4-1.4, enacted by Laws 1957, ch. 253, § 4.

6-3-4. State budget division; cooperation with legislature and committees; to supply information to legislature and committees.

The state budget division shall cooperate fully with the legislature and legislative committees, and shall supply them with information relating to the budget requirements of all state departments and institutions.

History: 1953 Comp., § 11-4-1.5, enacted by Laws 1957, ch. 253, § 5.

6-3-5. State budget division; research; surveys; reports.

The state budget division is hereby authorized to engage in research and to make administrative and organizational surveys of the executive or administrative departments, boards, institutions, commissions or agencies of the state government to determine whether the activities thereof are essential to good government and are being carried on in an economical and efficient manner and without duplication, for the purpose of determining the feasibility of improving the administration of the state government. Reports concerning the results of such research and surveys, together with recommendations, shall be made to the governor and the legislature.

History: 1953 Comp., § 11-4-1.6, enacted by Laws 1957, ch. 253, § 6.

ANNOTATIONS

Reduction of budgets not authorized. - This section, which authorizes the budget division to engage in research and to make surveys and provides that reports on the results of the research and surveys conducted by it, together with recommendations, shall be made to the governor and the legislature, gives no authority to reduce budgets. State ex rel. Lee v. Hartman, 69 N.M. 419, 367 P.2d 918 (1961).

6-3-6. State budget division; periodic allotments.

The state budget division, subject to the approval of the secretary of finance and administration, is authorized to provide regulations for the periodic allotment of funds that may be expended by any state agency. The expenditures of any state agency as defined in Section 6-3-1 NMSA 1978, for the first six-months [six-month] period of each odd-numbered fiscal year shall be limited to one-half of the appropriation or approved budget, whichever is less, for that fiscal year. This restriction shall not apply to those agencies whose operations are more efficiently measured by periods other than a fiscal year, including but not limited to the legislative council, legislative committees, the inter-tribal Indian ceremonial and the state fair. Expenditures of the inter-tribal Indian ceremonial and the state fair shall be governed by regulation of the department of finance and administration. The department of finance and administration may also allow expenditure of more than one-half of the appropriation or approved budget for those agencies planning major expenditures for capital outlay in the first six months of the fiscal year which would result in over-expenditure of the first six-months' allocation.

History: 1953 Comp., § 11-4-1.7, enacted by Laws 1957, ch. 253, § 7; 1963, ch. 38, § 1; 1977, ch. 247, § 124.

ANNOTATIONS

Cross-references. - As to penalty for violation of expenditure restrictions, see 6-3-8 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - Liability for work done or materials furnished, etc., for state or federal governments in excess of appropriations, 19 A.L.R. 408.

6-3-7. Annual operating budgets; supervision and control; submission of proposed budgets; approval; review by governor.

Each state agency shall annually on or before May 1 submit to the state budget division a budget for the ensuing fiscal year, in such form as may be prescribed by the division and containing such information concerning the anticipated receipts, expenditures and balances on hand as may be prescribed by law or by the state budget division. Such budget shall be subject to the approval of the state budget division and no expenditures shall be made by any state agency for the fiscal year covered by said budget until the budget shall have been approved by the state budget division, provided that any action by the division shall be subject to review and modification by the governor.

History: 1953 Comp., § 11-4-1.8, enacted by Laws 1957, ch. 253, § 8; 1963, ch. 147, § 1.

ANNOTATIONS

Cross-references. - As to budgets of local public bodies, see 6-6-2 NMSA 1978 et seq.

As to Public School Finance Act, see 22-8-1 NMSA 1978 et seq.

Legislature may authorize executive to control expenditure of amounts appropriated. - The legislature, without the same constituting any violation of N.M. Const., art. IV, § 22, or N.M. Const., art. III, § 1, may provide in the general appropriation bill for the executive to control the expenditure of the amounts appropriated. State ex rel. Holmes v. State Bd. of Fin., 69 N.M. 430, 367 P.2d 925 (1961).

But budget director may not prevent expenditure of appropriated money. - The words "shall be subject to the approval" of the budget division do not give its director authority to prevent any agency from expending the full amount of money appropriated to it with the budget division approving a budget in a sum less than the total appropriated. State ex rel. Lee v. Hartman, 69 N.M. 419, 367 P.2d 918 (1961).

Right to approve budget does not include the right to reduce where the budget is within the appropriation. State ex rel. Lee v. Hartman, 69 N.M. 419, 367 P.2d 918 (1961).

If a budget as submitted is within the amounts appropriated and the items are proper, the director of the department of finance (now secretary of finance and administration) is given no discretion except to approve or disapprove it. State ex rel. Lee v. Hartman, 69 N.M. 419, 367 P.2d 918 (1961).

Transfer of money from general appropriation to construction of communications building in state police headquarters facilities. - The radio communications department (now part of the communications division of the general services department) can transfer money from its general appropriation to the construction of the communications building in the state police headquarters facilities, subject to the approval of the department of finance and administration and its budget division pursuant to this section. 1969 Op. Att'y Gen. No. 69-56.

Law reviews. - For article, "Separation of Powers and the Judicial Rule-Making Power in New Mexico: The Need for Prudential Restraints," see 15 N.M.L. Rev. 407 (1985).

6-3-8. [Violation of expenditure restrictions; penalty.]

Any public official or employee who shall violate provisions of this act [6-3-6, 6-3-8 NMSA 1978] shall be guilty of a felony and upon conviction thereof shall be punished by a fine of not more than ten thousand dollars (\$10,000) nor less than five hundred dollars (\$500) or imprisonment for a term of not more than ten years, or both, and in addition thereto, shall be liable for the payment to the state of all amounts expended for any payment made in violation thereof.

History: 1953 Comp., § 11-4-1.9, enacted by Laws 1963, ch. 38, § 2.

6-3-9. State agency defined.

State agency means any department, institution, board, bureau, commission, district or committee of government of the state of New Mexico and means every office or officer of any of the above.

History: 1953 Comp., § 11-4-2.1, enacted by Laws 1955, ch. 114, § 1.

ANNOTATIONS

New Mexico beef council. - The New Mexico beef council, created under 77-2A-3 NMSA 1978, is a commission or committee of government and falls within this definition of "state agency"; it, thus, is subject to the requirements of this article. 1987 Op. Att'y Gen. No. 87-44.

6-3-10. Budget defined.

The budget means a complete statement as to the financial operation of all state agencies for the fiscal year last completed, the current fiscal year and a financial plan for the operation of all state agencies for the succeeding fiscal year.

The budget for the succeeding fiscal year shall set forth in detail the following:

- A. all proposed expenditures for the administration, operation and maintenance of all state agencies;
- B. all interest and debt redemption charges;
- C. all expenditures for capital projects to be undertaken and executed;
- D. all anticipated revenues; and
- E. means of financing proposed expenditures.

History: 1953 Comp., § 11-4-2.2, enacted by Laws 1955, ch. 114, § 2; 1977, ch. 247, § 125.

6-3-11. Parts of the budget.

The budget shall contain the following parts:

- A. the governor's budget message;
- B. summary statements showing the following:
 - (1) financial condition of the state government at the beginning and at the end of the fiscal year last completed;
 - (2) financial condition of the state government at the beginning of the current fiscal year and condition anticipated at the end of the current fiscal year;
 - (3) anticipated financial condition of the state government at the beginning and end of the succeeding fiscal year;
 - (4) condition of all funds for the fiscal year last completed, the current fiscal year and the succeeding fiscal year, as follows:
 - (a) balance or anticipated balance at the beginning of the fiscal year;
 - (b) balance or anticipated balance at the end of the fiscal year;
 - (c) revenue or anticipated revenue during the fiscal year;
 - (d) source of revenue or anticipated revenue during the fiscal year; and
 - (e) expenditures or anticipated expenditures during the fiscal year;
 - (5) the bonded indebtedness, debts authorized, debts redeemed, interest requirements and the condition of sinking funds;

(6) appropriations recommended by the governor compared with appropriations for the fiscal year last completed and the current fiscal year. Any increase or decrease in the recommended appropriation shall be explained;

(7) anticipated revenue for the succeeding fiscal year, classified according to source of revenue and compared with revenues for the fiscal year last completed and anticipated revenue for the current fiscal year;

(8) other information necessary to make known in practicable detail the financial operation of the state government; and

(9) if anticipated revenue is less than the total of all appropriations recommended in any fiscal year, recommendations as to how the deficit shall be met;

C. a summary statement of requested appropriations by state agencies and recommendations of the state budget division concerning such requested appropriations; and

D. an appropriation bill recommended by the governor. Such bill shall follow budget classification and shall be stated in lump sums according to function or purpose of each agency.

History: 1953 Comp., § 11-4-2.3, enacted by Laws 1955, ch. 114, § 3; 1977, ch. 247, § 126.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - Budget provisions of constitution or statute in relation to appropriation of state funds, 40 A.L.R. 1067.

6-3-11.1, 6-3-11.2. Repealed.

ANNOTATIONS

Repeals. - Laws 1989, ch. 71, § 2 repeals 6-3-11.1 and 6-3-11.2 NMSA 1978, as enacted by Laws 1987, ch. 347, §§ 1, 2, relating to limitation on recommended appropriations and to determination of expenditure limitation by department of finance and administration, effective June 16, 1989. For provisions of former sections, see 1987 Replacement Pamphlet.

6-3-12. Printing of budget.

The budget shall be printed.

History: 1953 Comp., § 11-4-2.4, enacted by Laws 1955, ch. 114, § 4.

6-3-13. Index.

The budget shall be indexed.

History: 1953 Comp., § 11-4-2.5, enacted by Laws 1955, ch. 114, § 5.

6-3-14. Consideration by legislature.

Immediately upon the submission of the budget, the presiding officer of each house shall refer the same to the appropriate committee for its consideration in drawing the necessary appropriation bill or bills. During the consideration of any appropriation bill the governor and heads of all departments, institutions and agencies of the state concerned may be heard by the legislature, or either house thereof, in connection therewith. The legislature shall not consider any appropriation until the budget shall have been submitted by the governor.

History: Laws 1921, ch. 133, § 314; C.S. 1929, § 141-313; 1941 Comp., § 7-404; 1953 Comp., § 11-4-4.

ANNOTATIONS

Appropriations. - Laws 1991, ch. 1, §§ 1 to 6, the "feed bill", effective January 24, 1991, appropriates \$4,235,623 or so much thereof as may be necessary, for the expenses of the legislative department of the State of New Mexico for the fortieth legislature, first session, for per diem and mileage of the members, for salaries of employees and for other expenses of the legislature.

Laws 1991, ch. 10, the "General Appropriations Act of 1990", effective March 15, 1991, in §§ 1 to 5 makes general appropriations and authorizes expenditures by state agencies and distributions for public education required by law, while § 6 of the act provides for deficiency and supplemental appropriations for expenditure in the seventy-ninth fiscal year.

Laws 1991, ch. 10, § 9, effective March 15, 1991, provides that the appropriations in § 4 of the act for personal services and employee benefits are contingent upon all agencies providing continued employment compensation from those appropriations as well as any surpluses from vacancy savings or other unexpended balances to all employees who are New Mexico national guard members or United States armed forces reserves members who have been called to enter active duty and who participated in or were stationed in areas of armed combat, and makes further provisions as to the state officers and employees in that regard.

Laws 1991, ch. 10, § 11 provides for the severability of the act if any part or application thereof is held invalid.

Laws 1991, ch. 256, § 3 amends Laws 1991, ch. 10, § 5, effective June 14, 1991, to provide that the appropriation to the local government division of the department of finance and administration to contract for infrastructure assistance shall be expended to contract with the New Mexico engineering research institute of the university of New Mexico for the purpose of funding projects of the infrastructure development assistance program.

Laws 1991 (1st S.S.), ch. 1, § 1, effective September 12, 1991, appropriates for the expenses of the first special session of the fortieth legislature, from the unexpended cash balances appropriated for session expense in Subsections A through J of Laws 1991, ch. 1, § 2, \$214,125 for the expense of the house of representatives, \$223,559 for the expense of the senate, and \$137,000 for the expense of the legislative council service, the joint billroom and the legislative switchboard.

Laws 1992 (2nd S.S.), ch. 1, § 1, effective January 5, 1992, appropriates \$197,069 for the expenses of the second special session of the fortieth legislature, from the unexpended cash balances appropriated for session expense in Subsections A to C of Laws 1991 (1st S.S.), ch. 1, § 1.

Laws 1992, ch. 1, §§ 1 to 6, the "feed bill", effective January 30, 1992, appropriates \$2,417,857 or so much thereof as may be necessary for the expenses of the legislative department of the State of New Mexico for the fortieth legislature, second session, for per diem and mileage of the members, for salaries of employees, and for other expenses of the legislature.

Laws 1992, ch. 94, §§ 1 to 6, the "General Appropriation Act of 1992", effective March 10, 1992, make general appropriations, special appropriations, and deficiency and supplemental appropriations for the eighty-first fiscal year, and provide for expenditures by state agencies and for distribution for public education required by law.

Laws 1992, ch. 94, § 12 provides for the severability of the act if any part or application thereof is held invalid.

Provision of 1980 General Appropriations Act void. - The provision of the General Appropriations Act of 1980, Laws 1980, ch. 155, which refers to the disposition of federal funds received by the state auditor is a matter unrelated to an appropriation contained in the act, and is void. 1980 Op. Att'y Gen. No. 80-40.

Law reviews. - For note, "Bilingual Education: Serna v. Portales Municipal Schools," see 5 N.M.L. Rev. 321 (1975).

Am. Jur. 2d, A.L.R. and C.J.S. references. - Particularity of specification of purpose required in appropriation bill, 20 A.L.R. 981.

6-3-15. State budget division director; powers and duties.

The director of the state budget division shall:

- A. administer the provisions of Sections 6-3-1 through 6-3-22 NMSA 1978 and make rules and regulations necessary in such administration;
- B. prepare a tentative budget and submit such tentative budget to the governor not later than January 2;
- C. assist the governor in the preparation of the budget;
- D. obtain from each state agency information on budgetary and financial problems, including but not limited to, costs of operation, past income and expenditures and present financial condition;
- E. require periodic reports from all state agencies giving detailed information regarding applications for federal money or federal grants-in-aid, or regarding federal money or federal grants-in-aid received, including but not limited to details of programs, matching requirements, personnel requirements, salary provisions and program numbers as indicated in the catalog of federal domestic assistance, of the federal funds applied for and of those received;
- F. review data submitted by any state agency for use in the budget;
- G. supervise the printing of the budget;
- H. cause the budget to be indexed;
- I. examine for budgetary purposes, if he deems it necessary, all bids, contracts, plans, specifications, blueprints, records, invoices, documents and correspondence relating to the enlarging, maintenance and operation of state institutions; and
- J. through his agents and employees, visit each state agency whenever it is necessary to determine the financial needs of the agency.

History: 1953 Comp., § 11-4-7.1, enacted by Laws 1955, ch. 114, § 6; 1976 (S.S.), ch. 28, § 2; 1977, ch. 247, § 127.

6-3-16. Power to sue.

The secretary of finance and administration and the state budget division director are hereby authorized to bring suit in the district court for the purpose of securing compliance with the provisions of Sections 6-3-9 through 6-3-13 and 6-3-15 through 6-3-22 NMSA 1978.

History: 1953 Comp., § 11-4-7.2, enacted by Laws 1955, ch. 114, § 7; 1977, ch. 247, § 128.

6-3-17. Agencies subject to act.

All state agencies are subject to the provisions of this act [6-3-9 to 6-3-11, 6-3-12, 6-3-13, 6-3-15 to 6-3-22 NMSA 1978].

History: 1953 Comp., § 11-4-7.3, enacted by Laws 1955, ch. 114, § 8.

6-3-18. Budget forms.

On or before July 15 of each year, the state budget division shall send, to each state agency, forms which provide for the following information:

A. revenue or anticipated revenue, from all sources for the fiscal year last completed, the current fiscal year and for the succeeding fiscal year including, among other things:

- (1) grants from the federal government;
- (2) gifts and grants from private sources;
- (3) income from investments;
- (4) proceeds from sale of bonds or other instruments of indebtedness;
- (5) income from sale of land;
- (6) income from sale of personal property;
- (7) income from lease of land or lease of personal property;
- (8) income from services;
- (9) income from fees, licenses, fines, penalties, tuition, royalties and other charges;
- (10) income from athletic activities and related enterprises; and
- (11) income from each tax collected;

B. expenditures or anticipated expenditures for the fiscal year last completed, the current fiscal year and for the succeeding fiscal year, including among other things:

- (1) capital expenditures consisting of:
 - (a) additions to plant or office;
 - (b) repairs and replacements;

(c) permanent equipment; and

(d) other;

(2) operational expenditures consisting of:

(a) operation and maintenance of institution, office or building;

(b) supplies and equipment;

(c) personal services;

(d) travel; and

(e) other;

C. appropriation requested for the succeeding fiscal year, with a statement as to the functions and activities of each agency, division and bureau;

D. if increased appropriations are requested, the reason therefor; and

E. citation of statutory authority for functions and activities of the agency, a summary statement as to the workload of the agency, and such other information as is specified by the state budget division.

History: 1953 Comp., § 11-4-7.4, enacted by Laws 1955, ch. 114, § 9; 1963, ch. 147, § 2; 1977, ch. 247, § 129.

6-3-19. Agencies to complete budget forms.

Each state agency shall fill out the budget forms provided for in Section 6-3-18 NMSA 1978 in the manner prescribed by the state budget division. Each state agency, in completing the budget forms, shall include information for all divisions, subdivisions and offices of the agency. Related agencies, upon approval of the state budget division, may join in submitting one set of budget forms. Completed budget forms shall be returned to the state budget division not later than September 1 in each year.

History: 1953 Comp., § 11-4-7.5, enacted by Laws 1955, ch. 114, § 10; 1963, ch. 147, § 3; 1977, ch. 247, § 130.

6-3-20. Review of budget forms.

The state budget division shall review the completed budget forms of all state agencies and shall include recommendations concerning the requested appropriation in the tentative budget. Prior to submission of the tentative budget to the governor, any state agency may be given an informal hearing by the state budget division concerning

recommendation of the division pertaining to the requested appropriation of such agency, and shall be given such a hearing if the state budget division proposes to decrease the requested appropriation.

History: 1953 Comp., § 11-4-7.6, enacted by Laws 1955, ch. 114, § 11; 1977, ch. 247, § 131.

6-3-21. Preparation of the budget.

The governor shall prepare the budget and shall submit the budget to the legislature not later than the 25th legislative day of each regular session.

In the preparation of the budget the governor may:

- A. change the tentative budget by adding new items, increasing or decreasing or eliminating items;
- B. obtain advice and assistance from any state agency;
- C. hold hearings on the budget.

Any budget hearings conducted by the governor shall be open to the public. The governor may require the attendance of any head of an agency, whether elective or appointive. At such hearings any officer or agency may protest budget items. A governor-elect shall be invited to attend budget hearings and shall have the right to make suggestions.

History: 1953 Comp., § 11-4-7.7, enacted by Laws 1955, ch. 114, § 12.

6-3-22. Copies of the budget.

At the time the budget is submitted, each member of the legislature and each state agency shall be furnished a copy of the budget by the state budget division.

History: 1953 Comp., § 11-4-7.8, enacted by Laws 1955, ch. 114, § 13; 1977, ch. 247, § 132.

6-3-23. Budget adjustment defined.

As used in Chapter 6, Article 3 NMSA 1978, "budget adjustment" means:

- A. an increase or decrease in expenditures from other state funds, internal service funds or interagency transfer;
- B. a transfer of funds from one division of an agency to other divisions of that agency;

- C. a transfer of funds between budget categories within an agency or a division; or
- D. an authorization to expend federal funds.

History: 1978 Comp., § 6-3-23, enacted by Laws 1992, ch. 2, § 1.

ANNOTATIONS

Effective dates. - Laws 1992, ch. 2 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 20, 1992.

6-3-24. Budget adjustments; authorizations permitted.

A. A state agency may be specifically authorized by law to request a budget adjustment. The amount of budget adjustment authorized may be limited by law. All requests for budget adjustments shall be made in accordance with the procedures set forth in Section 6-3-25 NMSA 1978.

B. The state budget division of the department of finance and administration may approve budget adjustments for state agencies as provided by law. If the budget adjustment results in an increased expenditure of other state funds, internal service funds or interagency transfer funds above the amounts appropriated, such funds are hereby appropriated.

History: 1978 Comp., § 6-3-24, enacted by Laws 1992, ch. 2, § 2.

ANNOTATIONS

Effective dates. - Laws 1992, ch. 2 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 20, 1992.

Temporary provisions. - Laws 1992, ch. 2, §§ 4 to 7, effective May 20, 1992, provide general and specific authorizations for budget adjustments for the eighty-first fiscal year, for advice from the director of the state budget division to the legislative finance committee regarding approval of budget increases from federal funds, and for repeal of the temporary provisions on July 1, 1993.

6-3-25. Budget adjustment procedure.

A. Except for federal funds, any budget adjustment request to transfer, decrease or increase funds shall be held in abeyance for ten calendar days after the director of the state budget division of the department of finance and administration has approved the request and has filed the request with the director of the legislative finance committee or his designee. The request shall be accompanied by a statement, in writing, of the conditions under which the budget adjustment request is approved together with justification for approval.

B. If within ten days, the director of the legislative finance committee or his designee objects to the request, the request shall not go into effect until it is reviewed by the legislative finance committee at a public hearing held within thirty-five calendar days of receipt of the proposed budget adjustment by the director. If the state fiscal year ends prior to the date scheduled for a hearing, the request shall go into effect on the last day of the fiscal year.

C. If within ten days of receipt of a budget adjustment request, the director of the legislative finance committee or his designee indicates that no objection will be forthcoming, the proposed budget adjustment request may be implemented immediately. If no public hearing is held within the required thirty-five days, the request may be implemented.

History: 1978 Comp., § 6-3-25, enacted by Laws 1992, ch. 2, § 3.

ANNOTATIONS

Effective dates. - Laws 1992, ch. 2 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 20, 1992.

ARTICLE 4 CAPITAL PROGRAMS AND REVENUE FUNDS

6-4-1. Capital programs; preparation; duties.

A. The department of finance and administration and the general services department shall jointly prepare, amend and maintain a four-year program of major state capital improvement projects recommended to be undertaken by the state or to be undertaken with state aid or under state regulation. The program shall classify projects with respect to urgency and need for realization, and it shall recommend a time sequence for construction. The program shall also contain the contract price or estimated cost of each project and it shall indicate probable operating and maintenance costs and probable revenues, if any, as well as existing sources of funds or the need for additional sources of funds for the construction and operation of each project.

B. Heads of departments and other agencies of the state shall transmit to the department of finance and administration on July 1 of each year a statement of all capital projects proposed for the ensuing four years for review and recommendation to the governor with respect to inclusion in the capital program of the state.

History: 1953 Comp., § 11-1-37, enacted by Laws 1975, ch. 282, § 3; 1983, ch. 301, § 10.

ANNOTATIONS

Cross-references. - As to the capital outlay project reserve fund, see 15-3-23.1 NMSA 1978.

6-4-2. [General fund created.]

There is created a fund to be known as the "general fund" to which the state treasurer shall credit all revenues not otherwise allocated by law. Expenditures from this fund shall be made only in accordance with appropriations authorized by the legislature.

History: 1953 Comp., § 11-2-3.1, enacted by Laws 1957, ch. 7, § 1.

ANNOTATIONS

Temporary provisions. - Laws 1991, ch. 9, § 43, effective July 1, 1991, provides that all money in the oil conservation fund in excess of any money to be transferred to the oil and gas reclamation fund shall be transferred to the general fund.

Laws 1991, ch. 44, § 2, effective July 1, 1991, provides that on July 1, 1991, any balance remaining in the emergency response fund or law enforcement training center fund shall be transferred to the general fund.

Appropriations. - Laws 1991, ch. 9, § 1, effective July 1, 1991, amends Subsection C of Laws 1987, ch. 136, § 1 to provide for transfer of \$3,073,886.27 on July 1 of the seventy-ninth fiscal year to the retiree health care fund and the transfer of \$3,073,886.27 on July 1 of the eightieth fiscal year to the general fund.

Laws 1991, ch. 9, § 44, effective July 1, 1991, appropriates \$3,073,886.27 from the retiree health care fund to the general fund in the seventy-ninth fiscal year.

Laws 1991, ch. 10, § 7, effective March 15, 1991, creates within the general fund the "appropriation contingency fund", provides that it may be expended only upon specific authorization by the legislature or as provided in 6-7-1 to 6-7-3 NMSA 1978 in the event there is no surplus of unappropriated money in the general fund and in an amount authorized by the legislature, provides that notwithstanding 6-4-4 NMSA 1978, for the seventy-ninth fiscal year, if the revenues of the general fund exceed the total appropriations from the general fund, the excess revenue shall be transferred to the appropriation contingency fund, provides that \$5,000,000 is transferred from the operating reserve fund to the public school state-support reserve fund in the eightieth fiscal year, and provides that if revenues and transfers to the general fund, excluding transfers to the operating reserve, appropriation contingency fund and public school state-support reserve, as of the end of the seventy-ninth fiscal year, are not sufficient to meet appropriations, the governor, with state board of finance approval, may transfer at the end of that year the amount necessary to meet the year's obligation from the unencumbered balance remaining in the general fund operating reserve in a total not to exceed \$60,000,000.

Laws 1991, ch. 225, § 1, effective June 14, 1991, amends Laws 1988 (2nd S.S.), ch. 3, § 6 by providing that any unexpended or unencumbered balances from the appropriation to the department of finance and administration of \$225,000 for Lincoln and Chaves counties and the proceedings on appeal of the water adjudication case, State of New Mexico ex rel. Reynolds v. Lewis et al. remaining at the end of the eighty-first fiscal year shall revert to the general fund.

Laws 1991, ch. 259, §§ 1, 2, 9, 10, 20, 23 and 34 make changes in the purposes of the appropriations made by Laws 1988, (2nd S.S.), ch. 3, § 2 to different state agencies for various capital improvements.

Laws 1992, ch. 94, § 9, effective March 10, 1992, provides that if revenues and transfers to the general fund, excluding transfers to the operating reserve, appropriation contingency fund and public school state-support reserve, as of the end of the eightieth fiscal year, are not sufficient to meet appropriations, the governor, with state board of finance approval, may transfer at the end of that year the amount necessary to meet the year's obligations from the unencumbered balance remaining in the general fund operating reserve in a total not to exceed \$20,000,000.

Erroneous crediting of federal money to general fund may be corrected. - The crediting of \$677.35, which, by virtue of federal law, was really federal and not state money, to the general fund instead of to the vocational rehabilitation account was a clerical error which could be corrected without violation of N.M. Const., art. IV, § 30 or of this section. 1964 Op. Att'y Gen. No. 64-4.

6-4-2.1. General fund operating reserve created; authorizing expenditures.

A. There is hereby created within the general fund the "general fund operating reserve". Notwithstanding any other provision of law to the contrary, there shall be deposited to the general fund operating reserve cash balances in the fund existing pursuant to Laws 1966, Chapter 66, Section 16; Laws 1968, Chapter 71, Section 13; Laws 1970, Chapter 89, Section 4; Laws 1971, Chapter 327, Section 6; Laws 1972, Chapter 98, Section 6; Laws 1973, Chapter 403, Section 6; Laws 1974 (S.S.), Chapter 3, Section 6; Laws 1975 (S.S.), Chapter 17, Section 6; Laws 1976, Chapter 58, Section 7; Laws 1979, Chapter 404, Section 7; Laws 1981, Chapter 38, Section 7; Laws 1983, Chapter 46, Section 8; Laws 1984 (S.S.), Chapter 7, Section 7; and Laws 1986, Chapter 116, Section 1.

B. The general fund operating reserve may be expended only upon specific authorization by the legislature in an amount authorized by the legislature and only in the event general fund revenues and balances, including all other transfers to the general fund authorized by law, are insufficient to meet the level of appropriations authorized.

History: 1978 Comp., § 6-4-2.1, enacted by Laws 1987, ch. 184, § 1.

ANNOTATIONS

Appropriations. - Laws 1991, ch. 10, § 8, effective March 15, 1991, provides that the general fund operating reserve and appropriation contingency fund are current funds as that term is used in 6-10-42 NMSA 1978 and may be used to meet cash requirements during the eightieth fiscal year pursuant to that section.

Laws 1992, ch. 94, § 10, effective March 10, 1992, provides that the general fund operating reserve and appropriation contingency fund are current funds as that term is used in Section 6-10-42 NMSA 1978 and may be expended to meet cash requirements during the eighty-first fiscal year pursuant to that section.

Fund transfers. - Laws 1992, ch. 112, § 1, effective May 20, 1992, transfers the following amounts from the funds specified to the general fund operating reserve: (1) \$19,695,522 reflecting the general-fund-contributed amount and accrued interest from the public liability fund created pursuant to 41-4-23 NMSA 1978, (2) \$434,701 reflecting the general-fund-contributed amount and accrued interest from the surety bond fund created pursuant to 10-2-16 NMSA 1978, (3) \$15,000,000 from the local governments road fund, (4) \$5,000,000 from the state road fund, (5) \$1,300,000 from the business development corporation fund, and (6) \$1,700,000 from the property valuation fund.

Compiler's note. - All of the session laws referred to in the second sentence in Subsection A are uncodified provisions, relating mainly to fiscal matters.

6-4-2.2. General fund tax stabilization reserve.

A. There is created within the general fund the "tax stabilization reserve".

B. The balance of the tax stabilization reserve shall be those funds directed to it by law and such other funds as the legislature may appropriate from time to time to the reserve.

C. Except as otherwise provided in Subsection D of this section, any balance of the tax stabilization reserve may be appropriated only by a two-thirds majority vote of both houses of the legislature following receipt by the legislature of a declaration of the governor that such an appropriation is necessary for the public peace, health and safety.

D. In the event that the general fund revenues, including all transfers to the general fund authorized by law, are projected by the governor to be insufficient either to meet the level of appropriations authorized by law from the general fund for the current fiscal year or to meet the level of appropriations recommended in the budget and appropriations bill submitted in accordance with Section 6-3-11.1 NMSA 1978 for the next fiscal year, the balance in the tax stabilization reserve may be appropriated by the legislature up to the amount of the projected insufficiency for either or both fiscal years.

History: 1978 Comp., § 6-4-2.2, enacted by Laws 1987, ch. 347, § 3; 1989, ch. 324, § 1.

ANNOTATIONS

Compiler's note. - Both Laws 1987, ch. 264, § 3, approved April 9, 1987, and Laws 1987, ch. 347, § 3, approved April 10, 1987, enacted an identical section, 6-4-2.2 NMSA 1978. The section enacted by Laws 1987, ch. 347, § 3 is set out above. See 12-1-8 NMSA 1978.

Section 6-3-11.1 NMSA 1978, referred to in Subsection D, was repealed in 1989.

6-4-2.3. Appropriation contingency fund.

There is created within the general fund the "appropriation contingency fund".

A. The appropriation contingency fund may be expended only upon specific authorization by the legislature or as provided in Sections 6-7-1 through 6-7-3 NMSA 1978 in the event there is no surplus of unappropriated money in the general fund and in the amount authorized by the legislature.

B. Notwithstanding Section 6-4-4 NMSA 1978, for the seventy-ninth fiscal year, if the revenues of the general fund exceed the total appropriations from the general fund, the excess revenue shall be transferred to the appropriation contingency fund.

C. Five million dollars (\$5,000,000) is transferred from the operating reserve fund to the public school state-support reserve fund in the eightieth fiscal year.

D. If revenues and transfers to the general fund, excluding transfers to the operating reserve, appropriation contingency fund and public school state-support reserve, as of the end of the seventy-ninth fiscal year, are not sufficient to meet appropriations, the governor, with state board of finance approval, may transfer at the end of that year the amount necessary to meet the year's obligations from the unencumbered balance remaining in the general fund operating reserve in a total not to exceed sixty million dollars (\$60,000,000).

History: Laws 1991, ch. 10, § 7.

ANNOTATIONS

Effective dates. - Laws 1991, ch. 10 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23 is effective on March 15, 1991.

Appropriations. - Laws 1992, ch. 94, § 10, effective March 10, 1992, provides that the general fund operating reserve and appropriation contingency fund are current funds as

that term is used in 6-10-42 NMSA 1978 and may be expended to meet cash requirements during the eighty-first fiscal year pursuant to that section.

6-4-3. State revenue-sharing trust fund created.

A. The "state revenue-sharing trust fund" is created. There shall be deposited in the state revenue-sharing trust fund all money allotted to the state government pursuant to the State and Local Fiscal Assistance Act of 1972 as may be amended from time to time.

B. Money deposited in the fund shall be expended only upon appropriation by the legislature and shall be disbursed upon vouchers signed by the secretary of finance and administration.

History: 1953 Comp., § 11-3-7, enacted by Laws 1973, ch. 296, § 1; 1977, ch. 247, § 122.

ANNOTATIONS

State and Local Fiscal Assistance Act. - The State and Local Fiscal Assistance Act of 1972 appeared as 31 U.S.C. § 1221 et seq., before being repealed in 1986.

6-4-4. Reservation of excess general fund revenues; appropriation to taxpayers dividend fund.

For the seventy-seventh and subsequent fiscal years, if the revenues of the general fund exceed the total of appropriations from the general fund, the excess revenue shall be transferred to the operating reserve; provided that if the sum of the excess revenue plus the balance in the operating reserve prior to the transfer is greater than eight percent of the aggregate recurring appropriations from the general fund for the previous fiscal year, then an amount equal to the smaller of either the amount of the excess revenue or the difference between the sum and eight percent of the aggregate recurring appropriations from the general fund for the previous fiscal year shall be transferred to the tax stabilization reserve; provided further that if the total of the amount transferred to the tax stabilization reserve pursuant to the provisions of this section plus the balance in that reserve prior to the transfer is greater than six percent of the aggregate recurring appropriations from the general fund for the previous fiscal year, then an amount equal to the smaller of either the amount transferred or the difference between the total and six percent of the aggregate recurring appropriation from the general fund for the previous fiscal year is appropriated to the taxpayers dividend fund.

History: 1978 Comp., § 6-4-4, enacted by Laws 1987, ch. 347, § 4; 1989, ch. 71, § 1.

ANNOTATIONS

Compiler's note. - Both Laws 1987, ch. 264, § 4, approved April 9, 1987, and Laws 1987, ch. 347, § 4, approved April 10, 1987, enacted an identical section, 6-4-4 NMSA 1978. The section enacted by Laws 1987, ch. 347 is set out above. See 12-1-8 NMSA 1978.

6-4-5. Taxpayers dividend fund; created; purpose.

- A. There is created hereby in the state treasury the "taxpayers dividend fund".
- B. The balance of the taxpayers dividend fund shall be those funds directed to it by law and such other funds as the legislature may appropriate from time to time to the fund.
- C. If the balance in the taxpayers dividend fund at the end of the seventy-sixth or any subsequent fiscal year exceeds one percent of the tax liabilities reported to the taxation and revenue department pursuant to the Income Tax Act [Chapter 7, Article 2 NMSA 1978] during that fiscal year, then the governor shall propose to the next session of the legislature a method for refunding the balance to the taxpayers.
- D. Balances in the taxpayers dividend fund may be appropriated only for the purpose of refunding those balances to the taxpayers.

History: 1978 Comp., § 6-4-5, enacted by Laws 1987, ch. 347, § 5.

ANNOTATIONS

Compiler's note. - Both Laws 1987, ch. 264, § 5, approved April 9, 1987, and Laws 1987, ch. 347, § 5, approved April 10, 1987, enacted an identical section, 6-4-5 NMSA 1978. The section enacted by Laws 1987, ch. 347, § 5 is set out above. See 12-1-8 NMSA 1978.

6-4-6. Expenditures authorized to maintain cash flow.

For cash flow purposes all amounts that have been appropriated for general government purposes may be used to pay current expenses and obligations of state government regardless of the specific fund or account to which the accounting records of the state government may show those funds or accounts allocated or appropriated. Nothing in this section authorizes:

- A. the payment of expenses or obligations of state government from any fund or account unless it may reasonably be expected that at the end of the fiscal year the balances in that fund or account will be fully restored; or
- B. the transfer or use of the following amounts to pay current expenses or obligations of state government unless there is a specific authorization for such a transfer or payment in a current law other than this section:

- (1) revenues deposited for credit to any permanent fund;
- (2) revenues deposited and pledged for the payment of principal and interest on any evidence of indebtedness of the state;
- (3) federal revenues deposited for payment for a specific program; and
- (4) any income from the permanent fund or from any other fund if the expenditure or transfer of that income would violate a constitutional, enabling act or trust provision.

History: Laws 1991, ch. 132, § 1.

ANNOTATIONS

Emergency clauses. - Laws 1991, ch. 132, § 2 makes the act effective immediately. Approved April 3, 1991.

6-4-7. Computer systems enhancement fund; created.

There is created in the state treasury the "computer systems enhancement fund". The state treasurer shall deposit in the fund all amounts appropriated to the fund. The department of finance and administration shall administer the fund for the purpose of enhancing computer programs and systems and providing personnel support for those systems. The department is authorized to transfer any necessary federal or other state funds to serve as matching funds to carry out the purposes of the fund.

History: Laws 1992, ch. 112, § 2.

ANNOTATIONS

Effective dates. - Laws 1992, ch. 112 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 20, 1992.

Fund transfers. - Laws 1992, ch. 112, § 3, effective May 20, 1992, provides that the following general-fund-contributed amounts and accrued interest are transferred from the funds specified to the computer systems enhancement fund: (1) \$1,086,753 from the local public body unemployment compensation reserve fund created pursuant to 51-1-46 NMSA 1978, (2) \$5,723,075 from the workers' compensation retention fund created pursuant to 15-7-6 NMSA 1978, and (3) \$3,439,572 from the public property reserve fund created pursuant to 13-5-1 NMSA 1978.

ARTICLE 5 FINANCIAL CONTROL

6-5-1. Definitions.

"State agency" means any department, institution, board, bureau, commission, district or committee of the government of the state of New Mexico and means every office or officer of any of the above. "Local public body" means every political subdivision of the state of New Mexico which expends public money from whatever source derived, including but not limited to counties, county institutions, boards, bureaus or commissions; incorporated cities, towns or villages; drainage, conservancy, irrigation or other districts; and charitable institutions for which appropriations are made by the legislature; every office or officer of any of the above.

History: 1953 Comp., § 11-2-63, enacted by Laws 1957, ch. 252, § 1.

ANNOTATIONS

Article constitutional. - Article 5 of Chapter 6 NMSA 1978, which provides for a change in the duties of the state auditor, is constitutional. 1957-58 Op. Att'y Gen. No. 57-77.

Retiree health care authority. - The retiree health care authority is a "state agency" as defined in this section and is subject to the financial control laws set forth in this article since its enabling legislation does not exempt it from the operation of these laws. 1991 Op. Att'y Gen. No. 91-06.

6-5-2. Financial control division; central system of state accounts; accounting systems; forms.

The financial control division of the state department of finance and administration shall maintain a central system of state accounts, and shall devise, formulate, approve and control the accounting methods and procedures of all state agencies. The division shall prescribe forms for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions.

History: 1953 Comp., § 11-2-64, enacted by Laws 1957, ch. 252, § 2; 1977, ch. 247, § 114.

ANNOTATIONS

Authority to create working capital fund to finance central data processing service. - The department of finance and administration has authority to set up and maintain a working capital fund to finance the operation of a central electronic data processing service. 1959-60 Op. Att'y Gen. No. 59-187.

6-5-3. Legality and authority for proposed expenditures determined by financial control division; encumbering funds.

Before any vouchers or purchase orders are issued or contracts are entered into involving the expenditure of public funds by any state agency, the authority for such proposed expenditure shall be determined by the financial control division. After the authority for such expenditure is determined, the appropriate fund shall be shown by the division to be encumbered to the extent of such proposed expenditure.

History: 1953 Comp., § 11-2-65, enacted by Laws 1957, ch. 252, § 3; 1977, ch. 247, § 115.

ANNOTATIONS

Cross-references. - For provision that New Mexico beef council is not required to submit vouchers, purchase orders or contracts, see 77-2A-8 NMSA 1978.

Establishment of maximum wage not authorized. - This section authorizes the department of finance and administration to determine whether the payroll voucher is submitted in proper form and whether the employee actually performed the services stated therein, but does not authorize the department to establish a maximum wage or make a determination thereon. 1957-58 Op. Att'y Gen. No. 58-52.

6-5-4. Reports to legislature.

The financial control division shall report to the legislature at the commencement of each regular session a full and detailed statement of the revenue and expenditures for the preceding two years, and a tabular statement showing separately the whole amount of each appropriation of money made by law for the two years preceding, the amount paid under the same, and the balance unexpended.

History: 1953 Comp., § 11-2-66, enacted by Laws 1957, ch. 252, § 4; 1977, ch. 247, § 116.

6-5-5. Warrants issued by secretary; powers and duties of state auditor regarding warrants and transfer of funds imposed upon secretary.

All warrants upon the state treasury shall be issued by the secretary. All the powers and duties of the state auditor relating to the issuance of warrants or the transfer of funds are imposed upon the secretary.

History: 1953 Comp., § 11-2-67, enacted by Laws 1957, ch. 252, § 5; 1977, ch. 247, § 117.

ANNOTATIONS

Only secretary authorized to draw warrants. - Warrants drawn for the purpose of paying per diem and traveling expenses of the legislative finance committee, and warrants drawn to effect payment of the legislative council and legislative council's services, should only be by the director (secretary) of the department of public finance and administration, and not by the state auditor. 1957-58 Op. Att'y Gen. No. 57-184.

6-5-6. Determinations to be made prior to issuance of warrants.

No warrant upon the state treasury for the disbursement of funds shall be issued except upon the determination of the financial control division that the amount of the expenditure:

- A. does not exceed the appropriation made to the agency;
- B. does not exceed the periodic allotment made to the agency or the unencumbered balance of funds at its disposal; and
- C. is for a purpose included within the appropriation or otherwise authorized by law.

History: 1953 Comp., § 11-2-68, enacted by Laws 1957, ch. 252, § 7; 1977, ch. 247, § 118.

ANNOTATIONS

Responsibility for determining propriety of funds to be disbursed. - The responsibility for determining that funds to be disbursed from the state treasurer are paid for a proper and legal purpose falls upon the department of finance and administration and more specifically upon the division of financial control. 1961-62 Op. Att'y Gen. No. 61-9.

Reimbursement of sheriff for payment of guard's authorized expenses. - If a sheriff has expended his own money in payment for a guard's authorized expenses, those expenses would therefore be legal expenses of the sheriff for which he could properly be reimbursed. As regards the responsibility of the state auditor (secretary of finance and administration) in determining whether this payment was proper, his responsibility would be fulfilled by determining that a guard actually accompanied the sheriff on the subject trip and that expenses submitted by the sheriff were properly substantiated. 1961-62 Op. Att'y Gen. No. 61-9.

Effect of section on employee's salary. - This section could have a definite bearing upon an employee's salary if the issuance of the salary exceeds the appropriation made to the agency or exceeds the agency's periodic allotment or its unencumbered balance of funds at its disposal. 1957-58 Op. Att'y Gen. No. 58-52.

6-5-7. Warrant to show fund from which payment is made; settlement of claims against state; account between state and treasury.

Every warrant issued shall contain therein the particular fund appropriated by law out of which the same is to be paid. The financial control division shall settle all claims against the state payable by law out of the treasury, and shall keep an account between the state and the treasurer.

History: 1953 Comp., § 11-2-69, enacted by Laws 1957, ch. 252, § 8; 1977, ch. 247, § 119.

6-5-8. Vouchers.

Every claim for payment of public money shall be made upon a public voucher. All public vouchers shall be in the form and contain the information required by the secretary of finance and administration. All purchase vouchers for goods and services, other than personal, shall be accompanied by supporting invoices. Vouchers for the reimbursement of public officers and employees must have receipts attached for all money claimed, except that travel advance or reimbursement vouchers for claims of mileage and per diem at standard rates need not be accompanied by receipts. All vouchers must be certified as true and correct by the officer or employee designated to approve payments of claims against state agencies and local public bodies, including public schools. The secretary of finance and administration may require that payroll, travel advance, reimbursement, refund or other vouchers be sworn to by the certifying officer or payee.

History: 1953 Comp., § 11-2-70, enacted by Laws 1963, ch. 47, § 1; 1967, ch. 92, § 1; 1977, ch. 247, § 120; 1984, ch. 29, § 1.

ANNOTATIONS

Cross-references. - As to per diem and mileage rates, see 10-8-4 NMSA 1978.

For restrictions on advances to public officers or employees, see 10-8-5 NMSA 1978.

Department may establish rules and regulations. - Within its broad powers to make certain that state moneys are spent for authorized purposes, the department of finance and administration may establish such rules and regulations as may be necessary to accomplish this purpose. 1961-62 Op. Att'y Gen. No. 61-9.

Lease of office space is not rendering of service. - The leasing of office space to state agencies does not constitute the rendering of a service within the meaning of this section. 1965 Op. Att'y Gen. No. 65-117.

Presentation of warrants within reasonable time. - The director (secretary) of the department of finance and administration may lawfully provide by regulation that all agreements on behalf of the state for purchases to be made or for services to be rendered shall be subject to the condition that any warrant issued in payment of the claim must be presented within a reasonable period prescribed; that all vouchers submitted as the basis for claim against public funds shall contain such stipulation; and that all warrants to be issued on the basis of such vouchers shall contain the same stipulation. 1957-58 Op. Att'y Gen. No. 58-5.

Sworn statement requirement superseded in practice. - So long as county warrants are issued in accordance with this section, county officers are in compliance with the law. The requirement of 4-45-1 NMSA 1978 (now repealed) that county officials take a signed sworn statement from the payee before a warrant may be issued has, in practice, been superseded. 1980 Op. Att'y Gen. No. 80-1.

6-5-9. Secretary may authorize state agencies to issue warrants; secretary may except state agencies from submission of proposed vouchers, purchase orders or contracts.

The secretary of finance and administration may, when he determines that efficiency or economy so requires, authorize state agencies to issue warrants and except state agencies from the requirement of prior submission of proposed vouchers, purchase orders or contracts to the financial control division as provided in Section 6-5-3 NMSA 1978. Such authorization or exception shall be made by the order of the secretary in writing. The order shall state the extent of the authorization or exception and the reasons therefor.

History: 1953 Comp., § 11-2-71, enacted by Laws 1957, ch. 252, § 15; 1977, ch. 247, § 121.

ANNOTATIONS

State highway engineer may sign warrants for highway department. - The director (now secretary) of the department of finance and administration has the authority under this section to authorize the chief highway engineer (now state highway engineer) to sign warrants issued by the highway department. 1963-64 Op. Att'y Gen. No. 63-60.

Written order should include a specification for surety bonds. 1963-64 Op. Att'y Gen. No. 63-60.

ARTICLE 5A REQUIREMENTS FOR RECEIVING FUNDS FROM CERTAIN ORGANIZATIONS

6-5A-1. Definitions; requirements for governmental entities that receive funds or property from certain organizations.

A. As used in this section:

(1) "agency" means any state agency, department or board, any public institution of higher education or public post-secondary educational institution and any county, municipality or public school district;

(2) "organization" means an organization that has been granted exemption from the federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c) of the Internal Revenue Code of 1986, as amended or renumbered, and whose principal and authorized purpose is to complement, contribute to and support, aid the function of or forward the purposes of a single agency through financial support, the contribution of services, goods, data or information that help or aid the agency in carrying out its statutory purpose and goals, including, but not limited to, the provision of scholarships to students of educational institutions and the provision of grants to supplement ongoing research or to provide funds for research and programs being carried out by an agency;

(3) "post-secondary educational institution" means an educational institution designated in Article 12, Section 11 of the constitution of New Mexico, and any post-secondary educational institution, which term includes, but is not limited to, an academic, vocational, technical, business, professional or other school, college or university or other organization or person offering or purporting to offer courses, instruction, training or education through correspondence or in person, to any individual within this state over the compulsory school attendance age, if that post-secondary educational institution is directly supported in whole or in part by state or local taxation; and

(4) "transferred" means given or otherwise transferred, with or without consideration.

B. Prior to an agency accepting property or funds that have been transferred to an agency by an organization, the agency and the organization shall enter into a written agreement that includes at least the following:

(1) a concise statement of the organization's purpose and of how that purpose is supportive of the agency's statutory responsibilities and authority;

(2) provisions explicitly describing the relationship of the agency to the organization in connection with such issues as authority, autonomy and information sharing and reporting;

(3) provisions defining the extent to which the organization may complement and support functions that are the statutory responsibility of the agency;

(4) requirements that the organization:

(a) if its gross annual income exceeds one hundred thousand dollars (\$100,000), have a financial accounting system considered adequate under customarily and currently accepted accounting standards and that the financial affairs of the organization be audited annually in accordance with generally accepted governmental auditing standards by an independent professional auditor who would be required to furnish to the agency copies of his annual audit, which, exclusive of any lists of donors or donations, shall be a public record, and to make the associated working papers available to the agency for review upon its written request for a period of three years after the audit report date; or

(b) if its gross annual income is one hundred thousand dollars (\$100,000) or less, file a statement with the agency in the form of a balance sheet showing the assets of the organization, its liabilities, its income, classified by general source, and its expenditures, classified by object;

(5) a provision requiring that any funds or property transferred to an agency by an organization be considered subject to all state laws and regulations governing the disbursement and administration of public funds and public property, except to the extent of any specific conditions of the transfer that are acceptable to the agency and do not require actions that are punishable as crimes under state law;

(6) a provision stating that the agency has reviewed the bylaws of the organization and found them acceptable and a provision requiring that the organization furnish copies of the bylaws to the agency;

(7) a provision requiring specification of the consideration that the agency received from the organization for any agency services provided in support of the organization; and

(8) a provision requiring the application by the organization of the standard described in Section 6-8-10 NMSA 1978 as the standard for evaluating investments of the organization.

C. The written agreement required by Subsection B of this section is not required for each transfer but is a pre-condition of an agency's acceptance of any transfers. The agreement may be amended by mutual written agreement of the agency and the organization.

D. Nothing in this section subjects an organization to the provisions of the Open Meetings Act [Chapter 10, Article 15 NMSA 1978] or makes its records, other than the annual audit required under this section, public records within the purview of Sections 14-2-1 through 14-2-3 NMSA 1978.

History: Laws 1992, ch. 27, § 1.

ANNOTATIONS

Effective dates. - Laws 1992, ch. 27 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 20, 1992.

Internal Revenue Code of 1986. - Section 501(c) of the Internal Revenue Code of 1986, referred to in Subsection A(2), appears as 26 U.S.C. § 501(c).

ARTICLE 6

LOCAL GOVERNMENT FINANCES

6-6-1. Definitions.

"Local public body" means every political subdivision of the state which expends public money from whatever source derived, including but not limited to counties, county institutions, boards, bureaus or commissions; incorporated cities, towns or villages; drainage, conservancy, irrigation or their [other] districts; charitable institutions for which an appropriation is made by the legislature and every office or officer of any of the above. "Local public body" does not include county, municipal, consolidated, union or rural school districts and their officers, or irrigation districts organized under Sections 73-10-1 through 73-10-47 NMSA 1978.

History: 1953 Comp., § 11-2-56, enacted by Laws 1957, ch. 250, § 1; 1961, ch. 207, § 1.

ANNOTATIONS

Validity of 6-6-1 to 6-6-6 NMSA 1978. - Sections 6-6-1 to 6-6-6 NMSA 1978 constitute an independent statute, the meaning of which is reasonably clear from an examination of the statute itself, and it does not constitute "blind legislation" prohibited by the constitution. 1957-58 Op. Att'y Gen. No. 58-85.

The middle Rio Grande conservancy district is a "local public body" as defined by this section. 1959-60 Op. Att'y Gen. No. 60-209.

6-6-2. Local government division; powers and duties.

The local government division of the department of finance and administration has the power and duty in relation to local public bodies to:

- A. require each local public body to furnish and file with the division, on or before June 1 of each year, a proposed budget for the next fiscal year;
- B. examine each proposed budget and, on or before July 1 of each year, approve and certify to each local public body an operating budget for use pending approval of a final budget;

C. hold public hearings on proposed budgets;

D. make corrections, revisions and amendments to the proposed budgets as may be necessary to meet the requirements of law;

E. certify a final budget for each local public body to the appropriate governing body prior to the first Monday in September of each year. The budgets, when approved, are binding upon all tax officials of the state;

F. require periodic financial reports of local public bodies. The reports shall contain the pertinent details regarding applications for federal money or federal grants-in-aid or regarding federal money or federal grants-in-aid received, including but not limited to details of programs, matching funds, personnel requirements, salary provisions and program numbers, as indicated in the catalog of federal domestic assistance, of the federal funds applied for and of those received;

G. upon the approval of the secretary of finance and administration, authorize the transfer of funds from one budget item to another when the transfer is requested and a need meriting the transfer and the transfer is not prohibited by law. In case of a need necessitating the expenditure for an item not provided for in the budget, upon approval of the secretary of finance and administration, the budget may be revised to authorize the expenditures;

H. with written approval of the secretary of finance and administration increase the total budget of any local public body in the event the local public body undertakes an activity, service, project or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project or construction program will produce sufficient revenue to cover the increase in the budget or the local public body has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover the increase in the budget; provided, however, that the attorney general shall review legal questions identified by the secretary arising in connection with such budget increase requests;

I. supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted and that there will not be illegal expenditures;

J. prescribe the form for all budgets, books, records and accounts for local public bodies; and

K. with the approval of the secretary of finance and administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds or in any manner relating to the financial affairs of the local public bodies.

History: 1953 Comp., § 11-2-57, enacted by Laws 1957, ch. 250, § 2; 1976 (S.S.), ch. 28, § 1; 1977, ch. 247, § 112; 1987, ch. 261, § 1.

ANNOTATIONS

Local government division may suspend public hearing on proposed budget at any time for good cause. 1961-62 Op. Att'y Gen. No. 61-77.

Prorating of funds when insufficient funds available for payment of salaries. - Where funds are not available for the payment of salaries, the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) requires that available funds be distributed pro rata to the elected county officials so long as they last. The local government division cannot use the guise of forcing a large line item figure in a budget to justify cutting of salaries. 1961-62 Op. Att'y Gen. No. 61-77.

Budget line transfer authorized where clerical error results in budget line deficit. - Where a clerical error results in a budget line deficit, an authorized budget line transfer may be accomplished by the director (secretary) of the department of finance and administration with or without request of the local authorities. 1969 Op. Att'y Gen. No. 69-9.

Division has authority to correct, revise and amend local budgets. - The local government division of the department of finance and administration has the authority under this section to correct, revise and amend the budget of a subdivision of a state and to certify a final budget prior to the first Monday in September of each year. 1969 Op. Att'y Gen. No. 69-9.

But may not substitute its judgment for that of local officials. - Subsection D of this section, giving the local government division the power to make corrections, revisions and amendments to proposed budgets, does not give that division a bludgeon to be held over the governing board of a local body to force them to exercise their discretion in accordance with the views of the officials in control of the department of finance and administration. The amount of money deemed necessary to repair a court house should be left to the exercise of sound discretion by the board of county commissioners. A line item within a budget for repair of the court house is not such an expenditure as is necessary to meet the requirements of law within the meaning of Subsection D of this section, insofar as fixing the amount necessary is concerned. The local government division cannot arbitrarily force the board of county commissioners to establish a line item in a budget at a sum which, in the judgment of the board of county commissioners, is excessive to meet the needs of that item. As a consequence thereto, the local government division does not have the power to order suspension of all disbursements by a county merely because the county has not provided a sum of money for a line item which the local government division feels is necessary. 1961-62 Op. Att'y Gen. No. 61-77.

City may spend revenues where approval should have been granted. - Where a city properly meets the standards set out in Subsection H of this section and approval by the attorney general and the department of finance and administration should be

granted, the city will not be precluded from using the revenues in question. *Apodaca v. Wilson*, 86 N.M. 516, 525 P.2d 876 (1974) (decided under prior law).

City bound by budget resolution requesting approval. - Where a home-rule city passes a budget resolution which, by its very terms, requests approval of the attorney general and the department of finance and administration under Subsection H of this section, the city is bound by its own resolution in requesting such approval, and cannot later contend that it may act without regard to state approval. *Apodaca v. Wilson*, 86 N.M. 516, 525 P.2d 876 (1974) (decided prior to 1987 amendment).

Local agency may not maintain separate account where county treasurer is agency's disbursing agent. - Where the county treasurer is the disbursing agent for normal transactions handled by a local county civil defense agency, the latter may not maintain a separate checking account for public funds of such agency. 1965 Op. Att'y Gen. No. 65-51.

6-6-3. Local public bodies; duties.

Every local public body shall:

A. keep all the books, records and accounts in their respective offices in the form prescribed by the local government division;

B. make all reports as may be required by the local government division; and

C. conform to the rules and regulations adopted by the local government division.

History: 1953 Comp., § 11-2-58, enacted by Laws 1957, ch. 250, § 3; 1977, ch. 247, § 113.

ANNOTATIONS

Conservancy districts subject to provisions of 6-6-1 to 6-6-6 NMSA 1978. - Conservancy districts, as characterized by 73-14-3 NMSA 1978, are subject to the provisions of 6-6-1 to 6-6-6 NMSA 1978. 1957-58 Op. Att'y Gen. No. 58-51.

6-6-4. Local government division; research and survey; report to governor and legislature.

The local government division shall have the power, authority and responsibility to engage in research, conduct surveys and examine the operation and activities, including but not limited to the purchasing practices, of local public bodies, submitting to the governor and the legislature and local public bodies measures to secure greater administrative efficiency and economy, to minimize the duplication of activities, and to effect a better organization and consolidation of functions among local public bodies.

History: 1953 Comp., § 11-2-59, enacted by Laws 1957, ch. 250, § 4; 1975, ch. 164, § 1.

6-6-5. Record of approved budget.

Upon receipt of any budget approved by the local government division, the local public body shall cause such budget to be made a part of the minutes of such body.

History: 1953 Comp., § 11-2-60, enacted by Laws 1957, ch. 250, § 5.

6-6-6. Approved budgets; claims or warrants in excess of budget; liability.

When any budget for a local public body shall have been approved and received by a local public body, it shall be binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any warrant in excess thereof, and such allowances or claims or warrants so allowed or paid shall be a liability against the officials so allowing or paying such claims or warrants, and recovery for such excess amounts so allowed or paid may be had against the bondsmen of such officials.

History: 1953 Comp., § 11-2-61, enacted by Laws 1957, ch. 250, § 6.

6-6-7. [Limitation on county expenditures during year official's term expires; exceptions.]

It shall be unlawful for the board of county commissioners, the county clerk or any other county official authorized to make purchases to disburse, expend or obligate any sum in excess of fifty per centum of the approved budget for the fiscal year during which the terms of office of any such official will expire; provided, however, that expenditures or [expenditures for] election expense, record books, necessary office equipment and fuel shall be excepted from the provisions of this act [6-6-7, 6-6-9, and 6-6-10 NMSA 1978]. In the event it may be deemed advisable or advantageous to contract for fuel for the entire year, proper precaution must be exercised that a sufficient supply of fuel will be on hand and available for the needs of the incoming officials, or an amount equal to the sum by which one-half the budget item has been exceeded.

History: 1941 Comp., § 7-602, enacted by Laws 1941, ch. 190, § 1; 1953 Comp., § 11-6-1.

ANNOTATIONS

Cross-references. - As to destruction of documentary evidence of extinguished debt, see 6-10-62 NMSA 1978.

Legislature intended this section to apply to each fund and item of the budget. 1955-56 Op. Att'y Gen. No. 6551.

County clerk's duties ministerial. - The duties of a county clerk with respect to fiscal matters are ministerial. 1979 Op. Att'y Gen. No. 79-33.

Legal responsibility for disbursement of public funds vested in board of county commissioners does not extend to county clerks. 1979 Op. Att'y Gen. No. 79-33.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 20 C.J.S. Counties § 201; 79 C.J.S. Schools and School Districts § 325.

6-6-8. Repealed.

ANNOTATIONS

Repeals. - Laws 1979, ch. 54, § 1, repeals 6-6-8 NMSA 1978, relating to a limitation on county school expenditures during the fiscal year in which the superintendent's term expires.

6-6-9. [Limitation on municipal expenditures during year officials' terms expire.]

It shall be unlawful for the governing board or council of any city, town or village in the state of New Mexico to disburse, expend or contract for the expenditure of more than the proportionate share of the fiscal year budget during any fiscal year in which the terms of office of such officials will expire, as the number of months such officials are in office bears to the entire fiscal year.

History: 1941 Comp., § 7-604, enacted by Laws 1941, ch. 190, § 3; 1953 Comp., § 11-6-3.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 C.J.S. Municipal Corporations § 1846.

6-6-10. Violation of expense limit; penalty.

Any member of any board of county commissioners, or of any local school board, or of any governing board or council of any municipality, or any other official who shall violate the provisions of Sections 6-6-7 through 6-6-10 NMSA 1978 [6-6-7, 6-6-9 and 6-6-10 NMSA 1978] shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than five hundred dollars (\$500) or by imprisonment for not more than six months or both [and] upon conviction under the section the position shall be declared vacant. Any official whose duty it is to allow claims

and issue warrants therefor, who issues warrants or evidences of indebtedness contrary to the provisions of Sections 6-6-7 through 6-6-10 NMSA 1978 [6-6-7, 6-6-9 and 6-6-10 NMSA 1978] shall be liable to his respective county, school district or municipality for such violations and recovery may be made against the bondsmen of such official.

History: 1941 Comp., § 7-606, enacted by Laws 1941, ch. 190, § 5; 1953 Comp., § 11-6-5; 1979, ch. 335, § 1.

ANNOTATIONS

Cross-references. - As to penalty for misusing public funds, see 6-10-40 and 6-10-52 NMSA 1978.

Compiler's note. - Section 6-6-8 NMSA 1978, referred to in both the first and second sentences, was repealed in 1979.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Officers and Employees §§ 460 to 464.

67 C.J.S. Officers and Public Employees §§ 225, 242.

6-6-11. Yearly expenditures limited to income; Bateman Act.

It is unlawful for any board of county commissioners, municipal governing body or any local school board, for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void. Any officer of any county, municipality, school district or local school board, who shall issue any certificate or other form of approval of indebtedness separate from the account filed in the first place or who shall at any time use the fund belonging to any current year for any other purpose than paying the current expenses of that year, or who shall violate any of the provisions of this section, is guilty of a misdemeanor.

History: Laws 1897, ch. 42, § 15; C.L. 1897, § 299; Code 1915, § 1227; C.S. 1929, § 33-4241; 1941 Comp., § 7-607; 1953 Comp., § 11-6-6; Laws 1968, ch. 72, § 7.

ANNOTATIONS

I. General Consideration.

A. In General.

B. Applicability of Act.

II. Limitation on Expenditures.

III. Pleading and Practice.

I. GENERAL CONSIDERATION.

A. IN GENERAL.

Cross-references. - As to budgets of local public bodies, see 6-6-2 to 6-6-6 NMSA 1978.

Compiler's note. - The Bateman Act, which provided for funding the floating indebtedness of counties, boards of education, municipal corporations and school districts, was enacted by Laws 1897, ch. 42. Only the presently operative portions thereof, §§ 15 to 21 (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978), were retained in the 1915 Code and subsequent compilations.

Bateman Act not repealed by later enactments. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) was not repealed by § 1339, 1915 Code (since repealed) relating to tax levies for judgments for current expenses. *James v. Board of Comm'rs*, 24 N.M. 509, 174 P. 1001 (1918).

The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) was not repealed by Laws 1915, ch. 12 (since repealed) which fixed salaries for county officers. *James v. Board of Comm'rs*, 24 N.M. 509, 174 P. 1001 (1918).

The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978), limiting county expenses to current funds, was not repealed by a statute permitting levy of taxes for judgments for current expenses. *Optic Publishing Co. v. Board of Comm'rs*, 27 N.M. 371, 202 P. 124 (1921).

The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) was not repealed by Acts 1919, ch. 16 (since repealed), providing for the payment of salaries of county officers. *Baca v. Board of Comm'rs*, 30 N.M. 163, 231 P. 637 (1924).

Intent of Bateman Act. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) was designed to require municipalities to live within their annual incomes. *City of Hobbs v. State ex rel. Reynolds*, 82 N.M. 102, 476 P.2d 500 (1970).

Policy adopted by legislature. - The legislature adopted as a policy the plan that counties and other municipal subdivisions should be compelled to limit their expenses to their respective incomes, and that their debts insofar as they exceeded such income should be void, except for the purposes of entitling the creditor to his pro rata of moneys coming in from deferred taxes. *Johnston v. Board of County Comm'rs*, 12 N.M. 237, 78 P. 43 (1904).

Floating indebtedness prohibited. - There can be no outstanding floating indebtedness in excess of current revenue collections for the same year under the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978). 1909-12 Op. Att'y Gen. 173.

This statute does not exempt villages. Campbell v. Village of Green Tree, 59 N.M. 255, 282 P.2d 1101 (1955).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 56 Am. Jur. 2d Municipal Corporations, Counties, and Other Political Subdivisions § 594; 68 Am. Jur. 2d Schools § 101.

Power of municipality or other governmental body to issue refunding bonds to retire obligation in respect of which the creation and maintenance of a sinking fund by taxation is required, 157 A.L.R. 794.

Bond issue in excess of amount permitted by law, validity of within authorized debt, tax or voted limit, 175 A.L.R. 823.

20 C.J.S. Counties § 188; 64 C.J.S. Municipal Corporations § 1846; 79 C.J.S. Schools and School Districts § 325; 87 C.J.S. Towns § 113.

B. APPLICABILITY OF ACT.

Contracts, as well as actual indebtedness, are covered by this section. - The prohibition of this section relates not only to becoming indebted, but also to the contracting of debts which are not or cannot be paid out of money actually collected and belonging to the current year. 1965 Op. Att'y Gen. No. 65-53.

Bateman Act applicable to debts for necessities. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) applies to debts created for necessities such as water and lights for use at a courthouse or others which may be arbitrarily placed against a county, as well as those of voluntary creation. Santa Fe Water & Light Co. v. Santa Fe County, 29 N.M. 538, 224 P. 402 (1924).

Including county indebtedness for publication of delinquent tax list. - Indebtedness incurred by county for publication of delinquent tax list is within the provisions and limitations of the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978). Sena v. Board of Comm'rs, 27 N.M. 461, 202 P. 984 (1921).

And to school expenditures. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) applies to school expenditures as well as to all others. 1921-22 Op. Att'y Gen. 97.

And to contracts for school yearbooks which extend beyond current year. - Since the money for school yearbooks is not collected except for the current year, it is a violation of the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) for a school district to continue with contracts for their publication which extend beyond the current year. 1969 Op. Att'y Gen. No. 69-17.

And to city indebtedness for swimming pool construction over two-year period. - Indebtedness incurred for swimming pool construction over two-year period is void by

reason of the provisions of this section. *McMurtry v. City of Raton*, 66 N.M. 277, 347 P.2d 168 (1959).

But inapplicable to indebtedness to state. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) does not apply to indebtedness to the state. *State ex rel. Wilson v. Board of County Comm'rs*, 62 N.M. 137, 306 P.2d 259 (1957); *State v. Board of County Comm'rs*, 33 N.M. 340, 267 P. 72 (1928).

Or to indebtedness to federal government. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) does not apply to an indebtedness of a municipality to the federal government. 1955-56 Op. Att'y Gen. No. 6483.

Or to contracts for services of attorney. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) does not apply to contracts for services of an attorney. An attorney rendering services is entitled to payment from taxes collected that year, but not used, and in the next tax levy, if necessary. *Neal v. Board of Educ.*, 40 N.M. 13, 52 P.2d 614 (1935).

Or to special funds for special services. - If a special fund for a special purpose is created, the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) is not applicable. *City of Hobbs v. State ex rel. Reynolds*, 82 N.M. 102, 476 P.2d 500 (1970).

Long-term leases. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) does not prohibit a school district from entering into long-term leases. 1968 Op. Att'y Gen. No. 68-23.

Contract paying monthly sum for 25 years. - A contract that would pay a contractor a certain sum each month for the next 25 years for privately operating a prison violates the Bateman Act, 6-6-11 and 6-6-13 to 6-6-18 NMSA 1978, in that it presently obligates unconditional future payments of money for future services to be rendered. 1983 Op. Att'y Gen. No. 83-5.

II. LIMITATION ON EXPENDITURES.

Date of abandonment of project determines year in which obligation payable. - Where a contract for engineering was made in 1954 and formal abandonment of the project was made in 1956, the town could make payment out of current funds for these services, as the act of abandonment created the obligation to pay for the services under the terms of the contract. 1955-56 Op. Att'y Gen. No. 6535.

Bateman Act does not excuse payment of debts which could have been paid. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) makes void debts which are not and cannot be paid, but where the debt was not paid, although it could have been paid, the statute is not applicable. *Cathey v. City of Hobbs*, 85 N.M. 1, 508 P.2d 1298 (1973).

Payments for water supply financed by water charges sufficient to meet payments not general obligations. - Where a municipality enacts an ordinance to obtain, supplement and pay for its water supply and to adopt and enforce water charges sufficient to meet the required payments, such payments are not general obligations or indebtednesses within the meaning of any constitutional or statutory provisions. *City of Hobbs v. State ex rel. Reynolds*, 82 N.M. 102, 476 P.2d 500 (1970).

Materials for school district are direct charge item for which only that district is liable. - Obligation to pay for roofing material sold to county board of education as agent for a particular school district is a direct charge item for which only the district for which it is allocated is liable, and even then is recoverable only in the event that current revenues sufficient in amount to pay the bill are collected. *McAtee v. Gutierrez*, 48 N.M. 100, 146 P.2d 315 (1944).

Contract prohibited if not payable in current year. - This section prohibits a county board of education from entering into a contract which cannot be paid out of the money actually collected and belonging to that current year. 1955-56 Op. Att'y Gen. No. 6443.

Contract for salary during second year of contract term. - A contract between a local school board and a school administrator may provide for a specific salary during the second year of the contract term without violating the Bateman Act but only if the board commits funds from the fiscal year of contracting to pay the salaries for both years and funds from any other fiscal year are not necessary to pay the salaries. 1988 Op. Att'y Gen. No. 88-55.

Limitation on funds from which judgments may be paid. - A judgment rendered in one year for fees, salaries or perquisites of an officer for a preceding year cannot be paid out of any funds except the taxes collected for the current year in which the services are rendered or the fees and perquisites become due. *Territory ex rel. Adair v. Board of County Comm'rs*, 12 N.M. 131, 75 P. 38 (1904).

Warrants limited by tax levy and not by amount of money actually collected. - A county board of education may lawfully issue warrants to the amount of the levy for the year in which said warrants are issued, and they are not limited to the amount of money actually collected. 1919-20 Op. Att'y Gen. 87.

County board of education may borrow money to pay warrants of school teachers to avoid the necessity of discounting the warrants. 1921-22 Op. Att'y Gen. 18.

Money need not be on hand when warrants issued if warrants limited to current year funds. - School district warrants may be approved, even though the funds may not be on hand to meet them, provided the warrants so drawn will not run beyond what can be paid from the funds of the current year. 1915-16 Op. Att'y Gen. 89.

Failure by county commission to levy tax to pay interest on school district bonds. - A school district cannot borrow money to pay interest on its bonds, which were issued

validly, when county commissioners fail to levy tax for such purpose, and one district cannot loan money to another for such purpose out of moneys in its sinking fund. 1931-32 Op. Att'y Gen. 49.

Collections for particular current year may be applied on indebtedness for that year, regardless of when such collections are made. 1931-32 Op. Att'y Gen. 142.

But not to indebtedness of another year. - Collections made during any current year, for such year, cannot be applied on indebtedness for another year. 1931-32 Op. Att'y Gen. 142.

A municipal corporation may not pay from funds of the current fiscal year several old accounts payable, even though current funds are sufficient to pay such obligations. 1957-58 Op. Att'y Gen. No. 58-41.

Later collections for current year may be distributed pro rata among creditors. - County obligations must be paid from revenues available for year or be null and void except that moneys collected later belonging to such year may be distributed pro rata among creditors. 1937-38 Op. Att'y Gen. 137.

Irregular issuance of certificates of indebtedness. - An irregular issue of certificates of indebtedness far exceeding anticipated proceeds of tax levy for the year does not show conscious wrongdoing preventing certificate holders from proceeding against the buildings for the erection of which the certificates were issued. *Shaw v. Board of Educ.*, 38 N.M. 298, 31 P.2d 993 (1934).

City employees may not recover back wages under invalid minimum wage ordinance. - A city has no authority to delegate to the state labor commissioner power to establish minimum wages for city employees, and city employees may not recover wages for past years that would have been payable under such an invalid standard. *Adams v. City of Albuquerque*, 62 N.M. 208, 307 P.2d 792 (1957).

Vacation time for county employees cannot be accumulated beyond current year and be paid for out of the succeeding year's budget. County officers and employees are entitled to a lawful vacation period, but if they waive the same and elect to work during their vacation period, they may not be paid an additional amount for such work. 1955-56 Op. Att'y Gen. No. 6121.

Reduction of salaries of deputy county officers. - The board of county commissioners of a second class county has no authority to reduce salaries of deputy county officers below amount provided by law, especially where full amount of such salaries for year was duly budgeted, although all county officers have to bear pro rata reduction in order to limit expenditures of year to its income. 1937-38 Op. Att'y Gen. 101.

III. PLEADING AND PRACTICE.

Mandamus proceedings. - In action for mandamus to compel levy of tax to satisfy judgment, the respondents, relying on the alleged fact that the town's certificates of indebtedness were issued for current indebtedness, should have raised the issue by answer, instead of demurring to alternative writ of mandamus. State ex rel. Chesher v. Beall, 41 N.M. 652, 73 P.2d 329 (1937).

If previous special levies produced a sufficient amount to satisfy a judgment against a town, and portions thereof were unlawfully diverted to other purposes, the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) would not bar application for mandamus to compel a new levy. State ex rel. Chesher v. Beall, 41 N.M. 652, 73 P.2d 329 (1937).

In a mandamus proceeding to compel levy of a tax to pay a judgment, in absence of evidence to show that combined tax rate for state and local purposes would exceed the constitutional limitation, no constitutional question is presented, for neither the statutory limitation nor the prohibitions of the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) will shield the county from a forced levy to satisfy a tort judgment, and the holder of such judgment is entitled to mandamus against the state tax commission to approve levy of taxes for its payment. State ex rel. Martin v. Harris, 45 N.M. 335, 115 P.2d 80 (1941).

Allegation of violation of Bateman Act held premature. - Prior to approval by the state engineer of a municipality's applications to appropriate underground water, it is premature to allege that a contract involving a municipal water supply violates the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978). City of Hobbs v. State ex rel. Reynolds, 82 N.M. 102, 476 P.2d 500 (1970).

Where a municipality files applications with the state engineer to appropriate underground water, only if such applications are approved will any type of purchase financing be required and only subsequent to such approval could the amount of the obligation be ascertainable, in which event such financing might be accomplished by means which would satisfy the requisites of either 3-27-5 NMSA 1978 or this section. City of Hobbs v. State ex rel. Reynolds, 82 N.M. 102, 476 P.2d 500 (1970).

Exhaustion of current funds is defense. - This section does not permit the rendition of a judgment against a county for current expenses where the complaint shows on its face that the claim on which judgment is sought has been allowed by the county commissioners, and the payment denied or refused for want of funds. Optic Publishing Co. v. Board of Comm'rs, 27 N.M. 371, 202 P. 124 (1921).

No judgment can be rendered against a county on a claim for current indebtedness arising out of the publication of the delinquent tax list where such claim has been presented and allowed, and payment thereon refused or denied on account of insufficient funds with which to pay it. Sena v. Board of Comm'rs, 27 N.M. 461, 202 P. 984 (1921).

But not where due to unlawful diversion of funds. - A county creditor whose claim cannot be paid because of exhaustion of appropriate fund of the current year must bear the loss, except for his right to participate with other creditors in subsequent collections of revenue belonging to that year; but such exhaustion is no defense if it was due to an unlawful diversion. *Las Vegas Independent Publishing Co. v. Board of County Comm'rs*, 35 N.M. 486, 1 P.2d 564 (1931).

Bateman Act not defense where funds from special tax levy diverted to other purposes. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) is no defense to an action to recover judgment on certificates of indebtedness issued by a county in anticipation of the collection of a special tax levy, and payable from the proceeds of that levy, where the levy produced sufficient funds to pay the certificates, but the funds were diverted to other purposes. *Capital City Bank v. Board of Comm'rs*, 27 N.M. 541, 203 P. 535 (1921).

Violation of Bateman Act must be pleaded and proved. - A violation of the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) in the employment of teachers for a municipal school is a defensive matter which must be pleaded and proved in an action for breach of contract for discharge of a teacher. *Landers v. Board of Educ.*, 45 N.M. 446, 116 P.2d 690 (1941).

The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) is an affirmative defense which must be pleaded and proven with the burden upon the party asserting it to so prove its application. Where city had not shown that required funds were unavailable at the time that resolution in question was duly passed by the city council to pay for the contractual services of the plaintiff, the act was not applicable. *National Civil Serv. League v. City of Santa Fe*, 370 F. Supp. 1128 (D.N.M. 1973).

Burden of proof of applicability of Act. - A party relying upon the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) has the burden of pleading and proving its application. *McAtee v. Gutierrez*, 48 N.M. 100, 146 P.2d 315 (1944).

6-6-12. Exemptions from Bateman Act.

Insurance contracts not exceeding five years, lease purchase agreements, lease agreements and contracts providing for the operation, or provision and operation, of a jail by an independent contractor entered into by a local public body set out in Section 6-6-11 NMSA 1978, are exempt from the provisions of Section 6-6-11 NMSA 1978, and such contracts, lease purchase agreements, lease agreements and jail contracts are declared not to constitute the creation of debt.

History: 1953 Comp., § 11-6-6.1, enacted by Laws 1968, ch. 72, § 8; 1984, ch. 22, § 2.

ANNOTATIONS

Municipalities may enter into long-term lease agreements and lease purchase agreements without violating the provisions of the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978). 1969 Op. Att'y Gen. No. 69-39.

But in spite of the language of this section, certain lease purchase agreements may constitute the creation of debt within N.M. Const., art. IX, §§ 10, 11 and 12. 1969 Op. Att'y Gen. No. 69-39.

If an option price required to be paid by a county is nominal or nonexistent, a purported lease may be treated as a sale, creating the type of future economic commitment that requires the arrangement be approved by the voters, pursuant to N.M. Const., art. IX, § 10. *Montano v. Gabaldon*, 108 N.M. 94, 766 P.2d 1328 (1989).

The purchase of school yearbooks does not fall within any of the exceptions provided in this section. 1969 Op. Att'y Gen. No. 69-17.

Lease purchase agreements binding on future councils. - Although a municipality may not earmark receipts of the future so that these receipts will go to the payment of the amount due each year under a lease purchase agreement, nevertheless, such agreements are binding on future councils and mayors of municipalities. 1969 Op. Att'y Gen. No. 69-39.

6-6-13. Salaries to be prorated.

All fees, salaries and perquisites of officers of counties, municipalities, boards of education, school districts and all other officers shall be reduced if there is an insufficient collection of money with which to pay them as provided by law for their services in any current year so that there is no violation of the provisions of law as to incurring indebtedness for any current year over and above the money actually collected for that current year.

History: Laws 1897, ch. 42, § 16; C.L. 1897, § 300; Code 1915, § 1228; C.S. 1929, § 33-4242; 1941 Comp., § 7-608; 1953 Comp., § 11-6-7; Laws 1968, ch. 69, § 3.

ANNOTATIONS

Available salary fund to be apportioned among officers and creditors. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) applies to officers and creditors alike, and the available salary fund should be apportioned pro rata among all as the law directs if, when supplemented by the current expense fund, there is a deficiency. *Taylor v. Board of Comm'rs*, 44 N.M. 605, 107 P.2d 121 (1940).

Restrictions on payment of judgment. - A judgment rendered in one year for fees, salaries or perquisites of an officer for a preceding year cannot be paid out of any funds except the taxes collected for the year in which the services are rendered or the fees

and perquisites become due. Territory ex rel. Adair v. Board of County Comm'rs, 12 N.M. 131, 75 P. 38 (1904).

6-6-14. [Insufficient funds; prorating salaries and claims; preference for expense of boarding prisoners.]

In the event that there is an insufficient amount of money collected during any current year with which to pay for the services, fees and salaries of the several officers mentioned in Section 6-6-13 NMSA 1978, then and in that event the said officers and all creditors shall receive in full payment of their respective claims each his pro rata share of the money collected, and the payment of said pro rata part shall be made quarterly between all officers and creditors and in the event of an insufficient amount of money to pay in full for any one quarter the officers and creditors remaining unpaid shall not be paid that amount until the salaries and expenses of the next succeeding quarter or quarters shall have been paid, and in the event all the officers and creditors of any one quarter shall have been paid in full and there then remains any money for the current year, the same shall then be distributed pro rata among the said officers and creditors: provided, that all the actual expenses for boarding county prisoners shall be paid in full before any bill, fees or salaries are paid and before any pro rata is made, and such expenses may be paid at the expiration of each and every quarter.

History: Laws 1897, ch. 42, § 17; C.L. 1897, § 301; Laws 1901, ch. 36, § 1; Code 1915, § 1229; C.S. 1929, § 33-4243; 1941 Comp., § 7-609; 1953 Comp., § 11-6-8.

ANNOTATIONS

Applicability of section. - The limitation of this section applies to debts created for necessities such as water and lights for use at a courthouse or others which may be arbitrarily placed against a county, as well as those of voluntary creation. Santa Fe Water & Light Co. v. Santa Fe County, 29 N.M. 538, 224 P. 402 (1924).

Judgment may not be rendered where complaint shows funds not available to pay claim. - Section 6-6-11 NMSA 1978 does not permit the rendition of a judgment against a county for current expenses, where the complaint showed on its face that the claim on which the judgment was sought had been allowed by the county commissioners, and payment was denied or refused because there were no funds for the payment of the claim. Optic Publishing Co. v. Board of Comm'rs, 27 N.M. 371, 202 P. 124 (1921).

Payment of county officer's salary for half year. - A county officer's salary for a half year should be paid in full if there is a balance sufficient to cover it. Territory ex rel. Clancy v. Board of County Comm'rs, 13 N.M. 89, 79 P. 709 (1905).

Available salary fund to be apportioned pro rata among all. - The available salary fund should be apportioned pro rata among all as the law directs, if, when

supplemented by the current expense fund, there is a deficiency. Taylor v. Board of Comm'rs, 44 N.M. 605, 107 P.2d 121 (1940).

Outstanding warrants may be paid only from money allocated for year in which contracted. - Outstanding town warrants, if valid, are to be paid by the money allocated for such expenses of the year for which contracted. Warrants for the current year, if funds are insufficient, should be paid pro rata. 1912-13 Op. Att'y Gen. 166.

Law reviews. - For article, "Prisoners Are People," see 10 Nat. Resources J. 869 (1970).

6-6-15. [Void indebtedness; payment from later collections; disposition of surplus.]

The void indebtedness mentioned in Section 6-6-11 NMSA 1978 shall remain valid to the extent and for the sole purpose of receiving any money which may afterwards be collected and belongs to the current year when they were contracted, and the collection thereof, when made, shall be distributed pro rata among the creditors having the void indebtedness, and in the event all of the valid and void indebtedness of any current year are paid in full and there is money for that current year remaining, the sum shall be converted into the fund for the next succeeding current year.

History: Laws 1897, ch. 42, § 18; C.L. 1897, § 302; Code 1915, § 1230; C.S. 1929, § 33-4244; 1941 Comp., § 7-610; 1953 Comp., § 11-6-9.

ANNOTATIONS

Debts exceeding income for year are void. - The legislature adopted as a policy the plan that counties and other municipal subdivisions should be compelled to limit their expenses to their respective incomes, and that their debts, insofar as they exceeded such income, should be void, except for the purposes of entitling the creditor to his pro rata of moneys coming in from deferred taxes. Johnston v. Board of Comm'rs, 12 N.M. 237, 78 P. 43 (1904).

And recovery limited to pro rata share. - Where the Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) applies, the contractor's recovery is limited to his pro rata share with other creditors of any sums unexpended for the fiscal year and remaining in the general fund or subsequently collected and belonging to that current year. McMurry v. City of Raton, 64 N.M. 117, 325 P.2d 707 (1958), aff'd, 66 N.M. 277, 347 P.2d 168 (1959). See Campbell v. Village of Green Tree, 59 N.M. 255, 282 P.2d 1101 (1955).

Judgment cannot be rendered against county when claim not paid due to insufficient funds. - No judgment can be rendered against a county on a claim for current indebtedness arising out of the publication of the delinquent tax list where such claim has been presented and allowed, and payment thereon refused or denied on

account of insufficient funds. *Sena v. Board of Comm'rs*, 27 N.M. 461, 202 P. 984 (1921).

Exhaustion of funds no defense when due to unlawful diversion. - A county creditor whose claim cannot be paid because of exhaustion of appropriate fund of the current year must bear the loss, except for his right to participate with other creditors in subsequent collections of revenue belonging to that year; but such exhaustion is no defense if it was due to an unlawful diversion. *Las Vegas Independent Publishing Co. v. Board of County Comm'rs*, 35 N.M. 486, 1 P.2d 564 (1931).

Excess income received by public service company owned by city may be used to pay indebtedness. - When a public service company owes its existence to a municipal ordinance and operates thereunder and the city is the beneficial owner of all its stock which is held by a trustee, and the city, directly or indirectly, controls the activity of the trustee, such income as is collected in a year over and above outstanding bond obligations may be used to pay off void indebtedness. *McMurtry v. City of Raton*, 66 N.M. 277, 347 P.2d 168 (1959).

Reduction of salary of deputy county clerk held improper. - Where board of county commissioners reduced the salary of the deputy county clerk when it was confronted with a shortage of funds, instead of resorting to the current expense fund or prorating the funds available as the statute requires in case of insufficiency of current expense fund, and there were sufficient funds on hand collected from delinquent taxes to satisfy all claims payable therefrom for the respective years during which the deputy's salary was reduced, he was entitled to be paid. *Taylor v. Board of Comm'rs*, 44 N.M. 605, 107 P.2d 121 (1940).

6-6-16. [Appealed claims; payment.]

In the event any claimant, during any current year, should appeal from the board of county commissioners, as provided for by law, from the amount allowed him by such board, the commissioners, in making their quarterly payments as above-provided for, shall estimate and allow such claimant the amount allowed him, and in the event the court should allow such claimant a larger sum than was allowed him by the board of county commissioners the amount so allowed by the court shall be considered and paid as above-provided for at the next quarterly settlement after such decision of the court.

History: Laws 1897, ch. 42, § 19; C.L. 1897, § 303; Code 1915, § 1231; C.S. 1929, § 33-4245; 1941 Comp., § 7-611; 1953 Comp., § 11-6-10.

ANNOTATIONS

Cross-references. - As to appeal from board of county commissioners, see 4-45-5, 4-45-6 NMSA 1978.

Judgment can be satisfied only out of funds collected for year in which accrued. -

A judgment on appeal from a disallowance by the commissioners of a claim of a county officer for fees, services or perquisites can be satisfied only out of taxes collected for the year in which accrued. Territory ex rel. Adair v. Board of County Comm'rs, 12 N.M. 131, 75 P. 38 (1904).

6-6-17. [Current year same as fiscal year.]

The current year for the purpose of Sections 6-6-11, 6-6-13 to 6-6-16 NMSA 1978 inclusive shall be construed to mean the fiscal year as defined in Section 6-10-1 NMSA 1978.

History: Laws 1897, ch. 42, § 20; C.L. 1897, § 304; Code 1915, § 1232; C.S. 1929, § 33-4246; Laws 1939, ch. 56, § 1; 1941 Comp., § 7-612; 1953 Comp., § 11-6-11.

6-6-18. Current year; disposition of funds.

All money collected from the tax schedule of any one year for county purposes or that should have been collected for that year for that purpose, whether it was placed on the tax schedule or not, except money collected for that year from assessments made for some special purpose and except for money deposited pursuant to the provisions of Section 6-6-19 NMSA 1978, shall constitute the fund for the current year.

History: Laws 1897, ch. 42, § 21; C.L. 1897, § 305; Code 1915, § 1233; C.S. 1929, § 33-4247; 1941 Comp., § 7-613; 1953 Comp., § 11-6-12; Laws 1989, ch. 276, § 2.

ANNOTATIONS

Cibola county entitled to federal "payment in lieu of taxes". - Cibola county, created in 1981 from the western portion of Valencia county, was entitled to a portion of the "payment in lieu of taxes" paid by the federal government to Valencia county to compensate the local governmental unit for loss of tax revenues from certain tax-exempt federal lands ("entitlement lands") located within local governmental boundaries. Board of County Comm'rs v. Board of County Comm'rs, 105 N.M. 44, 728 P.2d 454 (1986).

School fund. - Money collected by taxes for school purposes constitutes a fund for schools for the current year. 1912-13 Op. Att'y Gen. 114.

Indebtedness of several years for water or sewerage facilities not affected. - The Bateman Act (6-6-11 and 6-6-13 to 6-6-18 NMSA 1978) does not apply to the creation of an indebtedness for water or sewerage facilities for municipalities to cover a period of several years. 1921-22 Op. Att'y Gen. 103.

6-6-19. Local government permanent fund.

A. The local governing body of any county or municipality may by ordinance establish a local government permanent fund and a local government income fund.

B. The local government permanent fund shall constitute a fund in the treasury of the county or municipality into which may be deposited at the end of every fiscal year an amount of the unappropriated general fund surplus. The amount which may be deposited into the local government permanent fund is any portion of the unappropriated general fund surplus which is in excess of fifty percent of the prior fiscal year's budget of the county or municipality. Money in the permanent fund may be appropriated or expended only pursuant to approval of the voters of the county or municipality as provided in Subsection D of this section.

C. Money in the local government permanent fund may be invested by the local board of finance for the county or municipality as specified in Sections 6-10-10, 6-10-36 and 6-10-44 NMSA 1978. Earnings from the investment of the permanent fund shall be deposited in the local government income fund in the treasury of the county or municipality. Money in the income fund may be budgeted and appropriated by the local governing body for expenditure for any purpose of the county or municipality or deposited in the permanent fund.

D. The governing body of a county or municipality may adopt a resolution calling for an election on the question of expenditure of any amount of the local government permanent fund for a specified county or municipal purpose. The election shall be held within sixty days after the action of the governing body. The election shall be called, conducted, counted and canvassed substantially in the manner provided by law for general elections within the county or special municipal elections under the Municipal Election Code [Articles 8 and 9 of Chapter 3 NMSA 1978]. If a majority of the registered voters of the county or municipality voting on the question vote for the expenditure of a specified amount of the local government permanent fund for a specified county or municipal purpose then that amount of money shall be available for appropriation and expenditure by the county or municipality for that purpose. If a majority of the registered voters of the county or municipality voting on the question vote against the expenditure of a specified amount of the local government permanent fund for a specified county or municipal purpose then no money in the local government permanent fund may be expended or appropriated for that purpose. Following an election at which the question was not approved, that question shall not again be submitted to the voters of that county or municipality within one year of the date of that election.

History: 1978 Comp., § 6-6-19, enacted by Laws 1989, ch. 276, § 3.

ARTICLE 6A

LEASEHOLD COMMUNITY ASSISTANCE

6-6A-1. Short title.

This act [6-6A-1 to 6-6A-5 NMSA 1978] may be referred to as the "Leasehold Community Assistance Act".

History: Laws 1985, ch. 214, § 1.

6-6A-2. Definition.

As used in the Leasehold Community Assistance Act [6-6A-1 to 6-6A-5 NMSA 1978], "leasehold community" means a community which:

- A. is located on an Indian pueblo on lands leased from that pueblo;
- B. is chartered by the pueblo;
- C. has a mayor-council form of government; and
- D. contains lands leased from the pueblo which, together with improvements, has a net property tax valuation of at least five million dollars (\$5,000,000).

History: Laws 1985, ch. 214, § 2.

6-6A-3. Leasehold community assistance fund; creation; disposition [disposition].

A. There is created in the state treasury the "leasehold community assistance fund". The purpose of the fund is to provide leasehold communities with assistance in meeting their operating budgets.

B. The leasehold community assistance fund shall be administered by the local government division of the department of finance and administration. The division shall determine the funds the leasehold community is eligible to receive from the fund by calculating the amount of money a municipality of similar size receives under all appropriate state laws. Such sources shall include but not be limited to:

- (1) property tax levies;
- (2) the law enforcement protection fund;
- (3) the small cities assistance fund;
- (4) the fire protection fund;
- (5) gross receipts distribution;
- (6) gasoline tax distributions;

(7) cigarette tax distributions; and

(8) motor vehicle fees distributions.

C. Prior to receiving any assistance from the leasehold community assistance fund, the governing body of the community shall agree to be bound by such rules and regulations promulgated by the local government division of the department of finance and administration. That division has the power and duty in relation to leasehold communities to:

(1) require each leasehold community to furnish and file with the division, on or before June 1, of each year, a proposed budget for the next fiscal year;

(2) examine each proposed budget and, on or before July 1 of each year, approve and certify to each leasehold community an operating budget for use pending approval of a final budget;

(3) hold public hearings on proposed budgets;

(4) make corrections, revisions and amendments to the proposed budgets as may be necessary to meet the requirements of law;

(5) certify a final budget for each leasehold community to the appropriate governing body prior to the first Monday in September of each year. The budgets, when approved, are binding upon all tax officials of the state;

(6) require periodic financial reports of leasehold communities. The reports shall contain the pertinent details regarding applications for federal money or federal grants-in-aid or regarding federal money or federal grants-in-aid received, including but not limited to details of programs, matching funds, personnel requirements, salary provisions and program numbers, as indicated in the catalog of federal domestic assistance, of the federal funds applied for and of those received;

(7) with written approval of the secretary of finance and administration and the attorney general, increase the total budget of any leasehold community in the event the leasehold community undertakes an activity, service, project or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project or construction program will produce sufficient revenue to cover the increase in the budget or the leasehold community has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover the increase in the budget;

(8) supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted and that there will not be illegal expenditures;

(9) prescribe the form for all budgets, books, records and accounts for leasehold communities; and

(10) with the approval of the secretary of finance and administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds or in any manner relating to the financial affairs of the leasehold communities.

History: Laws 1985, ch. 214, § 3.

6-6A-4. Leasehold communities; duties.

Every leasehold community shall:

A. keep all the books, records and accounts in their respective offices in the form prescribed by the local government division;

B. submit to an audit of its books upon request of the local government division;

C. make all reports as may be required by the local government division; and

D. conform to the rules and regulations adopted by the local government division.

History: Laws 1985, ch. 214, § 4.

ANNOTATIONS

Cross-references. - As to local government division, see 9-6-3 NMSA 1978.

6-6A-5. Inclusion of leasehold community assistance fund in the local government division's annual budget.

The local government division shall calculate the amount of funds to which all leasehold communities are entitled as provided in Subsection B of Section 3 [6-6A-3B NMSA 1978] of the Leasehold Community Assistance Act and shall include that amount in the division's annual budget in the general appropriation act. These budgeted funds shall be used to replenish annually the money available for distribution from the leasehold community assistance fund.

History: Laws 1985, ch. 214, § 5.

ANNOTATIONS

Cross-references. - As to leasehold community assistance fund, see 6-6A-3 NMSA 1978.

ARTICLE 7

DISASTER RELIEF

6-7-1. Policy and purpose.

Because of the existing possibility of the occurrence of disasters resulting from drouth, fire, flood, earthquake or other causes, and in order to ensure that preparation of this state will be adequate to deal with such disasters, and generally to protect the peace, health and safety and to preserve the lives and property of the people of the state of New Mexico, it is hereby found and declared to be necessary to establish a source of emergency funds.

History: 1953 Comp., § 11-7-1, enacted by Laws 1955, ch. 185, § 1.

6-7-2. Provisional appropriation.

For the purposes set out in Section 6-7-1 NMSA 1978, when and if the governor shall declare an emergency, as provided in Section 6-7-3 NMSA 1978, there is appropriated the sum of seven hundred fifty thousand dollars (\$750,000) for each eligible and qualified applicant or so much thereof as the governor may from time to time designate from the surplus unappropriated money in the general fund, if any, at the time of the declaration of such emergency or emergencies.

History: 1953 Comp., § 11-7-2, enacted by Laws 1955, ch. 185, § 2; 1977, ch. 383, § 1; 1989, ch. 181, § 1.

ANNOTATIONS

The 1989 amendment, effective July 1, 1989, substituted "Section 6-7-1 NMSA 1978" for "Section 11-7-1 NMSA 1953", "Section 6-7-3 NMSA 1978" for "Section 11-7-3 NMSA 1953", and "seven hundred fifty thousand dollars (\$750,000) for each eligible and qualified applicant" for "five hundred thousand dollars (\$500,000)".

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds § 60.

81A C.J.S. States § 205.

6-7-3. Expenditure of funds; manner.

The moneys appropriated by Sections 6-7-1 and 6-7-2 NMSA 1978 shall be expended for disaster relief for any disaster declared by the governor to be of such magnitude as to be beyond local control and requiring the resources of the state. Such funds shall be expended by the governor or any agent or agency designated by him for such purposes, either as a state project or for securing matching federal funds. Said moneys shall be paid out upon warrants drawn by the secretary of finance and administration

upon vouchers approved by the governor or such agent or agency designated by him for such purpose.

History: 1953 Comp., § 11-7-3, enacted by Laws 1955, ch. 185, § 3; 1978, ch. 67, § 1.

ARTICLE 8

INVESTMENT OF PUBLIC MONEY

6-8-1. Definitions.

As used in Sections 6-8-1 through 6-8-16 NMSA 1978:

- A. "secretary" means the secretary of finance and administration;
- B. "department" means the department of finance and administration;
- C. "permanent fund" means those funds derived from lands under the direction, control, care and disposition of the commissioner of public lands conferred by Article 13, Sections 1 and 2 of the constitution of New Mexico; and
- D. "council" means the state investment council.

History: 1953 Comp., § 11-2-8.4, enacted by Laws 1957, ch. 179, § 1; 1977, ch. 247, § 5; 1983, ch. 301, § 11; 1983, ch. 306, § 1.

ANNOTATIONS

The restrictions specified in this article are valid and constitutional. 1957-58 Op. Att'y Gen. No. 58-10.

6-8-2. State investment council.

There is created a "state investment council." The council shall be composed of:

- A. the governor;
- B. the state treasurer;
- C. the commissioner of public lands;
- D. the secretary;
- E. three public members appointed by the governor with the advice and consent of the senate;

F. the state investment officer; and

G. the chief financial officer of a state institution of higher education appointed by the governor with the advice and consent of the senate.

The chairman of the council shall be the governor.

All actions of the council shall be by majority vote, and at least three members appointed pursuant to Subsections E and G of this section must be present to constitute a quorum.

Members of the council appointed pursuant to Subsection E of this section shall be reimbursed per diem and mileage pursuant to the provisions of the Per Diem and Mileage Act [10-8-1 to 10-8-8 NMSA 1978].

History: 1953 Comp., § 11-2-8.5, enacted by Laws 1957, ch. 179, § 2; 1977, ch. 247, § 96; 1979, ch. 273, § 1; 1981, ch. 264, § 1; 1983, ch. 306, § 2.

ANNOTATIONS

Powers and rights of council limited to those granted by constitution and statute.

- The investment council is a creature of statute, being unknown at common law, and has only those powers and rights granted to it by the constitution and legislative enactment. 1961-62 Op. Att'y Gen. No. 61-49.

Members of council are public employees, not officers. - The constitutional provisions relative to the investment council do not explicitly provide for the term of the position created, the method of appointment or the specific duties of the position. These matters are left to the legislature, acting within its powers subject to constitutional restrictions. Accordingly, members of the investment council are public employees and not public officers. 1957-58 Op. Att'y Gen. No. 58-10.

6-8-3. Council terms and qualifications.

Members of the council appointed by the governor, with the advice and consent of the senate, shall serve for staggered terms of five years. Members of the council shall serve until their successors are appointed and have qualified.

The members of the council appointed pursuant to Subsection E of Section 6-8-2 NMSA 1978 shall be qualified by competence and experience in the field of investment or finance. During tenure, a member of the council shall not be engaged in any capacity in the sale of securities to the state. Members of the council and officers and employees of the council shall be governed by the provisions of the Conflict of Interest Act [10-16-1 to 10-16-15 NMSA 1978]. Nothing in this section or in the Conflict of Interest Act shall be construed as prohibiting an officer of a financial institution from participating as a member of the council in setting general policies of the council, nor shall any provision

of the Conflict of Interest Act prohibit the council or the state treasurer from depositing funds under the jurisdiction of the council in any financial institution. A council member shall not hold an office or employment in a political party.

Any member of the council appointed pursuant to Subsection E or G of Section 6-8-2 NMSA 1978 may be removed from the council by the governor, for cause, in the manner provided for removal of members of boards of regents under Article 12, Section 13 of the constitution of New Mexico. A vacancy in the membership of the council occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the unexpired term only.

History: 1953 Comp., § 11-2-8.6, enacted by Laws 1957, ch. 179, § 3; 1981, ch. 264, § 2; 1983, ch. 306, § 3.

6-8-4. Investment office; state investment officer; terms.

There is established an "investment office." The chief administrative officer of the office shall be known as the "state investment officer."

The state investment officer shall be appointed by the governor with the advice and consent of the senate. Recommendations as to his appointment shall be made to the governor by the investment council. The state investment officer shall devote his entire time and attention to the duties of his office, shall not engage in any other occupation or profession, nor shall he hold any other public office, appointive or elective. He shall be a person qualified, by training and investment experience, to direct the work of the investment division [office] and shall have had at least five years professional experience as an investment officer. He shall receive a salary to be determined by the investment council, but in no case less than fifty thousand dollars (\$50,000) annually.

The investment officer shall serve for an initial term of two years beginning July 1, 1981 and thereafter for terms of four years. The state investment officer may be removed from office by the governor for cause in the manner provided for removal of members of boards of regents under Article 12, Section 13 of the constitution of New Mexico.

History: 1953 Comp., § 11-2-8.7, enacted by Laws 1957, ch. 179, § 4; 1977, ch. 247, § 97; 1981, ch. 264, § 3.

ANNOTATIONS

Duties of investment officer not delegated. - Within the scope of the duties and potential liabilities established within the contractual relationship, an investment advisor was required to advise the state to make lawful investments. The contract did not delegate nondelegable duties to the advisor, and the advisor was therefore estopped to assert that doctrine as a bar to suit on the contract. State ex rel. Udall v. Colonial Penn Ins. Co., 112 N.M. 123, 812 P.2d 777 (1991).

6-8-5. Bond; staff; budget.

A. Before the state investment officer, or other responsible employee of the investment division [office], shall enter upon his duties, the secretary shall require an individual bond, or shall include the state investment officer and other responsible employees under a blanket bond, for an amount and for a coverage deemed best to protect the state's interest. The bond premiums shall be paid by the state.

B. The state investment officer shall, annually, prepare a budget which shall be reviewed by the council and the secretary. Any funds provided for the operating budget of the division [office] shall be appropriated from earnings on investments of permanent funds before distribution to the income funds as authorized by law.

C. The state investment officer shall appoint all employees of the investment division [office].

History: 1953 Comp., § 11-2-8.8, enacted by Laws 1957, ch. 179, § 5; 1976, ch. 6, § 1; 1977, ch. 247, § 98.

6-8-6. Transfer of investment powers.

The functions, powers and duties vested by law relating to the investment or reinvestment of money and the purchase, sale or exchange of investments or securities of the permanent fund are transferred to the state investment officer. The state treasurer shall maintain custody of the state permanent fund but shall at all times render the fund or any part of it available for investment in accordance with the provisions of Sections 6-8-1 through 6-8-18 NMSA 1978.

Any provision of existing law requiring or designating an elected state official to serve by virtue of his office in an active or advisory capacity concerning the investment of the state permanent fund shall be inoperative.

History: 1953 Comp., § 11-2-8.9, enacted by Laws 1957, ch. 179, § 6; 1977, ch. 247, § 99; 1981, ch. 264, § 4.

ANNOTATIONS

Cross-references. - As to investment responsibility of state investment officer for "public buildings at capital, permanent fund," see 19-1-19 NMSA 1978.

Limitation on investment of "permanent fund". - This section limits the power of the state investment officer to investment of those funds which are in the "permanent fund." 1961-62 Op. Att'y Gen. No. 62-76.

6-8-7. Powers and duties of state investment officer; investment policy.

A. Subject to the limitations, conditions and restrictions contained in policy-making regulations or resolutions adopted by the council and subject to prior authorization by the council, the state investment officer has the power to make purchases, sales, exchanges, investments and reinvestments of the permanent fund. The state investment officer is charged with the duty of seeing that money invested is at all times handled to the best interests of the state.

B. Securities or investments purchased or held may be sold or exchanged for other securities and investments; provided, however, that no sale or exchange is at a price less than the going market at the time the securities or investments are sold or exchanged.

C. In purchasing bonds, the state investment officer shall require a certified or original written opinion of a reputable bond attorney or the attorney general of the state certifying the legality of the bonds to be purchased; provided, however, this written opinion may be the approving legal opinion ordinarily furnished with the bond issue.

D. The state investment officer shall formulate and recommend to the council for approval investment regulations or resolutions pertaining to the kind or nature of investments and limitations, conditions and restrictions upon the methods, practices or procedures for investment, reinvestment, purchase, sale or exchange transactions that should govern the activities of the investment office.

E. The council shall meet at least once each month, and as often as exigencies may demand, to consult with the state investment officer concerning the work of the investment office. The council shall have access to all files and records of the investment office and shall require the state investment officer to report and provide information necessary to the performance of council functions. The council may hire one or more investment management firms to advise the council with respect to the council's overall investment plan and pay reasonable compensation for such services from funds of the investment office. The terms of any such investment management services contract shall incorporate the statutory requirements for investment of funds under the council's jurisdiction.

F. For the purposes of the investment of the severance tax permanent fund, the state investment officer shall manage the fund in such a prudent manner as to insure a reasonable diversification and reasonable yield.

G. The state investment officer may contract with any educational institution designated in Article 12, Section 11 of the constitution of New Mexico to provide investment advisory or investment management services, provided such institution pays at least the direct cost of such services. Notwithstanding any statutory provision governing state educational institution investments, the state investment officer may invest funds of a

state educational institution in any type of investment permitted for the permanent fund under the same standard of care applicable to investments of the permanent fund. In performing investment services for educational institutions, the council and the state investment officer are exempt from the New Mexico Securities Act of 1986 [58-13B-1 to 58-13B-56 NMSA 1978].

History: 1953 Comp., § 11-2-8.10, enacted by Laws 1957, ch. 179, § 7, 1977, ch. 247, § 100; 1981, ch. 264, § 5; 1983, ch. 306, § 4; 1991, ch. 57, § 1.

ANNOTATIONS

Cross-references. - For constitutional provision as to duties of state investment officer relative to permanent school fund, see N.M. Const., art. XII, § 7.

The 1991 amendment, effective June 14, 1991, added the subsection designations; in the first sentence of Subsection A substituted "adopted" for "promulgated"; in Subsection D substituted "that should govern" for "which should govern"; and added Subsection G.

Investment officer has only powers granted by constitution or statute. - The investment officer is a creature of statute, being unknown at common law, and has only those powers and rights granted to him by the constitution and legislative enactment. 1961-62 Op. Att'y Gen. No. 61-49.

Requirements for exchange of securities. - The requirement of this section, as it pertains to an exchange, is that the securities which are to be received in the exchange must have an aggregate price which is equal to or in excess of the market price of the securities which are to be given by the state. 1959-60 Op. Att'y Gen. No. 60-9.

Determination of "market price". - The generally accepted definition or meaning of the term "market price" indicates that the words imply price or value in an open market where one desires but is not compelled to buy and one is willing but not compelled to sell. In order for an item to have a market price, the same or similar items must have been sold enough times so that the items obtain a somewhat fixed price or value to purchasers. 1959-60 Op. Att'y Gen. No. 60-9.

Mere combining of funds from several trusts for investment does not violate intermingling rule. 1959-60 Op. Att'y Gen. No. 60-9.

Investment officer may sell or exchange securities held in portfolio. - This section confers upon the investment officer the power to sell and exchange securities originally held in the state portfolio. 1959-60 Op. Att'y Gen. No. 60-9.

Investment not limited to current funds. - The primary purpose for the creation of the investment council was to improve the position of the permanent fund in regard to its investments generally, and specifically, its return on the funds invested, keeping in mind

the preservation of the principal. This goal could not be accomplished if the powers of the council were limited to investing only current funds. 1959-60 Op. Att'y Gen. No. 60-9.

Capital gains from sale of common stock may not be used to offset loss on sale of fixed-income security. - Since the 1965 amendment to N.M. Const., art. XII, § 7, the state investment council has not had the power to sell common stocks realizing a capital gain and use such gain to offset a loss taken on the sale of a fixed-income security. 1968 Op. Att'y Gen. No. 68-116.

Sale at loss which cannot be made up by increased interest income. - The state investment officer has the power and the duty to sell fixed income securities at less than their original acquisition cost and take a loss which cannot be made up by increased interest income where, in his discretion, such action is consistent with the protection and preservation of the permanent fund. While the loss must be reimbursed, it is up to the legislature to effect it; accordingly, in the event of a loss, the state investment council should inform the legislature thereof. 1989 Op. Att'y Gen. No. 89-19.

Commitment for purchase prior to actual investment. - Investment council can make definite commitment for purchase of Capehart mortgages prior to actual investment in them. 1959-60 Op. Att'y Gen. No. 59-160.

Duties of investment officer not delegated. - Within the scope of the duties and potential liabilities established within the contractual relationship, an investment advisor was required to advise the state to make lawful investments. The contract did not delegate nondelegable duties to the advisor, and the advisor was therefore estopped to assert that doctrine as a bar to suit on the contract. State ex rel. Udall v. Colonial Penn Ins. Co., 112 N.M. 123, 812 P.2d 777 (1991).

Employment of management company constitutes unlawful delegation of powers. - If a management company is to be of any real value to the investment council, it must by the very nature of its duties possess a portion of the decision-making powers of the investment officer. This is an unlawful delegation of the investment power of the investment officer. 1961-62 Op. Att'y Gen. No. 61-49.

6-8-8. Compromise; adjustment.

In the event of default in the payment of principal [of], or interest on, an investment made, the investment officer is authorized to institute proper proceedings to collect matured interest and principal; the investment officer may, after consultation with the investment council, accept for exchange purposes refunding bonds or other evidences of indebtedness at interest rates to be agreed upon with the obligor. The investment officer, after consultation with the council, is authorized to adjust past-due interest or principal in default.

History: 1953 Comp., § 11-2-8.11, enacted by Laws 1957, ch. 179, § 8; 1977, ch. 247, § 101; 1981, ch. 264, § 6.

6-8-9. Securities and investment.

Money made available for investment for a period in excess of one year may be invested in the following classes of securities and investments:

A. bonds, notes or other obligations of the United States government, its agencies or instrumentalities;

B. bonds, notes or obligations of a municipal or political subdivision of this state, issued pursuant to a law of this state; provided that the issuer has not, within ten years prior to the making of the investment, been in default for more than three months in the payment of any part of the principal or interest on any debt evidenced by its bonds, notes or obligations; and provided further, if the bonds are city or county utility or utility-district revenue bonds, the revenues of that utility, other than for payment of operation and maintenance expenses, are pledged wholly to the payment of the interest on and principal of the indebtedness and the utility project has been completely self-supporting for a period of five years next preceding the investment;

C. bonds, debentures or other obligations issued by a federal land bank or by a federal intermediate credit bank or banks for cooperatives under the acts of congress known as the Federal Farm Loan Act, as amended, and the Farm Credit Act of 1933, as amended;

D. bonds, debentures or other obligations issued or guaranteed by any national mortgage association under the act of congress of June 27, 1934 known as the National Housing Act, as amended;

E. bonds, notes, debentures, equipment trust certificates, conditional sales agreements or other evidences of indebtedness of any corporation organized and operating within the United States, rated not less than A by a national rating service;

F. common and preferred stocks and convertible issues of any corporation organized and operating within the United States; provided that it has a minimum net worth of twenty-five million dollars (\$25,000,000) and securities listed on one or more national stock exchanges; and provided further that the fund shall not own more than five percent of the voting stock of any company. Common stocks should represent a diversified portfolio with an above-average current yield and the prospect for dividend increases and capital appreciation;

G. industrial revenue bonds issued pursuant to the Industrial Revenue Bond Act [3-32-1 to 3-32-16 NMSA 1978], where both the principal and interest of the bonds are fully and unconditionally guaranteed by a lease agreement, executed by a corporation organized

and operating within the United States, rated not less than A by a national rating service;

H. notes or obligations securing loans to New Mexico businesses made by banks and savings and loan associations pursuant to the act of congress of July 30, 1953 known as the Small Business Act of 1953, as amended, only to the extent that both principal and interest are guaranteed by the United States government. The state investment officer may enter into conventional agreements for the servicing of the loans and the administration of the receipts therefrom. Any servicing agreement may contain reasonable and customary provisions as the state investment officer may deem advisable and as may be agreed upon;

I. notes or obligations securing loans or participation in loans to business concerns or other organizations which are obligated to use the loan proceeds within New Mexico, to the extent the loans are secured by first mortgages on real estate located in New Mexico and are further secured by an assignment of rentals, the payment of which is fully guaranteed by the United States in an amount sufficient to pay all principal and interest of the mortgage;

J. notes or obligations securing loans issued by banks and savings and loan associations pursuant to Title IV of the act of congress of November 8, 1965 known as the Higher Education Act of 1965, as amended, only to the extent that both principal and interest are guaranteed unconditionally by the United States government. The applicant banks or savings and loan associations shall enter into an indemnity agreement to pay off the investments, together with interest and any unpaid costs and expenses in connection therewith, according to the terms under which they are made in a form which meets the approval of the state investment officer. The state investment officer may enter into conventional agreements for the servicing of the loans and the administration of the receipts therefrom. Any servicing agreement may contain reasonable and customary provisions as the state investment officer may deem advisable and as may be agreed upon;

K. obligations secured by mortgages constituting a first lien upon real estate located within the state of New Mexico, which are fully insured or guaranteed as to the payment of the principal and interest thereof by the government of the United States or by any authorized agency thereof, including mortgages securing loans insured under the National Housing Act or the Farmers' Home Administration Act, as amended. The state investment officer may enter into conventional agreements for the servicing of those loans and the administration of the receipts therefrom, and any servicing agreement may contain reasonable and customary provisions as the state investment officer may deem advisable and as may be agreed upon, with respect to such matters as the taking and holding of title in the name of the servicing agent for the benefit of the state investment officer; the physical custody of the obligations and mortgages serviced by the servicing agent; the deduction of the servicing agent's fee, in the amount which shall not annually exceed one-half of one percent of the principal balance of the obligations serviced from time to time outstanding, by the servicing agent, prior to remittance of the

proceeds; the periodic remittance of the net proceeds received in payment on all obligations so secured to the state treasurer as custodian of the permanent fund; the authority and duty of the servicing agent with respect to the collection of any obligation in default and the effectuation of the applicable federal insurance or guarantee thereof; and other appropriate matters; and

L. bonds, notes, debentures and other obligations issued by the state of New Mexico. All transactions entered into on or after July 1, 1991, shall be accounted for in accordance with generally accepted accounting principles.

Not more than fifty percent of the total of the permanent fund shall be invested in securities under Subsections E and F of this section.

Commissions paid for the purchase and sale of any security shall not exceed brokerage rates prescribed and approved by national stock exchanges or by industry practice.

History: 1953 Comp., § 11-2-8.12, enacted by Laws 1957, ch. 179, § 9; 1961, ch. 248, § 1; 1965, ch. 219, § 1; 1969, ch. 262, § 1; 1970, ch. 81, § 2; 1975, ch. 211, § 2; 1983, ch. 277, § 1; 1987, ch. 231, § 1; 1989, ch. 98, § 1; 1991, ch. 83, § 1.

ANNOTATIONS

Cross-references. - As to investment in severance tax bonds, see 7-27-19 NMSA 1978.

The 1987 amendment, effective June 19, 1987, substituted all of the language of Subsection E following "United States" for "provided that it has a minimum net worth of fifty million dollars (\$50,000,000) and is rated not less than Baa or Bbb by a national rating service," "twenty-five million dollars (\$25,000,000)" for "fifty million dollars (\$50,000,000)" in the first sentence of Subsection F, and all of the language of Subsection G following "United States" for "provided that the guaranteeing corporation has a minimum net worth of fifty million dollars (\$50,000,000) and is rated not less than Baa or Bbb by a national rating service."

The 1989 amendment, effective June 16, 1989, substituted the present language of Subsection A for "bonds, notes or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof".

The 1991 amendment, effective July 1, 1991, substituted the paragraph following Subsection L for provisions relating to the requirement for use of the full cost pass-through accounting method to account for exchanges of fixed-income securities.

Temporary provisions. - Laws 1991, ch. 83, § 3, effective July 1, 1991, provides that all transactions entered into prior to July 1, 1991, shall continue to be accounted for in accordance with the accounting method used for such transaction prior to July 1, 1991.

Compiler's note. - The Federal Farm Loan Act, referred to in Subsection C, the Farm Credit Act of 1933, referred to in Subsection C, and the Farmers' Home Administration Act, referred to in Subsection K, have been repealed.

The National Housing Act, referred to in Subsections D and K, is compiled in the United States Code as Title 12, § 1701 et seq.

The Small Business Act of 1953, referred to in Subsection H, is compiled in the United States Code as Title 15, § 631 et seq.

Higher Education Act. - The federal Higher Education Act of 1965, referred to in the first sentence in Subsection J, appears as various sections throughout Titles 20 and 42 of the United States Code.

Authority of investment officer. - The investment authority of the state investment officer is limited to those funds derived from lands granted the state and its institutions by virtue of N.M. Const. art. XIII, §§ 1 and 2, including any increase in the permanent fund by virtue of the investment of these funds by the officer. There is no restriction found in either the constitution or the statutes as to the period of time for which these funds may be invested. Therefore, they are all subject to being invested for periods in excess of one year; hence, these funds are all "moneys available for investment or a period in excess of one year" within the meaning of this section. 1961-62 Op. Att'y Gen. No. 62-76.

Section applicable to investments for less than one year. - The restrictions of this section apply to all investments made by the investment officer, including those for periods of less than one year. 1961-62 Op. Att'y Gen. No. 62-76.

No funds are restricted to short-term investment. - There are no funds over which the state investment officer has jurisdiction that are restricted to short-term investment. All investment funds available to the investment council are subject to investment for periods in excess of one year. 1961-62 Op. Att'y Gen. No. 62-76.

Capehart mortgages are legal investments. - The Capehart mortgages issued under the provisions of the National Housing Act of 1955, as amended, are legally acceptable for investments by the state investment council. The propriety of investing public funds in these obligations is left to the council in the exercise of its sound discretion. 1959-60 Op. Att'y Gen. No. 59-135.

Investment permitted in loans guaranteed by small business administration. - The loan guarantees made by the small business administration are properly regarded as obligations of the United States, and provided the portions of the loans which the state investment council might acquire are underwritten by the small business administration, the council may invest state moneys in the loans guaranteed by the small business administration. 1969 Op. Att'y Gen. No. 69-115.

And in farmers' home administration loans. - The state investment council may act as "lender" and lawfully invest in farmers' home administration loans made pursuant to the consolidated Farmers' Home Administration Act of 1961, as the council is, in effect, purchasing a note which is guaranteed by the federal government. Such investment is clearly authorized by Subsection A. 1966 Op. Att'y Gen. No. 66-12 (decided prior to 1989 amendment).

And in loans where mortgaged property securing loan located outside New Mexico. - This section does not bar the investment council from investing in farmers' home administration loans where the mortgaged property securing the loans is not located within the state of New Mexico, since such investment is not a mortgage loan. The investment involves the simple purchase of a note which is clearly an authorized investment under Subsection A. As far as the state investment council is concerned, no mortgage is involved. The mortgage of the property is to the federal government and the state investment council has no interest in the mortgage whatsoever. Thus, the location of the land involved in a farmers' home administration loan, when the state investment council does not hold a mortgage thereon, has no effect whatsoever upon the legality of investment. 1966 Op. Att'y Gen. No. 66-12 (decided prior to 1989 amendment).

Common stocks purchased must have 10-year dividend history. - Subsection F, in providing for investment in common stocks, does not expressly contain the restriction that common stocks purchased must be those of corporations having a 10-year dividend history at the date of purchase. The statutory provision is, nevertheless, subject to this restriction which is expressly specified in N.M. Const. art. XII, § 7. 1957-58 Op. Att'y Gen. No. 58-10.

"Organized and operating within the United States". - The term "incorporated" as used in N.M. Const., art. XII, § 7 does not have the same meaning as the statutory clause, "organized and operating" in Subsection F; a company "organized and operating within the United States" is not also "incorporated within the United States", if it was incorporated outside of the United States. State ex rel. Udall v. Colonial Penn Ins. Co., 112 N.M. 123, 812 P.2d 777 (1991).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 3, 4, 9.

Liability of public officer for interest or other earnings received on public money in his possession, 5 A.L.R.2d 257.

81A C.J.S. States § 225.

6-8-10. Investment standards.

Investments made pursuant to this act [6-8-1 to 6-8-16 NMSA 1978] shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their

own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

History: 1953 Comp., § 11-2-8.13, enacted by Laws 1957, ch. 179, § 10.

ANNOTATIONS

Prudent man rule applicable to purchases of securities. - This section has adopted, for the purposes of investment of the permanent fund, the prudent man rule of investments that is applicable to trustees generally. Under this rule, it is generally held that a trustee can properly invest in securities, the purchase price of which is greater than the face value of security, or at a premium. 1959-60 Op. Att'y Gen. No. 59-157.

Standards of this section may be applied when investing funds of museum of New Mexico. - In investing funds belonging to the museum of New Mexico, the state treasurer and state board of finance may, in their discretion, utilize the same standards as govern the investment of public funds controlled by the state commissioner of public lands and as are set forth in this section. 1964 Op. Att'y Gen. No. 64-29.

6-8-11. Custody of securities.

Securities purchased or held by the state investment officer or the state investment council shall be in the custody of the state treasurer who may, with the approval of the secretary, deposit with a bank or trust company the securities for safekeeping and servicing.

History: 1953 Comp., § 11-2-8.14, enacted by Laws 1957, ch. 179, § 11; 1975, ch. 211, § 3; 1977, ch. 247, § 102.

6-8-12. Collection of income and principal; availability of income and proceeds for investment.

It shall be the duty of the state investment officer to collect and record interest, other income, principal and proceeds of securities as the sums become due and payable. The moneys collected shall be paid over to the state treasurer who shall, in turn, credit the beneficiary of the permanent fund owning the investment security from which such money is derived; provided, however, the moneys paid over to the state treasurer shall be subject to current reinvestment of the state investment officer if not otherwise allocated by the beneficiary. Any sale of assets, including those with a capital gain, shall be considered as a disposition of a capital asset and the proceeds from such sale shall be considered as a part of the permanent fund.

History: 1953 Comp., § 11-2-8.15, enacted by Laws 1957, ch. 179, § 12.

6-8-13. Record of investments.

The investment division [office] shall keep accurate and complete records and accounts concerning the state investment portfolio.

History: 1953 Comp., § 11-2-8.16, enacted by Laws 1957, ch. 179, § 13, 1977, ch. 247, § 103.

6-8-14. Monthly reports.

No later than ten days after the close of each month, the state investment officer shall submit to the secretary and the state investment council a report of the operations of the division [office] during the past month. Each report shall give a complete statement of the state investment portfolio as of the time of the report, and in addition, shall include a detailed summary of the month's investment, reinvestment, purchase, sale and exchange transactions, setting forth the investments bought, sold or exchanged, the dates thereof, the prices paid or obtained, the names of the dealers involved and a statement of the funds or accounts referred to herein. The reports shall also be circulated to a mailing list of investment bankers and brokers recommended by the council. The reports shall be open for inspection to the public and the press in the office of the state investment officer.

History: 1953 Comp., § 11-2-8.17, enacted by Laws 1957, ch. 179, § 14; 1977, ch. 247, § 104.

6-8-15. Post-audit.

The state auditor shall be responsible for conducting a continuous post-audit of the investment transactions of the state, and shall submit annually a special report on his findings to the investment council, the secretary, the governor, and to the appropriate legislative committee.

History: 1953 Comp., § 11-2-8.28, enacted by Laws 1957, ch. 179, § 15; 1977, ch. 247, § 105.

6-8-16. Annual report.

On or before January 1 of each year, and at such other times as it may deem in the public interest, the investment council shall report to the governor and to the legislature with respect to its review of the work of the investment division [office].

History: 1953 Comp., § 11-2-8.19, enacted by Laws 1957, ch. 179, § 16; 1977, ch. 247, § 106.

6-8-17. Purpose of act.

The purpose of this act [6-8-17 and 6-8-18 NMSA 1978] is to authorize the state investment officer to invest permanent funds in interest-bearing time deposits.

History: 1953 Comp., § 11-2-10.1, enacted by Laws 1970, ch. 2, § 1.

6-8-18. Permanent funds; investment in interest-bearing time deposits.

The state investment officer, under the supervision of the state investment council, though not required to, may invest not more than twenty percent of the permanent school fund and other permanent funds in interest-bearing time deposits at rates not lower than rates received by the state treasurer on deposits of public money. Deposits shall be secured as provided by law for securing deposits of public funds. When determined to be in the best interests of the beneficiaries of the fund, deposits shall be made in banks, savings and loan associations or credit unions that are:

A. located in New Mexico;

B. approved by the state investment officer in accordance with policy regulations promulgated by the state investment council;

C. provided that not more than five percent of the permanent funds available for deposit under this section shall be deposited in any single savings and loan association, bank or credit union; and

D. provided that any deposit made in a credit union shall be insured by an agency of the United States. As used in this section, "deposit" includes share, share certificate and share draft.

History: 1953 Comp., § 11-2-10.2, enacted by Laws 1970, ch. 2, § 2; 1971, ch. 41, § 1; 1987, ch. 79, § 2.

ANNOTATIONS

Cross-references. - As to limitations on the deposit of state funds in banks and savings and loan associations, see 6-10-24.1 NMSA 1978.

The 1987 amendment, effective June 19, 1987, inserted "or credit unions" following "savings and loan associations" near the end of the opening clause, in Subsection C inserted "or credit union; and" at the end and added Subsection D.

6-8-19. Short-term investments; repurchase agreements.

A. Money in or derived from the land grant permanent trust funds and in or from the severance tax permanent fund made available for investment for a period of less than one year may be invested in:

(1) contracts for the present purchase and resale at a specified time in the future, not to exceed one year, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States, or other securities backed by the United States, having a market value of at least one hundred two percent of the amount of the contract;

(2) contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year, for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. Such contracts may authorize the state investment officer to invest cash collateral in instruments or securities that are authorized investments for the funds and may authorize payment of a fee from the funds, or from income generated by the investment of cash collateral, to the borrower of securities providing cash as collateral. The state investment officer may enter into a contract that apportions income derived from the investment of cash to pay its agent in securities-lending transactions;

(3) commercial paper issued by corporations organized and operating within the United States and rated "prime" quality by a national rating service; and

(4) prime bankers' acceptances issued by money center banks.

B. The collateral required for either of the forms of investment specified in Paragraph (1) or (2) of Subsection A of this section shall be delivered to the state fiscal agent or its designee contemporaneously with the transfer of funds or delivery of the securities, at the earliest time industry practice permits, but in all cases settlement shall be on a same-day basis.

C. Neither of the contracts specified in Paragraph (1) or (2) of Subsection A of this section shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars (\$500,000,000) or is a primary broker or primary dealer.

History: 1978 Comp., § 6-8-19, enacted by Laws 1987, ch. 126, § 1; 1989, ch. 98, § 2; 1990, ch. 91, § 1.

ANNOTATIONS

The 1989 amendment, effective June 16, 1989, added Subsections A(3) and A(4), and substituted "specified in Paragraph (1) or (2) of Subsection A" for "in Subsection A" in Subsections B and C.

The 1990 amendment, effective March 5, 1990, added the last two sentences in Paragraph (2) of Subsection A and added "or is a primary broker or primary dealer" at the end of Subsection C.

Effective dates. - Laws 1987, ch. 126 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on June 19, 1987.

6-8-20. Venture capital investment advisory committee created; membership; duties; terms; liabilities; conflict of interest.

A. There is created the "venture capital investment advisory committee" to the state investment council. The committee consists of the state investment officer, a member of the state investment council appointed by the governor and three members who are qualified by competence and experience in finance and investment and knowledgeable about the venture capital process and who are appointed by the governor.

B. Members appointed by the governor, except the state investment council member, shall be appointed for three-year terms, provided that the terms of the initial committee members shall be staggered so that the term of one member expires each year. After the initial appointments, all governor-appointed members shall be appointed for three-year terms. Members shall serve until their successors are appointed. A vacancy occurring other than by expiration of term shall be filled in the same manner as the original appointment, but only for the unexpired term.

C. The committee shall review and make recommendations to the state investment council on investments authorized pursuant to Sections 7-27-5.6 and 7-27-5.15 NMSA 1978 and shall advise the council in matters and policies related to such investments. The committee shall establish policies for venture capital fund and New Mexico venture capital fund investments not less often than annually and shall make copies available to interested parties.

D. Members of the committee shall receive per diem and mileage as provided for nonsalaried public officers in the Per Diem and Mileage Act [10-8-1 through 10-8-8 NMSA 1978] and shall receive no other compensation, perquisite or allowance.

E. The committee shall elect annually a chairman from among its members and may elect other officers as necessary. The committee shall meet upon the call of the chairman or the state investment officer.

F. Members of the committee are public employees within the meaning of the Tort Claims Act [41-4-1 through 41-4-27 NMSA 1978] and are entitled to all immunity and indemnification provided under that act.

G. No person may be a member of the committee if any recommendation, action or decision of the committee will or is likely to result in direct, measurable economic gain to that person or his employer.

History: Laws 1987, ch. 219, § 3; 1990, ch. 126, § 1.

ANNOTATIONS

The 1990 amendment, effective May 16, 1990, in Subsection C, inserted the reference to 7-27-5.15 NMSA 1978 and "New Mexico venture capital fund".

Effective dates. - Laws 1987, ch. 219 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on June 19, 1987.

ARTICLE 9 FACSIMILE SIGNATURES

6-9-1. Definitions.

As used in the Uniform Facsimile Signature of Public Officials Act [6-9-1 to 6-9-6 NMSA 1978]:

A. "public security" means a bond, note, certificate of indebtedness or other obligation for the payment of money issued by this state or by any of its departments, agencies, boards or other instrumentalities or by any of its political subdivisions;

B. "instrument of payment" means a check, draft, warrant or order for the payment, delivery or transfer of funds;

C. "authorized officer" means any official of this state or any of its departments, boards, agencies or other instrumentalities, any county, municipality as defined in the Municipal Code [Chapter 3 NMSA 1978], school district, other district, educational institution or any other governmental agency, political subdivision or instrumentality of the state or any officer or other authorized person of any corporate or other trustee, registrar, paying agent or transfer agent within the United States whose signature to a public security or instrument of payment is required or permitted by statute or charter or the ordinance, resolution or other official action authorizing the public security; and

D. "facsimile signature" means a reproduction by engraving, imprinting, stamping or other means of the manual signature of an authorized officer.

History: 1953 Comp., § 5-9-1, enacted by Laws 1959, ch. 118, § 1; 1983, ch. 265, § 5.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 191.

80 C.J.S. Signatures §§ 1, 2, 9.

6-9-2. Facsimile signature.

Any authorized officer, after filing with the secretary of state his manual signature certified by him under oath, may execute or cause to be executed with a facsimile signature in lieu of his manual signature:

A. any public security, provided that at least one signature required or permitted to be placed thereon by statute, charter or the ordinance, resolution or other official action authorizing the public security shall be manually subscribed; and

B. any instrument of payment.

Upon compliance with the Uniform Facsimile Signature of Public Officials Act [6-9-1 to 6-9-6 NMSA 1978] by the authorized officer, his facsimile signature has the same legal effect as his manual signature.

History: 1953 Comp., § 5-9-2, enacted by Laws 1959, ch. 118, § 2; 1983, ch. 265, § 6.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 191.

Procuring signature by fraud as forgery, 11 A.L.R.3d 1074.

80 C.J.S. Signatures §§ 1, 2, 9.

6-9-3. Use of facsimile seal.

When the seal of this state or any of its departments, agencies or other instrumentalities or of any of its political subdivisions is required in the execution of a public security or instrument of payment, the authorized officer may cause the seal to be printed, engraved, stamped or otherwise place in facsimile thereon. The facsimile seal has the same legal effect as the impression of the seal.

History: 1953 Comp., § 5-9-3, enacted by Laws 1959, ch. 118, § 3.

6-9-4. Violation and penalty.

Any person who with intent to defraud uses on a public security or an instrument of payment:

A. a facsimile signature, or any reproduction of it, of any authorized officer; or

B. any facsimile seal, or any reproduction of it, of this state or any of its departments, agencies or other instrumentalities or of any of its political subdivisions is guilty of a felony.

History: 1953 Comp., § 5-9-4, enacted by Laws 1959, ch. 118, § 4.

ANNOTATIONS

Cross-references. - As to sentencing for noncapital felonies, see 31-18-15 NMSA 1978.

6-9-5. Uniformity of interpretation.

This act [6-9-1 to 6-9-6 NMSA 1978] shall be so construed as to effectuate its general purpose to make uniform the law of those states which enact it.

History: 1953 Comp., § 5-9-5, enacted by Laws 1959, ch. 118, § 5.

6-9-6. Short title.

This act [6-9-1 to 6-9-6 NMSA 1978] may be cited as the Uniform Facsimile Signature of Public Officials Act.

History: 1953 Comp., § 5-9-6, enacted by Laws 1959, ch. 118, § 6.

ARTICLE 10 PUBLIC MONEY

6-10-1. [Fiscal year designated.]

The fiscal year for the state and for the counties, cities, towns, villages and school districts thereof shall begin on July 1 and end on June 30. The year beginning on July 1, 1925, shall be known as the fourteenth fiscal year. Provided, that with reference to appropriations for state purposes, not to exceed seven-twelfths ($\frac{7}{12}$) of the appropriations for the thirteenth fiscal year, as heretofore known shall be available for expenditure for that portion of said thirteenth fiscal year ending June 30, 1925, and the remaining five-twelfths ($\frac{5}{12}$) of the appropriations for such thirteenth fiscal year shall apply on and shall not be in addition to the appropriations made for the fourteenth fiscal year as above defined.

History: Laws 1903, ch. 108, § 7; Code 1915, § 5330; Laws 1925, ch. 80, § 1; C.S. 1929, § 134-409; 1941 Comp., § 7-201; 1953 Comp., § 11-2-1.

ANNOTATIONS

Cross-references. - For provision that current year is same as fiscal year, see 6-6-17 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 81A C.J.S. States § 203.

6-10-1.1. Definition.

As used in Chapter 6, Article 10, "deposit" includes share, share certificate and share draft.

History: 1978 Comp., § 6-10-1.1, enacted by Laws 1987, ch. 79, § 3.

ANNOTATIONS

Effective dates. - Laws 1987, ch. 79 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective June 19, 1987.

6-10-2. [Cash books for public money; daily balance; public record.]

It shall be the duty of every public official or agency of this state who receives or disburses public moneys, to keep in his office a cash book wherein shall be entered daily, in detail, all items of receipts and disbursements of public moneys, and which shall be balanced daily so as to show the balance of public moneys on hand at the close of each day's business; and such cash book shall be a public record and shall be open to public inspection.

History: Laws 1923, ch. 76, § 1; C.S. 1929, § 112-101; 1941 Comp., § 7-202; 1953 Comp., § 11-2-2.

6-10-2.1. State treasurer; duty.

The state treasurer shall identify and credit to the general fund all interest on all accounts or funds in his custody unless:

- A. the crediting of the interest is otherwise specifically provided by law;
- B. the crediting of the interest is prohibited by federal law creating the fund or the account or by specific court order; or
- C. the interest is from the investment of a permanent fund that is impressed with a trust that prohibits expenditure of the corpus of the fund and the use of the interest and income from such fund is restricted by constitutional or statutory provisions to particular purposes.

History: Laws 1989, ch. 324, § 41.

ANNOTATIONS

Emergency clauses. - Laws 1989, ch. 324, § 46 makes the act effective immediately. Approved April 7, 1989.

6-10-3. Payment of state money into treasury; suspense funds.

Thirty days from the taking effect of Chapter 6, Article 10 NMSA 1978, all public money in the custody or under the control of any state official or agency obtained or received by any official or agency from any source, except as in Section 6-10-54 NMSA 1978 provided, shall be paid into the state treasury. It is the duty of every official or person in charge of any state agency receiving any money in cash or by check, draft or otherwise for or on behalf of the state or any agency thereof from any source, except as in Section 6-10-54 NMSA 1978 provided, to forthwith and before the close of the next succeeding business day after the receipt of the money to deliver or remit it to the state treasurer. Provided, however, that the money collected by the state park and recreation division of the natural resources department shall be deposited into the state treasury no later than ten days following collection. Provided that county treasurers shall remit all money received for taxes for state purposes or which are by law required to be remitted to the state treasurer on or before the tenth day of the next succeeding month following the receipt or collection thereof. Provided further that every official or person in charge of any state agency receiving any money, except as in Section 6-10-54 NMSA 1978 provided, in cash or by check, draft or otherwise, on deposit, in escrow or in evidence of good faith to secure the performance of any contract or agreement with the state or with any department, institution or agency of the state, which money has not yet been earned so as to become the absolute property of the state, shall deliver or remit to the state treasurer within the times and in the manner in this section provided, which money shall be by the state treasurer deposited in a suspense account to the credit of the proper official, person, board or bureau in charge of any state agency so receiving the money; provided, however, that all money held by the commissioner of public lands on deposit, in escrow or in evidence of good faith to secure the performance of any contract or agreement with the state shall be delivered or remitted to the state treasurer within six months from the date this act is approved and at those times, in the amounts and from the various banks in which it is deposited as may be directed by the state board of finance.

History: Laws 1923, ch. 76, § 2; C.S. 1929, § 112-102; 1941 Comp., § 7-203; 1953 Comp., § 11-2-3; Laws 1987, ch. 295, § 1.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, added the first proviso after the second sentence; deleted "of New Mexico, at the time this act takes effect" following "agreement with the state" near the end of the last sentence and "at the time this act is approved" following "deposit," also near the end of the last sentence; and made minor stylistic changes throughout the section.

Public money. - If the Museum of New Mexico imposes a fee on Portal Program participants, the museum must deposit the funds so generated with the state treasurer because the money is public money within the meaning of this section. 1988 Op. Att'y Gen. No. 88-25.

Time for deposit of state funds with state treasurer. - This section means literally that all receipts of any state official or agency, other than a county treasurer, must be deposited with the state treasurer before the close of the next succeeding business day after the receipt of such moneys. 1959-60 Op. Att'y Gen. No. 60-193; 1953-54 Op. Att'y Gen. No. 6023.

Check paid in due course constitutes payment at time of delivery. - Under general rules of law, a check constitutes conditional payment only, but if paid in due course, constitutes payment at the time of the delivery of the check. 1957-58 Op. Att'y Gen. No. 58-242.

Creation of a suspense fund by the investment council is in accordance with law. 1961-62 Op. Att'y Gen. No. 62-46.

Acceptance of federal matching funds for charitable, educational, etc., institutions. - New Mexico may accept federal matching funds even though they are eventually to be paid to charitable, educational or other benevolent institutions not under the absolute control of the state because this section allows the state treasurer to create suspense accounts where the state treasurer does not deposit the money in the treasury, thus not violating N.M. Const., art. IV, §§ 30 and 31. 1967 Op. Att'y Gen. No. 67-7.

Escrow funds in hands of insurance department (state insurance board) must be deposited with the state treasurer. 1923-24 Op. Att'y Gen. 42.

Funds collected by state bar association to be kept in separate fund. - All moneys collected by the state bar association become public funds and should be paid into the state treasury to be kept in a separate fund as state bar fund. 1931-32 Op. Att'y Gen. 126.

State treasurer custodian of insurance proceeds belonging to vocational education division. - Proceeds of fire insurance on property of the department of vocational education (vocational education division) destroyed at state college (New Mexico state university) should go to state treasurer as custodian of the board's funds. 1937-38 Op. Att'y Gen. 164.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds § 7.

81 C.J.S. States § 224.

6-10-4. Payment of obligations of prior years from current general fund.

General fund appropriations made for a specific fiscal year may not be used for paying obligations of any prior fiscal year except upon approval of the department of finance and administration. As a condition to such approval, the department of finance and administration shall certify that there existed in the affected agency's budget at the end of the fiscal year sufficient funds to pay the obligation had the bill been presented prior to the end of that fiscal year. The department of finance and administration shall make quarterly reports to the legislative finance committee concerning all such authorizations of payment.

History: 1953 Comp., § 11-2-3.2, enacted by Laws 1963, ch. 35, § 1; 1971, ch. 5, § 1.

ANNOTATIONS

Expenditures should be charged to current fiscal year budget. - School districts should charge expenditures to the current fiscal year budget, and not to the fiscal year in which the obligation was incurred. 1965 Op. Att'y Gen. No. 65-239.

6-10-5. General fund deficiency; certificates of indebtedness.

In the event of a deficiency in the state general fund, upon prior approval by the state board of finance there shall be issued certificates of indebtedness of the state of New Mexico. These certificates shall be issued in an amount as may be required but not in excess of the constitutional limitation; such certificates shall be in the form prescribed by the attorney general of the state.

History: 1953 Comp., § 11-2-3.3, enacted by Laws 1963, ch. 36, § 1.

6-10-6. Issuance of certificates.

The certificates shall bear interest at a rate to be fixed by the state treasurer at the time of issuance and sale. Such interest shall not exceed three percent a year, payable semiannually on January 1 and July 1 of each year from the state general fund; both principal and interest shall be payable at the office of the state treasurer. The certificates shall be signed by the secretary of finance and administration and by the state treasurer; the coupons attached thereto, if any, for the semiannual interest shall bear the signature of the state treasurer.

The certificates shall be sold at not less than par and when so sold, the amount of the proceeds thereof shall be placed in a special fund and a separate account thereof shall be kept. All payments made from this special fund shall be made on the warrant or transfer order of the department of finance and administration.

History: 1953 Comp., § 11-2-3.4, enacted by Laws 1963, ch. 36, § 2; 1977, ch. 247, § 94.

6-10-7. Retirement of certificates.

Such certificates of indebtedness shall be paid within two years after date upon order of the department of finance and administration. Any balance remaining in the special fund created for the proceeds of the issuance and sale of the certificates of indebtedness shall be first applied. Any additional amount required for retirement of such certificates shall be paid from the state general fund.

History: 1953 Comp., § 11-2-3.5, enacted by Laws 1963, ch. 36, § 3.

6-10-8. County boards of finance.

The board of county commissioners in each county in the state shall, ex officio and without additional compensation, constitute a county board of finance and as such shall, subject to the limitations of this act, have supervision over the determination of the qualifications and selection of banks, savings and loan associations and credit unions, whose deposits are insured by an agency of the United States, to receive the public money of their respective counties and of independent rural school districts, rural school districts and municipal school districts of municipalities having less than twenty-five thousand population according to the next preceding United States census and of any special or other districts in their respective counties for which the respective county treasurers of such counties act as ex-officio tax collectors. The county clerk in each county shall, ex officio and without additional compensation, act as clerk of such county board of finance. Every county board of finance shall hold meetings whenever necessary for the discharge of its duties, and the chairman shall convene such board whenever necessity therefor exists or when requested so to do by two of its members or at any time when the county treasurer shall advise the chairman that he has in his custody public money in excess of the aggregate amount which depositories qualified by law are entitled to hold. A majority of the board shall constitute a quorum for the transaction of business.

The county treasurer of each county in the state shall have supervision of the deposit and safekeeping of the public money of his county and all the money which may at any time come into or be in his possession as county treasurer and ex-officio tax collector for the use and benefit of the state or of any county, municipality or district or of any subdivision of any county or of any state or public institution and by and with the advice and consent of the respective boards of finance having jurisdiction over the respective funds shall designate banks, savings and loan associations and credit unions, whose deposits are insured by an agency of the United States, to receive on deposit all moneys entrusted in his care.

History: Laws 1933, ch. 175, § 1; 1941 Comp., § 7-204; 1953 Comp., § 11-2-4; Laws 1968, ch. 18, § 2; 1981, ch. 332, § 1; 1987, ch. 79, § 4.

ANNOTATIONS

The 1987 amendment, effective June 16, 1987, inserted "and credit unions" following "savings and loan associations" in the first sentence of the first paragraph and in the last sentence of the second paragraph and made minor language changes throughout the section.

Meaning of "this act". - The term "this act," which appears in the first sentence, was added by the 1968 amendment. It appears to refer to Laws 1968, ch. 18, which is compiled in 6-1-1, 6-10-8, 6-10-10, 6-10-24, 6-10-26, 6-10-29, 6-10-31, 6-10-32, 22-8-31 and 22-8-37 NMSA 1978.

Boards of county commissioners have exclusive authority and responsibility to act as county boards of finance, the only limitations upon their authority being those imposed by statute. 1961-62 Op. Att'y Gen. No. 62-71.

The county treasurer determines how to deposit and invest county funds. That decision must then be approved by the board of county commissioners, sitting as the county board of finance. The board of finance has no power to modify the county treasurer's decision without the treasurer's concurrence. On the other hand, the county treasurer cannot impose a unilateral decision upon the board of finance. Board of County Comm'rs v. Padilla, 111 N.M. 278, 804 P.2d 1097 (Ct. App. 1990).

There is no statutory prohibition against delegation to the county treasurer by the board of county commissioners, sitting as the county board of finance, of specific investment decision-making. For example, the board could adopt a policy and permit the treasurer to make investment decisions that conform to the policy. Such delegation may be essential to enable the treasurer to respond to sudden changes in the financial markets. Board of County Comm'rs v. Padilla, 111 N.M. 278, 804 P.2d 1097 (Ct. App. 1990).

And determine which banks are designated as official depositories of county funds. - The county boards of finance are the sole authorities within their respective counties to determine which banks are to be designated as the official depositories of county funds and if more than one bank in each county is so designated to then determine the distribution of deposits between such banks. 1961-62 Op. Att'y Gen. No. 62-71.

County treasurer acts in purely ministerial capacity and can only deal with such moneys in the manner prescribed by the county board of finance. 1961-62 Op. Att'y Gen. No. 62-71.

"School activity funds" of public schools are public funds so as to require that they be deposited in the same manner as other public funds. 1961-62 Op. Att'y Gen. No. 62-71.

And moneys derived from tax levies and used to support a county hospital are public funds. 1969 Op. Att'y Gen. No. 69-76.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 7, 8, 13, 14.

20 C.J.S. Counties §§ 193 to 203.

6-10-9. Boards of finance for institutions.

The boards in control of the various public and educational institutions in this state, and all other boards handling funds in any manner whatever, except local boards of education, are hereby designated as boards of finance for such institutions and boards respectively. Each of such boards shall receive, handle and account, as provided by law, for all public moneys received by it, and shall deposit the funds of such institutions or boards in a depository or depositories qualified in accordance with the requirements of this act, equitably and upon the terms and conditions and in like manner and subject to such limitations as in this act prescribed for the deposit of public moneys by other boards of finance.

History: Laws 1933, ch. 175, § 3; 1941 Comp., § 7-206; 1953 Comp., § 11-2-6; Laws 1963, ch. 190, § 1; 1981, ch. 332, § 2.

ANNOTATIONS

Meaning of "this act". - The term "this act," which appears in the second sentence, refers to Laws 1933, ch. 175, which is compiled as 6-10-8 to 6-10-10, 6-10-15, 6-10-18, 6-10-19 and 6-10-51 NMSA 1978.

Board of trustees of county hospital. - The board of trustees of the county hospital has the authority to sit as a board of finance, being regulated by the same standards as would the members of any other board of finance within the state or its political subdivisions. 1969 Op. Att'y Gen. No. 69-76.

Board of regents of school for the deaf. - Under this section the board of regents for the school for the deaf is the board of finance for that school. 1969 Op. Att'y Gen. No. 69-27.

Municipal boards of education. - This section allows municipal boards of education to operate as a municipal board of finance. 1959-60 Op. Att'y Gen. No. 60-163.

Signature of president of board of education not required on checks drawn on special payroll account. - Where a city board of education acts as its own board of finance in accordance with law, said board may establish a special payroll account in which will be deposited a lump sum each month by check signed by the president of the

board, and the school board president's signature is not required on any payroll checks drawn thereon. 1953-54 Op. Att'y Gen. No. 5799.

6-10-10. Deposit and investment of funds.

A. Upon the certification or designation of any bank, savings and loan association or credit union whose deposits are insured by an agency of the United States to receive public money on deposit, the state treasurer and the several county or municipal treasurers who have on hand any public money by virtue of their several offices shall make deposit of that money in banks, and savings and loan associations and may make deposit of that money in credit unions whose deposits are insured by an agency of the United States, designated by the authority authorized by law to so designate to receive the deposits of all money thereafter received or collected by the treasurers; provided that no deposit of public money shall be made in a credit union unless the deposit is insured by an agency of the United States.

B. The several county or municipal treasurers may deposit money in one or more accounts with any such bank, savings and loan association or credit union located in their respective counties, subject to limitation on credit union accounts.

C. The state treasurer may deposit money in one or more accounts with any such bank, savings and loan association or credit union, subject to the limitation on credit union accounts.

D. Duplicate receipts or deposit slips shall be taken for each deposit made pursuant to Subsection A, B or C of this section. When deposits are made by the state treasurer, one copy of the receipt or deposit slip shall be retained by the treasurer and the other copy shall be filed monthly on the first day of each month with the financial control division of the department of finance and administration. When the deposits are made by the treasurer or any other authorized person making the deposits for a board of finance of any public or educational institution, one copy of the receipt or deposit slip shall be retained by the treasurer or authorized person so making the deposit and the other copy shall be filed monthly on the first day of each month with that board of finance. When the deposits are made by a county or municipal treasurer, one of the duplicate receipts or deposit slips shall be retained by the treasurer so making the deposit and the other copy shall be filed monthly on the first day of each month with the secretary of the board of finance of the county or municipality for which that treasurer is acting.

E. "Deposit", as used in this section, means either investment or deposit and includes share, share certificate and share draft.

F. County or municipal treasurers, by and with the advice and consent of their respective boards of finance charged with the supervision and control of the respective funds, have the power to invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds or other negotiable securities of any county,

municipality or school district which are now or may hereafter by law be entrusted to their care and custody and all money not immediately necessary for the public uses of the counties, municipalities or school districts not invested or deposited in banks, savings and loan associations or credit unions in:

(1) bonds or negotiable securities of the United States, the state or of any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(2) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

G. The state treasurer, with the advice and consent of the state board of finance, has the power to invest money held in demand deposits and not immediately needed for the operation of state government and money held in the local short-term investment fund, except as provided in Section 6-10-10.1 NMSA 1978. The investments shall be made only in securities which are issued by the United States government or by its departments or agencies and which are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies sponsored by the United States government.

H. The state treasurer may also invest in contracts for the present purchase and resale at a specified time in the future, not to exceed one year, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States, or other securities backed by the United States, having a market value of at least one hundred two percent of the amount of the contract.

I. The state treasurer may also invest in contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year, for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged.

J. The collateral required for either of the forms of investment in Subsection H or I of this section shall be delivered to the state fiscal agent or its designee contemporaneously with the transfer of funds or delivery of the securities, at the earliest time industry practice permits, but in all cases settlement shall be on a same-day basis.

K. Neither of the contracts in Subsection H or I of this section shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars (\$500,000,000).

L. No public funds to be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable third-party safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser.

History: Laws 1933, ch. 175, § 4; 1941 Comp., § 7-207; 1953 Comp., § 11-2-7; Laws 1968, ch. 18, § 3; 1975, ch. 157, § 1; 1979, ch. 262, § 1; 1981, ch. 332, § 3; 1983, ch. 24, § 1; 1987, ch. 79, § 5; 1987, ch. 230, § 1; 1988, ch. 61, § 1; 1989, ch. 39, § 1; 1991, ch. 247, § 1.

ANNOTATIONS

The 1987 amendments. - Laws 1987, ch. 79, § 5, effective June 19, 1987, inserting "or credit union" following "savings and loan associations" in Subsections A, B, E, and F; in Subsection A, inserting "and may make deposits of that money in credit unions" following "savings and loan associations" in the middle and adding at the end all of the material following "thereafter received or collected by the treasurers"; in Subsection B, adding "subject to the limitations on credit union accounts" at the end; in Subsection C, inserting at the end "or credit union, subject to the limitation on credit union accounts"; in Subsection E, adding at the end "and include share, share certificate and share draft"; and making minor changes in language throughout the section, was approved March 20, 1987. However, Laws 1987, ch. 230, § 1, effective June 19, 1987, substituting "savings and loan association or credit union" for "or savings and loan association" in several places throughout the section, inserting "and may make deposit of that money in credit unions" in Subsection A and adding the proviso at the end of that subsection, adding all of the language following "counties" in Subsection B, adding all of the language beginning with "subject to" in Subsection C, adding all of the language following "or deposit" in Subsection E, adding "or agencies guaranteed by the United States government" at the end of Subsection G, redesignating former Subsection H as present Subsection L while substituting therein "contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases settlement shall be on a same-day basis" for "simultaneous transfer of the securities," and adding present Subsections H through K, was approved April 9, 1987. The section is set out as amended by Laws 1987, ch. 230, § 1. See 12-1-8 NMSA 1978.

The 1988 amendment, effective May 18, 1988, inserted "and money held in the local short-term investment fund, except as provided in Section 6-10-10.1 NMSA 1978" in the first sentence in Subsection G.

The 1989 amendment, effective June 16, 1989, substituted "sponsored" for "guaranteed" near the end of the second sentence of Subsection G.

The 1991 amendment, effective July 1, 1991, in Subsection F, designated a formerly undesignated provision as Paragraph (1) and added Paragraph (2).

County commissioners may designate depository bank for all county officials. - County commissioners, as the county board of finance, have the authority to designate the depository bank which must be used by all county officials as a depository for funds of the county. 1959-60 Op. Att'y Gen. No. 59-4.

Revenues derived from operation of waterworks constitute public funds. - Irrespective of whether a village, in operating a waterworks, is operating in a governmental or proprietary capacity, it is nonetheless operating the waterworks for the benefit of the public, and the revenues derived therefrom are for the public uses of the municipality. 1953-54 Op. Att'y Gen. No. 5859.

Funds accumulated by counties for remote contingencies or investment. - Counties may not accumulate funds as an unreserved general fund balance, for a remote contingency, or for the sole purpose of investment. They must apply excess funds in such categories to the following year's budget estimate. Counties, however, may designate or reserve excess funds for reasonably foreseeable contingencies or capital projects. 1988 Op. Att'y Gen. No. 88-56.

Impermissible investments. - Investment of public funds is limited to such interest-bearing securities as are provided by statute, which does not include loans to private individuals. 1933-34 Op. Att'y Gen. 84.

A village cannot legally invest any portion of its water meter deposit fund in revenue bonds, whether of said village or any other municipality or school district of the state. 1953-54 Op. Att'y Gen. No. 5859.

CATS's (Certificate of Accrual on Treasury Securities), TIGR's (Treasury Interest Growth Receipts), and ETR's (Easy Growth Treasury Receipts) are not bonds, treasury certificates, or negotiable instruments of the United States government. They therefore are not permissible investments for counties. 1988 Op. Att'y Gen. No. 88-11.

Investment of funds in United States government bonds authorized. - This section is sufficient authority to permit a board of county commissioners to invest moneys in its courthouse and jail sinking fund, which are not immediately needed to retire outstanding bonds, in United States government bonds. 1941-42 Op. Att'y Gen. No. 3903.

"Adjusted trading." - The law does not proscribe specifically the practice of "adjusted trading." However, engaging in adjusted trades for the purpose of hiding a loss is inconsistent with rendering a true account of the county's investments, and a county treasurer thus may be liable on his bond. 1988 Op. Att'y Gen. No. 88-11.

Municipally owned utility may invest in bonds of out-of-state municipalities. - A municipally owned utility company may invest in bonds of out-of-state municipalities, since operation of the utility is not of such a "governmental nature" as to come within the purview of this section. 1941-42 Op. Att'y Gen. No. 3761.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 7, 8; 63A Am. Jur. 2d Public Officers and Employees §§ 393 to 403.

Constitutionality of statute authorizing state to loan money or to engage in business of a private nature, 14 A.L.R. 1151, 115 A.L.R. 1456.

Stock of private corporation, constitutional or statutory provisions prohibiting municipalities or subdivisions of state from investing in, 152 A.L.R. 495.

Liability of public officer or his bond for loss of public funds due to insolvency of bank in which they were deposited, 155 A.L.R. 436.

Liability of public officer for interest or other earnings received on public money in his possession, 5 A.L.R.2d 257.

20 C.J.S. Counties §§ 126, 197; 64 C.J.S. Municipal Corporations §§ 1880, 1881; 81A C.J.S. States § 225; 87 C.J.S. Towns §§ 121, 167.

6-10-10.1. Short-term investment fund created; distribution of earnings; report of investments.

A. There is created in the state treasury the "short-term investment fund". The fund shall consist of all deposits from governmental entities, and Indian tribes or pueblos that are placed in the custody of the state treasurer for short-term investment purposes pursuant to this section. The state treasurer shall maintain a separate account for each governmental entity and Indian tribe or pueblo having deposits in the fund.

B. If any local public body is unable to receive payment on public money at the rate of interest as set forth in Section 6-10-36 NMSA 1978 from financial institutions within the geographic boundaries of the governmental unit, then a local public finance official having money of that local public body in his custody required for expenditure within thirty days or less may, with the consent of the appropriate local board of finance, if any, remit some or all of such money to the state treasurer, bank, savings and loan association or credit union for deposit for the purpose of short-term investment, as allowed by this section.

C. Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to this section, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the

financial institution shall pay to the local public body the rate established by the state treasurer pursuant to a policy adopted by the state board of finance for such short-term investments.

D. The local public body finance official shall specify the length of time each deposit shall be in the short-term investment fund, but in any event the deposit shall not be made for more than thirty days. The state treasurer through the use of the state fiscal agent shall separately track each such deposit and shall make such information available to the public upon written request.

E. The state treasurer shall invest the fund as provided for state funds under Subsection G of Section 6-10-10 NMSA 1978 and may elect to have the short-term investment fund consolidated for investment purposes with the state funds under the control of the state treasurer; provided that accurate and detailed accounting records are maintained for the account of each participating entity and Indian tribes or pueblos and that a proportionate amount of interest earned is credited to each of the separate government accounts. The fund shall be invested to achieve its objective, which is to realize the maximum return consistent with safe and prudent management.

F. At the end of each month, all interest earned from investment of the short-term investment fund shall be distributed by the state treasurer to the contributing entities and Indian tribes or pueblos in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. No fees or transfer expenses shall be charged to the participating entities and Indian tribes or pueblos for investment in the short-term investment fund.

G. As used in this section:

(1) "local public body" means any political subdivision of the state, including school districts and any post-secondary educational institution; and

(2) "short-term" means less than thirty days.

H. In addition to the deposit of funds of local public bodies, the state treasurer may also accept for deposit, deposit and account for, in the same manner as funds of local public bodies, funds of the following governmental entities if the governing authority of the entity approves by resolution the deposit of the funds for the short-term investment:

(1) the agricultural commodity commission established under the Agricultural Commodity Commission Act [76-21-1 to 76-21-22 NMSA 1978];

(2) the Albuquerque metropolitan arroyo flood control authority established under the Arroyo Flood Control Act [72-16-1 to 72-16-103 NMSA 1978];

(3) the business improvement district management committee established under the Business Improvement District Act [3-63-1 to 3-63-16 NMSA 1978];

- (4) the New Mexico community assistance council established under the New Mexico Community Assistance Act;
- (5) the governing authority of only special districts authorized under Chapter 73 NMSA 1978;
- (6) the board of trustees established under the Economic Advancement Act [6-19-1 to 6-19-18 NMSA 1978];
- (7) the board of directors of a corporation or foundation established under the Educational Assistance Act [21-21A-1 to 21-21A-23 NMSA 1978];
- (8) a board of directors established under the Flood Control District Act [72-18-1 to 72-18-70 NMSA 1978];
- (9) the New Mexico hospital equipment loan council established under the Hospital Equipment Loan Act [Chapter 58, Article 23 NMSA 1978];
- (10) the authority established under the Industrial and Agricultural Finance Authority Act [58-24-1 to 58-24-23 NMSA 1978];
- (11) the authority established under the Las Cruces Arroyo Flood Control Act [72-17-1 to 72-17-103 NMSA 1978];
- (12) the authority established under the Mortgage Finance Authority Act [Chapter 58, Article 18 NMSA 1978];
- (13) the authority established under the Municipal Mortgage Finance Act [58-18A-1 to 58-18A-12 NMSA 1978];
- (14) the authority established under the Public School Insurance Authority Act [22-2-6.1 to 22-2-6.10 NMSA 1978];
- (15) the authority established under the Southern Sandoval County Arroyo Flood Control Act [72-19-1 to 72-19-103 NMSA 1978];
- (16) a board of trustees established under the Special Hospital District Act [Chapter 4, Article 48A NMSA 1978]; and
- (17) the authority established under the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978].

I. In addition to the deposit of funds of local public bodies, the state treasurer may also accept for deposit and deposit and account for, in the same manner as funds of local public bodies, funds of any Indian tribe or pueblo in the state if authorized to do so under a joint powers agreement executed by the state treasurer and the governing

authority of the Indian tribe or pueblo under the provisions of the Joint Powers Agreements Act [11-1-1 to 11-1-7 NMSA 1978].

History: 1978 Comp., § 6-10-10.1, enacted by Laws 1988, ch. 61, § 2; 1991, ch. 239, § 1; 1991, ch. 258, § 1; 1992, ch. 61, § 32.

ANNOTATIONS

1991 amendments. Laws 1991, ch. 239, § 1 and Laws 1991, ch. 258, § 1, both effective June 14, 1991, both amended this section by deleting "local" from the beginning of the catchline and preceding "short-term investment fund" in the first sentence in Subsection A and near the end of Subsection F, and inserted "short-term investment" in Subsections D, E, and F. Laws 1991, ch. 239, § 1, in addition to the above changes, substituting references to "entity" for references to local public bodies throughout the section, inserting "and any other entities" in Subsection A, deleting "local government" preceding "accounts" at the end of the first sentence in Subsection E, and adding a Subsection H authorizing the state treasurer to deposit funds of any Indian nation or tribe in the state if authorized to do so under a joint powers agreement executed by the state treasurer and the governing authority of the Indian nation or tribe under the provisions of the Joint Powers Agreement Act, was approved on April 4, 1991. However, Laws 1991, ch. 258, § 1, making the changes described in the first sentence of this note and also substituting references to entity and Indian tribe or pueblo for "local public body" throughout the section and adding Subsection H, was approved on April 5, 1991. The section is set out as amended by Laws 1991, ch. 258, § 1. See 12-1-8 NMSA 1978.

The 1992 amendment, effective March 9, 1992, added Subsection H(17).

Effective dates. - Laws 1988, ch. 61 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective May 18, 1988.

New Mexico Community Assistance Act. - See 11-6-1 NMSA 1978 and notes thereto.

6-10-11. Approval of investment of state funds.

No moneys of this state belonging to any sinking fund or other fund shall be invested by the state treasurer in any form of security without the prior approval of such investment by the state board of finance. The state board of finance, prior to approving any such investment shall make an investigation of the validity of any such security, including the authority for the issuance thereof and all proceedings leading up to such issuance, and of the adequacy of the means provided for the payment of principal and interest of such security, and shall by resolution adopted at a meeting of said board recite its findings on all said matters.

History: Laws 1925, ch. 86, § 1; C.S. 1929, § 112-301; 1941 Comp., § 7-208; 1953 Comp., § 11-2-8; Laws 1978, ch. 121, § 1.

ANNOTATIONS

Investment officer may use services of investment counselor or other sources of advice to aid in making an investment policy recommendation to the investment council. 1959-60 Op. Att'y Gen. No. 59-21.

State investment officer may invest state moneys in "closed-end" mutual funds subject to the restrictions provided for by this section. 1959-60 Op. Att'y Gen. No. 59-22.

Investment of funds of museum of New Mexico. - In investing funds belonging to the museum of New Mexico, the state treasurer and state board of finance may, in their discretion, utilize the same standards as govern the investment of public funds controlled by the state commissioner of public lands and as set forth in 6-8-10 NMSA 1978. 1964 Op. Att'y Gen. No. 64-29.

The strict standards set by the state legislature and the state constitution for the investment of permanent funds derived from lands under the care of the commissioner of public lands may be utilized by the state treasurer and the state board of finance for determining which securities and investments are proper for the investment of the permanent funds belonging to the museum of New Mexico, but such enumerated investments are not controlling upon the board of finance and the state treasurer. 1964 Op. Att'y Gen. No. 64-29.

Am. Jur. 2d, A.L.R. and C.J.S. references. - Stock of private corporation, constitutional or statutory provisions prohibiting municipalities or subdivisions of state from investing in, 152 A.L.R. 495.

81A C.J.S. States § 225.

6-10-12. [Investment of special road fund balances over \$10,000.]

The state treasurer is hereby authorized and directed to invest, as hereinafter provided, the funds on deposit in the state treasury to the credit of any special road fund, where such balance is in the amount of \$10,000 (ten thousand dollars) or more.

History: Laws 1933, ch. 128, § 1; 1941 Comp., § 7-212; 1953 Comp., § 11-2-14.

6-10-13. [Limitation on investment of special road fund.]

Investments mentioned in Section one [6-10-12 NMSA 1978] of this act shall not be made until after funds due the highway department for expenses incurred against such balance, are deducted nor shall such investments be made if the balance in such fund

is to be expended by the state highway department within one year from the date that investment may be made.

History: Laws 1933, ch. 128, § 2; 1941 Comp., § 7-213; 1953 Comp., § 11-2-15.

6-10-14. [Securities eligible for special road fund investments.]

Investments provided for in Section one [6-10-12 NMSA 1978] shall be in securities such as are eligible for investment of common school permanent or other permanent funds, and shall be subject to the same regulations and approval.

History: Laws 1933, ch. 128, § 3; 1941 Comp., § 7-214; 1953 Comp., § 11-2-16.

6-10-15. Surety for deposits.

No public moneys in the custody of the state treasurer or the treasurer of any county, city or town in this state, or in the custody of any board in control mentioned in Section 6 hereof, shall be deposited in any bank or savings and loan association (except as otherwise herein provided) until such bank or savings and loan association is qualified to receive deposits of public moneys by depositing collateral security or by giving bond, as provided in this act.

Any bank or savings and loan association designated as such depository by the proper treasurer and/or board of finance may qualify by giving a bond or bonds in such sum as may be determined by said treasurer and/or board of finance, for the safekeeping and payment of such moneys, and all interest thereon, which bond or bonds shall run to the state of New Mexico, shall be subject to the approval of the proper board of finance of the state, county, city or town, or board in control, as the case may be, and the district judge of the district within which such county, city, town or board in control is situated and conditioned substantially as follows:

KNOW ALL MEN BY THESE PRESENTS: that we of as principal, and as surety, are held and firmly bound unto the state of New Mexico, in the just and full sum of dollars (\$) for the payment of which, well and truly to be made, we bind ourselves and all our heirs, personal representatives, successors and assigns, jointly and severally, firmly by these presents.

Dated the day of, A.D., 19

The condition of the foregoing obligation is such that

WHEREAS, the said principal, in consideration of the receipt of certain moneys of in the state of New Mexico on deposit, (the amount whereof shall be subject to withdrawal or diminution by the treasurer of said as the requirements of said shall demand, and which amount may be increased or decreased as said treasurer may determine) and for the privilege of keeping the same, has agreed to pay and will

pay the said in the state of New Mexico, interest on all moneys so deposited at the rate fixed by the board of finance of said, to wit: at the rate of per centum per annum, the same to be paid monthly on the first day of each month, upon the average daily balance of the moneys of said so on deposit for the preceding month or fraction thereof:

NOW THEREFORE, if the said principal shall, from the day of, A.D., 19, on the first of each and every month, render to the treasurer and the board of finance of said a statement, in duplicate, showing in detail, the daily balance of said moneys, so held by said principal on deposit, and the amount of interest accrued thereon, for the last preceding month, and shall pay over said deposit and said interest, upon the check, order or demand in writing of the officer thereunto duly authorized, and shall calculate, credit and pay interest as aforesaid, at the rate and in the manner aforesaid, and shall, in all respects save and keep the said safe and harmless by reason of the making of said deposit or deposits, and shall generally do and perform each and everything [every thing] required of depositories of public funds to be done and performed by the provisions of a certain act of the state of New Mexico, entitled, "An Act in Relation to Public Moneys," enacted by the sixth legislature of the state of New Mexico and all amendments thereof and any and all other acts in relation to public moneys then the obligation shall be void and of no effect, otherwise to be and remain in full force and virtue.

It is a further condition of this obligation, however, that said surety shall have the right to terminate its liability hereunder by giving thirty days' notice in writing to the treasurer and to the board of finance of said of its election so to do, and after the giving of such notice no further moneys shall be deposited with such depositories, and thereupon an accounting shall be immediately had of the liability of such depository for the moneys theretofore deposited with it, and until the payment of all moneys found to be due on such accounting, this bond shall remain in full force and virtue.

WITNESS our hands and seals the day and year first hereinafter written.

Such bond shall be executed as surety by a surety company authorized by compliance with the laws of New Mexico to do business in this state; and neither the state treasurer, nor any county, city or town treasurer, nor the treasurer of any board in control mentioned in Section 6 hereof shall have on deposit at any time more than the penal amount of the bond or bonds given by a depository to secure such deposit.

All bonds given under the provisions of this section to secure state moneys shall, after the approval thereof by the state board of finance be safely kept on file by said state board of finance; and all bonds given hereunder to secure county, city or town moneys, or moneys of any board in control as herein defined, shall, after the approval thereof by the proper board of finance, and the district judge, be kept in the custody of the county clerk of the county wherein is located the board of finance approving the same.

The state board of finance and each county clerk shall keep a record of all such bonds, which record shall be known as "depository bond record" and shall be in form as prescribed by the state board of finance.

Any and all bonds which may be given in pursuance of this act to secure moneys of the state, or moneys of the counties, cities, towns or board [boards] in control, or of moneys lawfully entrusted in the care and custody of the treasurers of such counties, cities, towns or boards in control may be put in suit and prosecuted against all or any one or more of the obligors, principals and sureties named therein in the name of the state of New Mexico for the use and benefit of the state, county, school district, city or town or board in control to secure whose money or any moneys lawfully entrusted to the care and custody of whose treasurers such bond is given.

History: Laws 1933, ch. 175, § 5; 1941 Comp., § 7-215; 1953 Comp., § 11-2-17; 1981, ch. 332, § 4.

ANNOTATIONS

Meaning of "Section 6". - Laws 1933, ch. 175, § 6, referred to in the first and tenth paragraphs, was repealed by Laws 1934 (S.S.), ch. 24, § 5.

Meaning of "this act". - The term "this act," which appears in the first and last paragraphs, refers to Laws 1933, ch. 175, which is compiled as 6-10-8 to 6-10-10, 6-10-15, 6-10-18, 6-10-19 and 6-10-51 NMSA 1978.

Public Moneys Act. - The act entitled "An Act in Relation to Public Moneys," enacted by the sixth legislature, was enacted as Laws 1923, ch. 76, and is compiled herein as 6-10-2, 6-10-3, 6-10-20, 6-10-29, 6-10-37 to 6-10-42, 6-10-44, 6-10-46, 6-10-47, 6-10-50, 6-10-52 to 6-10-54, 6-10-58 and 6-10-61 NMSA 1978.

Qualification of depository prerequisite to receipt of deposits. - State depositories are not entitled to receive deposits of public funds from the state treasurer until they qualify by providing security for the same. State ex rel. Hannett v. Graham, 30 N.M. 537, 239 P. 740 (1925).

Deposits not to exceed face value of security. - In no event should deposits exceed the face value of the security given by the depository bank. 1961-62 Op. Att'y Gen. No. 62-71.

County boards of finance are deciding authority in evaluating collateral, but they are subject to the supervisory control of the proper district judge when the collateral security is in the form of surety bonds as provided in this section. 1961-62 Op. Att'y Gen. No. 62-71.

Statutory requirements part of bond. - A statute, in pursuance of which a bond is given, is read into the bond, and the parties cannot, by contract or otherwise, limit the

statutory obligation. *Fidelity & Deposit Co. v. Richard*, 44 N.M. 424, 103 P.2d 628 (1940).

United States bonds acceptable in lieu of depository bond. - United States liberty bonds may be accepted in lieu of a depository bond, if the board finds that the market value of the bonds equals their par value. 1921-22 Op. Att'y Gen. 93.

Separate security for school funds. - Where county commissioners exact a bond to secure a county deposit, surety on such depository bond is not liable for school moneys required by law to be deposited as directed by the school board and to be secured separately. *State v. Fidelity & Deposit Co.*, 36 N.M. 166, 9 P.2d 700 (1932).

Surety of depository bank liable for loss upon attempted transfer of funds from depository to another bank. - Where county funds were lost on an attempted transfer from a depository bank to another bank with the knowledge and consent of the agent of the surety of depository, and the original depository was closed, the surety of depository was liable for the loss of the funds of the county. *National Sur. Co. v. New Mexico*, 16 F.2d 873 (8th Cir. 1926).

Surety liable for loss and interest to date of settlement. - Upon the closing of a bank, a surety company is liable for its proportionate share of the loss and for interest to date of settlement, unless it tenders its share of the loss at an earlier date. 1923-24 Op. Att'y Gen. 119.

Compensated surety entitled to contribution by additional surety. - Where a depository bond was executed by additional surety in statutory form with the understanding that an additional bond was to secure deposits as would at any time be in excess of a certain sum, the original compensated surety was without knowledge of additional bond, the depository failed with county deposits less than the amount secured by additional surety and the loss was paid by compensated surety, the compensated surety was entitled to contribution from the additional surety. *Fidelity & Deposit Co. v. Richard*, 44 N.M. 424, 103 P.2d 628 (1940).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 24 to 32.

26A C.J.S. Depositories § 9(3).

6-10-16. Security for deposits of public money.

A. Deposits of public money shall be secured by securities of the United States, its agencies or instrumentalities or by securities of the state of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions or by securities, including student loans, that are guaranteed by the United States or the state of New Mexico. Revenue bonds qualify as security for the deposit of public money only if they are underwritten by a member of the national association of securities dealers, known

as "N.A.S.D.", and are rated "BAA" or above by a nationally recognized bond rating service. No security is required for the deposit of public money that is insured by the federal deposit insurance corporation, the federal savings and loan insurance corporation or the national credit union administration.

B. Securities which are obligations of the state of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be accepted as security at par value. All other securities shall be accepted as security at market value. The restrictions of Subsection A of this section apply to all securities subject to this subsection.

History: 1953 Comp., § 11-2-18.1, enacted by Laws 1969, ch. 243, § 1; 1981, ch. 332, § 5; 1987, ch. 79, § 6; 1987, ch. 307, § 1.

ANNOTATIONS

Cross-references. - As to federal housing administration bonds as security for public deposits, see 3-45-24 NMSA 1978.

As to severance tax bonds as security for public deposits, see 7-27-19 NMSA 1978.

The 1987 amendments. - Laws 1987, ch. 79, § 6, effective June 19, 1987, adding to the end of Subsection A "or the national credit union administration," was approved March 20, 1987. However, Laws 1987, ch. 307, § 1, effective June 19, 1987, in Subsection A, deleting "or, if not rated are approved by the state board of finance or its delegate" from the end of the second sentence; and in Subsection B, inserting "which are obligations" near the beginning, was approved April 10, 1987. The section is set out above as amended by the Laws 1987, ch. 307, § 1. See 12-1-8 NMSA 1978.

Mutual funds as collateral. - Mutual funds may not be pledged as collateral for deposits of public funds. 1987 Op. Att'y Gen. No. 87-4.

Investment in mutual funds. - State chartered banks and savings and loan associations are permitted to invest in mutual funds. 1987 Op. Att'y Gen. No. 87-4.

Bonds of New Mexico mortgage finance authority are acceptable as security. - Although the New Mexico mortgage finance authority is not a state agency, it is a state instrumentality and as such, its bonds are acceptable as security for deposit of public money under this section. 1977 Op. Att'y Gen. No. 77-27.

And farmers' home administration loans fully guaranteed by federal government. - Any farmers' home administration loan which is fully guaranteed by the federal government would qualify as a proper security for public funds which are deposited in banks of this state. 1966 Op. Att'y Gen. No. 66-145.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 15 to 17.

26A C.J.S. Depositories § 9(1).

6-10-16.1. Security for public deposits.

All deposits of public funds made after the effective date of this act shall be secured by securities as defined in Section 6-10-16 NMSA 1978 in the amount required by law.

History: Laws 1981, ch. 332, § 20.

ANNOTATIONS

"Effective date of this act". - The phrase "effective date of this act" means January 1, 1982, the effective date of Laws 1981, Chapter 332.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 15 to 17.

26A C.J.S. Depositories § 9(1).

6-10-17. Amount of security to be deposited.

Any bank or savings and loan association designated as a depository of public money shall deliver securities of the kind specified in Section 6-10-16 NMSA 1978 to a custodial bank described in Section 6-10-21 NMSA 1978 and shall then deliver a joint safekeeping receipt issued by the custodial bank to the public official from whom or the public board from which the public money is received for deposit. The securities delivered shall have an aggregate value equal to one-half the amount of public money to be received in accordance with Subsection B of Section 6-10-16 NMSA 1978. However, any such bank or savings and loan association may deliver a depository bond executed by a surety company as provided in Section 6-10-15 NMSA 1978 as security for any portion of a deposit of public money.

History: 1953 Comp., § 11-2-18.2, enacted by Laws 1969, ch. 243, § 2; 1971, ch. 31, § 1; 1981, ch. 332, § 6; 1991, ch. 31, § 1.

ANNOTATIONS

The 1991 amendment, effective June 14, 1991, divided the former first sentence into the present first two sentences; inserted "to a custodial bank described in Section 6-10-21 NMSA 1978 and shall then deliver" and "issued by the custodial bank" in the first sentence; added "The securities delivered shall have" at the beginning of the present second sentence; and made related stylistic changes.

6-10-17.1. Noncompliance with collateral requirements; withdrawal of public funds.

When a treasurer, board of finance or board of control finds that a bank or savings and loan association that has been designated as a depository of public money has not maintained qualifying securities as collateral for deposits of public money under the control of that treasurer or board as required by law, the treasurer or board shall request the depository to substitute or provide additional qualifying securities to meet those requirements within ten calendar days. If the bank or savings and loan association does not comply with the request within ten calendar days, the treasurer or board shall withdraw from that depository within the next ten calendar days all deposits of public money under the treasurer's or board's control without penalty to the public depositor, notwithstanding any other provision of law to the contrary.

History: Laws 1991, ch. 31, § 8.

ANNOTATIONS

Effective dates. - Laws 1991, ch. 31 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on June 14, 1991.

6-10-18. Assignment of securities; disposition.

A. Any bank or savings and loan association designated as a depository by the proper treasurer, board of finance or board of control, prior to the delivery of securities of the kind specified in Section 6-10-16 NMSA 1978 to secure that deposit, shall enter into a written agreement with the state board of finance or the board of finance of the county, municipality or board of control whose money it desires to receive and hold on deposit. The depository shall provide for a security interest in the deposited securities in favor of the proper treasurer, board of finance or board of control and shall follow all procedures and comply with all provisions necessary to assure that the security interest is not avoidable under any provisions of law or regulations, including the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, and the Federal Deposit Insurance Act, as amended. These provisions and procedures shall be incorporated in the terms of the agreement, and the proper treasurer, board of control or board of finance shall take such steps as are necessary to verify compliance by the depository with all necessary provisions and procedures.

B. In case any bank or savings and loan association holding public money on deposit shall, upon proper demand therefor, default in the payment of any such money or the agreed interest on the money or in the performance of its obligations under the written agreement, the payment thereof being secured in whole or in part by a deposit of securities of the kind specified in Section 6-10-16 NMSA 1978, the treasurer, board of finance or board of control shall instruct the custodial bank in possession of the securities to transfer the securities or such portion of the securities as may be required to the treasurer or other official or its designated agent for disposition in accordance with Subsection C or D of this section.

C. The treasurer or other official or agent, upon delivery of the securities from the custodial bank, may sell the securities at public auction at the state capitol, courthouse or city hall or where the office of the official may be to the highest bidder for cash after thirty days' notice of the time and place and terms of the sale, which notice shall be given by publication thereof in a newspaper published in the county in which the sale is to take place; provided that the board of finance or board of control interested in the sale may become a purchaser at any such sale at not less than ninety-five percent of the market value of the securities.

D. The treasurer or other official or agent, upon delivery of securities from the custodial bank, may sell the securities at public or private sale at a broker's board or on any securities exchange in a manner that is customary in the securities industry for the types of securities being sold.

E. The proceeds realized from the sale under Subsection C or D of this section, after payment therefrom of the expenses of the sale, shall be applied to the payment of the amount of public money in which the bank or savings and loan association is in default and for which the securities so sold were pledged, and the remainder, if any, of the proceeds shall be paid over to the bank or savings and loan association. Upon any and all such sales, the securities sold shall be delivered to the purchaser thereof, the official or agent conducting the sale having first caused it to be endorsed in a manner or done other things as may be necessary to vest the title thereto in the purchaser.

History: Laws 1933, ch. 175, § 9; 1941 Comp., § 7-217; 1953 Comp., § 11-2-19; Laws 1977, ch. 219, § 1; 1981, ch. 332, § 7; 1991, ch. 31, § 2.

ANNOTATIONS

The 1991 amendment, effective June 14, 1991, rewrote this section to the extent that a detailed analysis would be impracticable.

6-10-19. Ineligible depository bonds.

No depository bond with personal sureties shall be accepted as security for deposits of public money.

History: Laws 1933, ch. 175, § 10; 1941 Comp., § 7-218; 1953 Comp., § 11-2-20; 1991, ch. 31, § 3.

ANNOTATIONS

The 1991 amendment, effective June 14, 1991, substituted "as security for deposits of public money" for "by any treasurer and/or board of finance".

Section repeals, by implication, personal surety clause in 6-10-20 NMSA 1978. 1980 Op. Att'y Gen. No. 80-11.

6-10-20. Additional security.

Any board of finance or board of control may at any time within its discretion require any bank or savings and loan association that has qualified as a depository of public money subject to the control of the board to furnish additional security for the deposit of the kind specified in Section 6-10-16 NMSA 1978.

History: Laws 1923, ch. 76, § 21; 1925, ch. 123, § 8; C.S. 1929, § 112-121; 1941 Comp., § 7-219; 1953 Comp., § 11-2-21; 1991, ch. 31, § 4.

ANNOTATIONS

The 1991 amendment, effective June 14, 1991, rewrote this section which read "Any board of finance may at any time within its discretion require any bank which has qualified as a depository of public moneys subject to the control of said board and including banks which have furnished bonds with personal sureties, and which may be continued for the period of one year as specified in Section nineteen hereof to furnish additional security for said deposit of the kind in this act specified."

Compiler's note. - The portion of this section which reads "and including banks which have furnished bonds with personal sureties, and which may be continued for the period of one year as specified in Section 19 hereof" may be obsolete, since Laws 1923, ch. 76, § 19, as amended, was specifically repealed by Laws 1933, ch. 175, § 13, and since it conflicts with 6-10-19 NMSA 1978. The remainder of this section may have been superseded by the final sentence of the last paragraph of 11-2-18, 1953 Comp., since repealed, which read: "No other or further security or bonds shall be required for the securing of such deposit, and the provisions of law requiring the giving of bonds or the depositing of securities to secure deposits of public moneys shall only be applicable to that portion of any deposit of public moneys in excess of the amount insured, under the provisions of the act of congress creating the federal deposit insurance corporation."

Personal surety clause in this section is repealed by implication by 6-10-19 NMSA 1978. 1980 Op. Att'y Gen. No. 80-11.

Exercise of board's authority must comply with applicable statutory guidelines. -

The state board of finance may exercise its authority under this section to require additional security for deposits made by the state treasurer from the severance tax permanent fund; however, such exercise of authority must be consistent with the guidelines approved under Subsection G of 7-27-5 (now Subsection H of 7-27-5.2) NMSA 1978. 1980 Op. Att'y Gen. No. 80-11.

6-10-21. Security for deposits; safekeeping; regulations of state board of finance.

The state board of finance is authorized and directed to regulate, by general regulation or by special orders applicable to individual cases, the safekeeping of bonds or other

securities delivered by any bank or savings and loan association as security for deposits of public money. The bonds or securities shall be delivered to a third-party custodian, which shall be a federal reserve bank or branch thereof or in any other bank designated by the state board of finance and qualified to perform custodial functions in the state of New Mexico. The bank or savings and loan association delivering securities to that custodial bank shall enter into a written agreement with the custodial bank containing such conditions that will adequately protect the interests of the state, county, city, school district or institution interested in the bonds and securities.

History: Laws 1927, ch. 87, § 1; C.S. 1929, § 13-1020; 1941 Comp., § 7-220; 1953 Comp., § 11-2-22; 1981, ch. 332, § 8; 1991, ch. 31, § 5.

ANNOTATIONS

The 1991 amendment, effective June 14, 1991, rewrote this section to the extent that a detailed analysis would be impracticable.

Bank within state may be designated as depository. - This section does not prohibit the state board of finance from designating a bank within this state as a depository for the safekeeping of bonds or other securities delivered by any bank or banks as security for deposits of public moneys. 1957-58 Op. Att'y Gen. No. 57-217.

6-10-22. Security for deposits; liability for loss.

The state treasurer or any board of finance or the secretary or treasurer of any board of finance charged with the custody of any bonds or securities mentioned in Section 6-10-21 NMSA 1978 who complies with the requirements of the state board of finance with respect to the safekeeping of any bonds or securities shall not be liable for the loss of those bonds or securities except in cases where the loss is due to his willful act or might have been avoided by reasonable care on his part.

History: Laws 1927, ch. 87, § 2; C.S. 1929, § 13-1021; 1941 Comp., § 7-221; 1953 Comp., § 11-2-23; 1991, ch. 31, § 6.

ANNOTATIONS

The 1991 amendment, effective June 14, 1991, substituted "Section 6-10-21 NMSA 1978" for "Section 1 hereof" near the middle of the section and made minor stylistic changes.

Am. Jur. 2d, A.L.R. and C.J.S. references. - Constitutionality of statutes relieving officer or public depository or sureties from liability for loss of public funds, 96 A.L.R. 295.

6-10-23. Safekeeping of pledged securities; acceptance, release and substitution.

A. Whenever securities pledged by a depository bank or savings and loan association to secure public money are delivered to a custodial bank for safekeeping, the custodial bank is authorized to comply with the written instructions given by the depository bank or savings and loan association and the treasurer of the state, county, municipality, school district, public institution or board involved in accepting the securities for safekeeping, in releasing and delivering all or any portion of such pledged securities held in safekeeping and in permitting substitutions of other approved securities for those previously held in safekeeping. It is not necessary for the custodial bank to obtain instructions from or approval thereof by the board of finance having control of the public money involved in the particular transaction.

B. In other cases where a depository bank or savings and loan association is entitled to a withdrawal and return to it of securities which have been deposited to secure deposits of public money, the securities may be withdrawn or substitution of other approved securities effected upon the written instructions executed by the depository bank or savings and loan association and by the treasurer of the state, county, municipality, school district, public institution or board involved. It is not necessary for the instructions to be executed by the board of finance having control of the public money involved in the particular transaction.

C. The written instructions specified in Subsections A and B of this section may be contained in the written agreement between the depository bank or savings and loan association and the custodial bank provided for in Section 6-10-21 NMSA 1978.

History: 1941 Comp., § 7-221a, enacted by Laws 1947, ch. 34, § 1; 1953 Comp., § 11-2-24; 1981, ch. 332, § 9; 1986, ch. 25, § 1; 1991, ch. 31, § 7.

ANNOTATIONS

Cross-references. - As to state investment council, see 6-8-2 NMSA 1978 et seq.

The 1991 amendment, effective June 14, 1991, deleted "and mortgage collateral" following "securities" in the catchline; in Subsection A, substituted "a custodial bank" for "another bank or savings and loan association" near the beginning of the first sentence and "custodial bank" for "safe-keeping bank or savings and loan association" in the first and second sentences, and inserted "written" preceding "instructions" in the first sentence; and rewrote Subsection C which pertained to mortgage collateral pledged to secure the deposit of severance tax permanent funds.

6-10-24. Deposit of public funds in federally insured banks, savings and loan associations and credit unions; conditions.

A. The state treasurer, the several county and municipal treasurers, the treasurers of any public or educational institution in this state and the treasurers of all irrigation districts and conservancy districts may deposit public funds in any bank of the state of New Mexico insured by the federal deposit insurance corporation up to the amount of

the insurance or in any savings and loan association whose deposits are insured by the federal savings and loan insurance corporation up to the amount of the insurance, or in any credit union whose deposits are insured by the national credit union administration up to the amount of the insurance, without requiring the bank, savings and loan association or credit union to qualify as a public depository by giving security as required by the laws of New Mexico relating to public money; provided, however, that a deposit made in any credit union shall not exceed that amount insured by an agency of the United States.

B. The several county and municipal treasurers and the treasurers of all irrigation districts and conservancy districts shall not make any deposits outside their respective political subdivisions.

C. All other boards of control handling public funds in any manner whatever may deposit the public funds in any banks in New Mexico insured by the federal deposit insurance corporation up to the amount of the insurance or in any savings and loan association whose deposits are insured by the federal savings and loan insurance corporation up to the amount of the insurance or in any credit union whose deposits are insured by the national credit union administration up to the amount of such insurance, without requiring the bank, savings and loan association or credit union to qualify as a public depository by giving security as required by the laws of New Mexico relating to public money; provided, however, that a deposit made in any credit union shall not exceed that amount insured by an agency of the United States.

History: Laws 1939, ch. 21, § 1; 1941 Comp., § 7-222; 1953 Comp., § 11-2-25; Laws 1968, ch. 18, § 4; 1975, ch. 157, § 2; 1981, ch. 332, § 10; 1987, ch. 79, § 7.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, inserted "or credit union" following "savings and loan association" and "or in any credit union whose deposits are insured by the national credit union administration up to the amount of such insurance" preceding "requiring the bank" near the middle of Subsections A and C; added at the end of Subsections A and B "provided, however, that the deposit made in any credit union shall not exceed that amount insured by an agency of the United States"; and made minor language changes throughout the section.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds § 13.

26A C.J.S. Depositories § 8.

6-10-24.1. State funds; limitation.

A. No person depositing or investing state funds in banks or savings and loan associations in New Mexico shall deposit or invest any funds if that deposit or investment when added to state funds already in that bank or savings and loan

association would be in excess of four hundred percent of equity capital of the bank or four hundred percent of net worth of the savings and loan association or more than twenty-five percent of the total of that financial institution's deposits, whichever is less, as shown by the most recent quarterly statement of financial condition required by federal or state financial authorities as certified by an authorized officer of that institution. The funds held by the state fiscal agent bank as such fiscal agent bank and demand deposits held by a state checking depository bank shall not be considered in construing these limits. The twenty-five percent of total deposits limitation shall not apply to a newly chartered bank or savings and loan association in the first year of its operation.

B. No person depositing state funds in credit unions in New Mexico shall deposit any funds in excess of that which is insured by an agency of the United States.

C. For the purpose of this section, "state funds" means money in the custody of the state treasurer or deposited or invested by him or by any state agency, department or instrumentality in New Mexico banks, savings and loan associations or credit unions and does not include local funds, which include funds deposited by institutions enumerated in Article 12, Section 11 of the constitution of New Mexico.

D. In the event a bank or savings and loan association exceeds the limitation set forth in Subsection A of this section, any person charged with responsibility for investing or depositing state funds shall not deposit additional new funds, but may renew any maturing certificate of deposit at the interest rate applicable for new state fund deposits and may provide for the staged withdrawal of the amount of funds which exceeds such limitation from the bank or savings and loan association over a reasonable period of time in order to avoid causing the failure of the institution. If, however, withdrawal of the state funds is necessary to prevent loss of such funds, they shall be removed.

History: Laws 1982, ch. 9, § 1; 1987, ch. 79, § 8; 1987, ch. 266, § 1.

ANNOTATIONS

The 1987 amendments. - Laws 1987, ch. 79, § 8, effective June 19, 1987, inserting Subsection B and redesignating the subsequent subsections; and, in Subsection C, inserting "or credit union" following "savings and loan associations" and making minor changes in language, was approved on March 20, 1987. However, Laws 1987, ch. 266, § 1, effective June 19, 1987, inserting Subsection B and redesignating the subsequent subsections accordingly; in Subsection C inserting "or credit unions" following "savings and loan associations"; and, in Subsection D, at the end of the first sentence substituting "avoid causing the failure of the institution" for "assure that dislocation caused by such withdrawal is avoided" and adding the last sentence, was approved on April 9, 1987. The section is set out above as amended by Laws 1987, ch. 266, § 1. See 12-1-8 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 7, 13.

26A C.J.S. Depositories § 8.

6-10-25. Declaration of policy.

All moneys of the state, except permanent funds and income derived therefrom and those funds the investment of which is otherwise authorized by law, not needed to meet expenses of state government for the ensuing quarter year should be invested in interest-bearing time deposits or short-term United States government securities. No funds other than those necessary to meet expenses should be permitted to remain in noninterest-bearing account in state depositories.

History: 1953 Comp., § 11-2-25.1, enacted by Laws 1955, ch. 140, § 1; 1967, ch. 211, § 1.

ANNOTATIONS

Interest accrues to fund on which paid and not to general fund. - The general rule is that interest earned by the investment of a special fund is an increment which accrues to the special fund and not to the general funds of the state or other public body. 1957-58 Op. Att'y Gen. No. 58-149.

Interest earned on principal in game protection fund is credited to general fund. 1980 Op. Att'y Gen. No. 80-17.

6-10-26. Quarterly reports of funds on demand deposit; investment in interest-bearing deposits and securities.

On or before the tenth day of each quarter of the fiscal year the state treasurer and the secretary of finance and administration shall report to the state board of finance the amount of money on deposit in state depositories, the account or funds to which the money is credited, the amount of money necessary in the opinion of each of such officers to be kept on demand deposit to meet expenses for the quarter, and the amount of money available, in the opinion of each of the officers, for investment for the ensuing quarter. The state board of finance, from such reports and other information which may be available to it, shall direct the state treasurer to invest such sums as it may determine as available for investment in interest-paying time deposits or short-term United States government securities, or a combination thereof. It is the further policy of the state of New Mexico to foster the banking business and the savings and loan business, and the board of finance shall not withdraw funds from the various banks and savings and loan associations of New Mexico if it is the banks' and savings and loan associations' desire to pay some reasonable interest rate on the funds. The state board of finance shall determine the rate of interest to be charged on the investments. The interest earned from the investment of this money shall be placed into the general fund of the state.

History: 1953 Comp., § 11-2-25.2, enacted by Laws 1955, ch. 140, § 2; 1957, ch. 102, § 1; 1968, ch. 18, § 5; 1977, ch. 247, § 107; 1979, ch. 99, § 1.

ANNOTATIONS

Interest earned on investment of game protection fund credited to that fund. - This section relates to all surplus state funds, which is a "class," and not to the game protection fund specifically, which is less than a class and relates to a particular thing of a class. Therefore, any interest earned on the investment of money in the game protection fund must be credited to that fund, not the state general fund. 1982 Op. Att'y Gen. No. 82-1.

Interest earned on investment in shooting range fund is credited to that fund, not the state general fund. 1980 Op. Att'y Gen. No. 80-17.

6-10-27. Provisions inapplicable to permanent and certain other funds.

The provisions of Sections 6-10-25 and 6-10-26 NMSA 1978, shall not apply to the investment of permanent funds or the income derived therefrom nor to the investment of funds otherwise authorized by law.

History: 1953 Comp., § 11-2-25.3, enacted by Laws 1955, ch. 140, § 3; 1967, ch. 211, § 2.

ANNOTATIONS

Interest is generally accretion or increment to principal fund earning it, and becomes a part of that fund. 1980 Op. Att'y Gen. No. 80-17.

6-10-28. Investment of bond proceeds.

The state treasurer, upon order of the state board of finance, shall invest the proceeds of state revenue and general obligation bonds until the money is needed for the purpose for which the bonds were authorized and sold. Income from these investments shall be applied to payment of principal of and interest on the bonds, for the purposes for which the bonds were issued or to pay rebate, penalty, interest and other obligations of the state relating to the bonds under the Internal Revenue Code of 1986, as amended, including any regulations applicable under the code.

History: 1953 Comp., § 11-2-25.4, enacted by Laws 1967, ch. 211, § 3; 1988, ch. 45, § 1.

ANNOTATIONS

The 1988 amendment, effective March 4, 1988, in the second sentence, substituted "shall be applied to payment of principal" for "shall be credited to the appropriate fund to apply toward payment of principal", added the phrase beginning "for the purposes for which" at the end of the subsection, and made minor stylistic changes.

Internal Revenue Code of 1986. - For the Internal Revenue Code of 1986, see Title 26 of the United States Code.

6-10-29. Banks, savings and loan associations and credit unions to furnish statement of deposits monthly; credit interest monthly; signature to checks.

A. Every bank, savings and loan association and credit union holding public money deposited by the state treasurer shall, on the first day of each month during the time in which it holds such deposits, furnish to the state treasurer and to the financial control division of the department of finance and administration an itemized statement concerning the deposit, showing the daily balance for the last preceding month and interest accrued thereon. These statements shall be filed by the state treasurer and the financial control division and be public records. Every bank, savings and loan association and credit union having public money on deposit other than that deposited by the state treasurer shall furnish to the treasurer depositing the same and to the board of finance which issued the certificate under which it holds such money, on the first day of each month during the time in which it holds any such money on deposit, an itemized statement concerning the deposit, showing the daily balance of the deposit account for the last preceding month and interest accrued thereon, which statement shall be filed in regular order and carefully preserved in the respective offices. Upon the first day of each month, all interest accrued upon the deposit shall by the bank, savings and loan association or credit union be credited to the state, county, municipality or board in control whose money it so holds.

B. All checks drawn against any account of public money deposited or against any interest account shall be signed by the proper officer authorized to sign them and in his official capacity.

C. "Deposit", as used herein, means either investment or deposit and includes share, share certificate and share draft.

History: Laws 1923, ch. 76, § 14; C.S. 1929, § 112-114; 1941 Comp., § 7-223; 1953 Comp., § 11-2-26; Laws 1968, ch. 18, § 6; 1975, ch. 157, § 3; 1987, ch. 79, § 9.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, in Subsection A inserted "and credit union" following "savings and loan association" in the first, third and last sentences; in Subsection C added at the end "and includes share, share certificate, and share draft"; and made minor language changes throughout the section.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds § 11.

26A C.J.S. Depositories § 12(1).

6-10-30. Interest rates set by state board of finance.

The state board of finance at any time but at least once each quarter of the fiscal year shall fix the rate of interest to be paid upon all time deposits of public money made by all public officials authorized to make deposits of public money.

History: 1953 Comp., § 11-2-27, enacted by Laws 1975, ch. 304, § 1.

ANNOTATIONS

Repeals and reenactments. - Laws 1975, ch. 304, § 1, repeals 11-2-27, 1953 Comp., relating to interest rates and powers of state board of finance, and enacts the above section.

Home-rule municipalities may establish interest rates in conflict with those of board of finance. - Home-rule municipalities have the right to establish an interest rate policy pursuant to N.M. Const., art. X, § 6, that may be in conflict with the interest rate policy established by the board of finance. 1975 Op. Att'y Gen. No. 75-56.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds § 12.

Termination of interest, or reduction of interest rate, on deposit of public funds, 107 A.L.R. 1210.

26A C.J.S. Depositories § 12(1).

6-10-31. Interest on time deposits.

Any board of finance may, whenever in its opinion such a course is advisable and the public money under its control, or any part thereof, will not be needed immediately for public purposes, place such funds on time deposit with a bank, savings and loan association or credit union whose deposits are insured by an agency of the United States, taking the certificate of deposit or other evidence of indebtedness of the bank, savings and loan association or credit union receiving the deposit; provided, however, that all such deposits shall be secured as provided by law. No county or municipal board of finance shall make any deposits outside of its county.

History: Laws 1929, ch. 92, § 1; C.S. 1929, § 112-201; 1941 Comp., § 7-225; 1953 Comp., § 11-2-28; Laws 1968, ch. 18, § 7; 1973, ch. 78, § 1; 1975, ch. 157, § 4; 1981, ch. 332, § 11; 1987, ch. 79, § 10.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, inserted "or credit union" following "savings and loan association" both places it appears and made minor changes in language throughout the section.

Investment in certificates of deposit. - The New Mexico school for the deaf may invest surplus funds in certificates of deposit. 1969 Op. Att'y Gen. No. 69-27.

6-10-32. Treatment of interest on land grant funds.

All interest collected by the state treasurer on deposits, whether on time deposits or otherwise, in any bank, in any savings and loan association or in any credit union whose deposits are insured by an agency of the United States of money belonging to the common school permanent or income funds or to any other fund derived from lands granted to the state by any act of congress shall be treated by the state treasurer as income of the funds to which that money belongs and as collected by him shall be credited accordingly.

History: Laws 1929, ch. 92, § 2; C.S. 1929, § 112-202; 1941 Comp., § 7-226; 1953 Comp., § 11-2-29; Laws 1968, ch. 18, § 8; 1987, ch. 79, § 11.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, inserted "or in any credit union" following "savings and loan association" and made minor changes in language throughout the section.

Interest is generally accretion or increment to principal fund earning it, and becomes a part of that fund. 1980 Op. Att'y Gen. No. 80-17.

Only enumerated funds entitled to interest income. - By excluding all other funds, this section seems to direct that only funds deposited in any bank belonging to common school permanent or income funds or other funds derived from lands granted to the state by any act of congress are entitled to the interest income upon bank deposits. 1931-32 Op. Att'y Gen. 177.

Disposition of interest on funds other than ones covered by this section. - All interest earnings upon daily balances on deposit, except on funds mentioned in this section, should be credited to the interest-on-deposits fund and eventually to the general fund of the state. 1931-32 Op. Att'y Gen. 177.

6-10-33. Interest limited to maximum permitted by federal law or regulation.

No deposit of public funds shall bear interest where any bank, savings and loan association or credit union is precluded from paying interest on the deposit by federal law or the regulations of any agency or instrumentality of the United States, and no

deposit of public funds shall bear a greater interest rate than banks, savings and loan associations or credit unions are authorized to pay under such federal laws or regulations.

History: 1953 Comp., § 11-2-30, enacted by Laws 1975, ch. 157, § 5; 1981, ch. 332, § 12; 1987, ch. 79, § 12.

ANNOTATIONS

Repeals and reenactments. - Laws 1975, ch. 157, § 5, repealed 11-2-30, 1953 Comp., relating to interest limited to maximum permitted by federal law or regulation, and enacted a new 6-10-33 NMSA 1978.

The 1987 amendment, effective June 19, 1987, inserted "or credit union" following "savings and loan association" and made minor changes in language throughout the section.

Applicability to 6-10-36E NMSA 1978. - The statutory requirement, 6-10-36E NMSA 1978, that a financial institution forfeit a deposit of public money for failure to pay the rate of interest set by the state board of finance does not apply in the event that the rate is not paid because of federal law or regulation. 1982 Op. Att'y Gen. No. 82-6.

6-10-34. Withdrawal of time deposits subject to federal law or regulation.

Notwithstanding any other provision of law, no time deposit of public funds in a member of the federal reserve system, as that term is or may be defined by law or regulation of the board of governors of the federal reserve system, or in a bank or savings and loan association which is a member of the federal home loan bank or the federal savings and loan insurance corporation or in a credit union which is chartered or insured by the national credit union administration may be withdrawn before maturity, except under the conditions as the member bank or savings and loan association or credit union is authorized to repay the deposit before maturity under federal law or regulation, and no time deposit of public funds in a nonmember of the federal reserve system, federal home loan bank system or federal savings and loan insurance corporation, as the term "time deposit" is or may be defined by federal law or regulation of the federal deposit insurance corporation, shall be withdrawn before maturity, except under the conditions as a bank not a member of the federal reserve system, but insured by the federal deposit insurance corporation, is authorized to repay the deposit before maturity under federal law or regulation of the federal deposit insurance corporation.

History: Laws 1937, ch. 19, § 2; 1941 Comp., § 7-228; 1953 Comp., § 11-2-31; 1981, ch. 332, § 13; 1987, ch. 79, § 13.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, inserted "or in a credit union which is chartered or insured by the national credit union administration" following "or the federal savings and loan insurance corporation" just before the middle of the section and "or credit union" following "savings and loan association" in the middle of the section, and made minor changes in language throughout the section.

6-10-35. Fiscal agent of New Mexico; state checking depositories; state depositories; designation by board of finance.

A. The state board of finance may designate a bank or savings and loan association doing business in this state and having an unimpaired capital and surplus of at least one hundred fifty thousand dollars (\$150,000) as the "fiscal agent of New Mexico". The designation is subject to change, from time to time, by the state board of finance; however, the board shall formulate and adopt designation procedures, filed in accordance with the State Rules Act [14-3-24, 14-3-25, 14-4-1 to 14-4-9 NMSA 1978], which shall be adhered to on each occasion of designation. The board, after it has designated the state fiscal agent, shall apprise the legislature of its action and, in addition to the name of the designated fiscal agent, the communication shall include a brief description of the designee's particular qualifications.

B. The bank or savings and loan association so designated shall enter into an agreement with the state, acting through its state board of finance, for:

- (1) the collection for the state of all checks and other items received by the state on any account;
- (2) the handling of the checking account of the state treasurer;
- (3) the handling of all transfers of money in connection with the sale or retirement of bonds or obligations of the state or the purchase by the state of bonds or other securities;
- (4) the investment of permanent or other funds of the state;
- (5) the safekeeping of bonds or other securities belonging to or held by the state or any official thereof;
- (6) the rate of interest to be paid upon average daily balances of state funds; and
- (7) acting as the agent of the state in fiscal matters generally, subject always to the supervision and approval of the state board of finance.

C. The agreement shall contain the terms and conditions which are necessary, in the judgment of the state board of finance, for the proper conduct of the fiscal affairs of the state and the safekeeping of the money of the state.

D. The state board of finance shall require the fiscal agent to furnish surety company bond or securities of the kinds specified by law for the security of deposits of public money in an amount not less than two million five hundred thousand dollars (\$2,500,000) as security for the safekeeping of the money of the state and the faithful performance of its duties as the fiscal agent. The state board of finance may adjust the amount of bond or security from time to time, but in no event shall the bond or security be in the amount less than two million five hundred thousand dollars (\$2,500,000). No other bond or security is required of the fiscal agent for the securing of funds deposited by the state treasurer in the fiscal agency account, and the state treasurer is not liable upon his official bond on account of any funds deposited in the fiscal agency account when the account is so secured. Nothing in this section shall prevent the bank or savings and loan association designated as fiscal agent from also qualifying as a state depository under Sections 11-2-18 NMSA 1953 or 6-10-30, 6-10-35 and 6-10-36 NMSA 1978.

E. Payment to the fiscal agent of New Mexico for services performed may be made by the state board of finance upon warrants drawn by the secretary of finance and administration upon the state treasury as provided by law for expenditure of state funds or by compensating balances or a combination thereof. The legislature shall appropriate funds to the state board of finance for this purpose annually.

F. The state board of finance may also designate, according to its adopted designation procedures, not more than two other banks or savings and loan associations doing business in this state as "state checking depositories" in which money necessary to meet the current obligations of the state may be deposited in temporary checking accounts. No bank or savings and loan association shall be so designated unless it has an unimpaired capital and surplus of at least one hundred fifty thousand dollars (\$150,000). Not more than twenty percent of all the state's money on hand shall be on deposit in all such checking accounts, including the checking account with the fiscal agent, for any period of time longer than is required to distribute the amount above twenty percent to applying, qualified depository banks or savings and loan associations. The state board of finance shall require a designated state checking depository to furnish surety company bond or securities of the kinds specified by law for the security of deposits of public money in an amount established by the board. Nothing in this section shall prevent any bank or savings and loan association designated as a state checking depository from also qualifying as a state depository under Sections 11-2-18 NMSA 1953 and 6-10-30, 6-10-35 and 6-10-36 NMSA 1978, and nothing in this section shall prohibit the state treasurer from transferring to out-of-state banks and keeping on deposit with them funds necessary to pay interest upon and principal of those outstanding bonds, debentures and certificates of indebtedness which, with the interest coupons, were made payable at an out-of-state bank.

G. Any authorized bank, savings and loan association or credit union desiring to receive public money deposits may file with the board of finance having control of any such money its written proposal to receive the money on deposit, together with its agreement to pay interest on daily balances of the deposits at the rate of interest fixed by the state

board of finance as prescribed in Section 6-10-30 NMSA 1978. The proposal shall specify whether the deposit is desired as a time deposit. Such board of finance shall, at its next meeting after receipt of the proposal, consider the proposal, and, if it is in accordance with Sections 11-2-18 NMSA 1953 and 6-10-30, 6-10-35 and 6-10-36 NMSA 1978, the board shall thereupon notify the bank or savings and loan association that upon its furnishing security as provided, it will be designated as a "state depository" of public money in an amount to be fixed by the board, which amount shall not exceed seventy-five percent of the capital and surplus of the applicant bank or savings and loan association if the deposit is secured by surety bond. If, after considering the proposal of a credit union and finding it in accordance with Sections 6-10-30 and 6-10-36 NMSA 1978, the board of finance may designate such credit union a "state depository" of public money in an amount to be fixed by the board, which shall not exceed that amount insured by an agency of the United States. Upon furnishing proper bond or other security authorized by Sections 11-2-18 NMSA 1953 and 6-10-30, 6-10-35 and 6-10-36 NMSA 1978, a certificate shall be issued to the bank or savings and loan association by the board qualifying it as a depository of public money; and, if designated, a certificate shall be issued to a credit union qualifying it as a depository of public money; provided that a bank located without the state, acting solely in the capacity of a paying bank for the purpose of paying interest upon and principal of state obligations represented by bonds, debentures and certificates of indebtedness and attached interest coupons, is not required to furnish collateral security in excess of one hundred thousand dollars (\$100,000) regardless of the amount of state public money on deposit.

History: Laws 1934 (S.S.), ch. 24, § 3; 1941 Comp., § 7-229; 1953 Comp., § 11-2-32; Laws 1957, ch. 35, § 2; 1971, ch. 18, § 1; 1981, ch. 332, § 14; 1987, ch. 79, § 14; 1987, ch. 87, § 1.

ANNOTATIONS

The 1987 amendments. - Laws 1987, ch. 79, § 14, effective June 19, 1987, in Subsection F (now Subsection G) near the beginning of the first sentence inserting "or credit union" following "savings and loan association," inserting fourth sentence (similar to the present fourth sentence in Subsection G), in the fifth sentence inserting "and, if designated, a certificate shall be issued to a credit union qualifying it as a depository of public money" immediately preceding the proviso, and making minor changes in language throughout the subsection, was approved on March 20, 1987. However, Laws 1987, ch. 87, § 1, effective June 19, 1987, inserting Subsection E; relettering the subsequent subsections; in Subsection G near the beginning of the first sentence inserting "or credit unions" following "savings and loan association," inserting the present fourth sentence, in the fifth sentence inserting "and, if designated, a certificate shall be issued to a credit union qualifying it as a depository of public money" preceding the proviso, and making minor changes in language throughout the subsection, was approved later on March 20, 1987. The section is set out above as amended by Laws 1987, ch. 87, § 1. See 12-1-8 NMSA 1978.

Compiler's note. - Section 11-2-18 NMSA 1953, referred to throughout Subsections D, F and G, was repealed by Laws 1969, ch. 243, § 3.

Section 6-10-30 NMSA 1978, referred to in Subsections D, F, and G, no longer relates to the qualifying of state depositories since it was repealed and reenacted by Laws 1975, ch. 304, § 1.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 72 Am. Jur. 2d States, Territories, and Dependencies §§ 75 to 86.

81A C.J.S. States §§ 223 to 229.

6-10-36. Public money deposits of certain governmental units; distribution; interest.

A. All public money except that in the custody of the state treasurer, institutions of higher education, incorporated municipalities and counties which have adopted home rule charters as authorized by the constitution and local school boards which have been designated as boards of finance shall be deposited in qualified depositories in accordance with the terms of this section or invested as otherwise provided by law.

B. Deposits of funds of a governmental unit may be made in noninterest-bearing checking accounts in one or more banks or savings and loan associations designated as checking depositories located within the geographical boundaries of the governmental unit. In addition, deposits of funds may be in noninterest-bearing accounts in one or more credit unions designated as checking depositories located within the geographical boundaries of the governmental unit to the extent the deposits are insured by an agency of the United States. If there is no checking depository within the geographical boundaries of the governmental unit, one or more banks, savings and loan associations or credit unions within the county in which the principal office of the governmental unit is located may be so designated. Provided any credit union deposits are insured by an agency of the United States.

C. Public money placed in interest-bearing deposits in banks and savings and loan associations shall be equitably distributed among all banks and savings and loan associations having their main or manned branch offices within the geographical boundaries of the governmental unit which have qualified as public depositories by reason of insurance of the account by an agency of the United States or by depositing collateral security or by giving bond as provided by law in the proportion that each bank's or savings and loan association's net worth bears to the total net worth of all banks and savings and loan associations having their main office or manned branch office within the geographical boundaries of the governmental unit. The net worth of the main office of a savings and loan association and its manned branch offices within the geographical boundaries of a governmental unit is the total net worth of the association multiplied by the percentage that deposits of the main office and the manned branch offices located within the geographical boundaries of the governmental unit are of the

total deposits of the association. The net worth of each manned branch office or aggregate of manned branch offices of a savings and loan association located outside the geographical boundaries of the governmental unit in which the main office is located is the total net worth of the association multiplied by the percentage that deposits of the branch or the aggregate of branches located outside the geographical boundaries of the governmental unit in which the main office is located are of the total deposits of the association. The director of the financial institutions division of the regulation and licensing department shall promulgate a formula for determining the net worth of banks' main offices and branches for the purposes of distribution of public money as provided for by this section. "Net worth" means the assets less liabilities as reported by those banks and savings and loan associations on their most recent semiannual reports to the state or federal supervisory authority having jurisdiction.

D. Public money may be placed at the discretion of the designated board of finance or treasurer in interest-bearing deposits in credit unions having their main or manned branch offices within the geographical boundaries of the governmental unit to the extent such deposits are insured by an agency of the United States.

E. The rate of interest for all public money deposited in interest-bearing accounts in banks, savings and loan associations and credit unions shall be set by the state board of finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit. Any bank or savings and loan association that fails to pay the minimum rate of interest at the time of deposit provided for herein for any respective deposit forfeits its right to an equitable share of that deposit under this section.

If the deposit is part or all of the proceeds of a bond issue and the interest rate prescribed in this subsection materially exceeds the rate of interest of the bonds, the interest rate prescribed by this subsection shall be reduced on that deposit to an amount not materially exceeding the interest rate of the bonds if the bond issue would lose its tax exempt status under Section 103 of the United States Internal Revenue Code of 1954, as amended.

F. Public money in excess of that for which banks, savings and loan associations and credit unions within the geographical boundaries of the governmental unit have qualified may be deposited in qualified depositories in other areas within the state under the same requirements for payment of interest as if the money were deposited within the geographical boundaries of the governmental unit or may be invested as provided by law.

G. The department of finance and administration may monitor the deposits of public money by governmental units to assure full compliance with the provisions of this section.

History: 1953 Comp., § 11-2-33, enacted by Laws 1977, ch. 136, § 1; 1981, ch. 332, § 15; 1983, ch. 191, § 1; 1987, ch. 79, § 15.

ANNOTATIONS

Repeals and reenactments. - Laws 1977, ch. 136, § 1, repealed 11-2-33, 1953 Comp., relating to county and municipal moneys to be deposited in county, and enacted a new 6-10-36 NMSA 1978.

The 1987 amendment, effective June 19, 1987, inserted "or credit union" following "savings and loan association" in the penultimate sentence of Subsection B and in the first sentence of Subsections E and F; in Subsection B inserted the present second sentence and the present fourth sentence, and in the third sentence substituted "checking depository" for "bank or savings and loan association" near the beginning; in Subsection C inserted "in banks and savings and loan associations" following "placed in interest-bearing deposits" near the beginning of the first sentence and in the penultimate sentence substituted "regulation and licensing" for "commerce and industry" following "the director of the financial institutions division of the" at the beginning; inserted Subsection D and relettered the subsequent subsections accordingly; and made minor changes in language throughout the section.

Applicability. - Laws 1981, ch. 332, § 21, provides that the act shall not affect any distribution of public money deposited in banks and savings and loan associations prior to the effective date of the act but shall be applicable to distribution of public money made on or after that date.

Internal Revenue Code. - Section 103 of the United States Internal Revenue Code of 1954, referred to in the second paragraph of Subsection E, appears as 26 U.S.C. § 103.

Certificates of deposit are deposits for purposes of this section. 1987 Op. Att'y Gen. No. 87-50.

"School activity funds" of public schools are considered to be public funds so as to require that they be deposited in the same manner as other public funds. 1961-62 Op. Att'y Gen. No. 62-71.

Any moneys derived from tax levies and used to support a county hospital are public funds. 1969 Op. Att'y Gen. No. 69-76.

County funds must be deposited within county if banks are qualified. - County funds must be deposited by the county treasurer or board in control in one or more banks within his county if there are banks qualified to accept the funds. 1957-58 Op. Att'y Gen. No. 57-25.

Branch bank within a county is a compulsory depository. - The New Mexico statutes which authorize branch banking do not, however, define the relations between the parent organization and its branches. Although the weight of authority for most purposes indicates that branch banks do not have a distinct corporate existence and authority independent of the parent bank, and that a bank and its branches, for most

purposes, exist as one corporation, a branch bank located within a county is a compulsory depository of the moneys of that county. 1957-58 Op. Att'y Gen. No. 57-25.

The branch of a bank incorporated within this state is a proper depository for public funds, providing it qualifies as a depository under the terms of this section. 1963-64 Op. Att'y Gen. No. 63-20.

Subsection E limitation inapplicable where rate not paid because of federal law or regulation. - The requirement in Subsection E that a financial institution forfeit a deposit of public money for failure to pay the rate of interest set by the state board of finance does not apply in the event that the rate is not paid because of federal law or regulation. 1982 Op. Att'y Gen. No. 82-6.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 7 to 14.

26A C.J.S. Depositories § 8.

6-10-37. State treasurer to make deposits.

The state treasurer shall deposit all money in his custody equitably among bank and savings and loan association depositories and, at his discretion in credit unions applying therefor when qualifying under the terms of this Act subject to the control and regulation of the state board of finance as otherwise in this Act provided.

History: Laws 1923, ch. 76, § 12; C.S. 1929, § 112-112; 1941 Comp., § 7-231; 1953 Comp., § 11-2-34; Laws 1987, ch. 79, § 16.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, substituted "among bank and savings and loan association depositories and, at his discretion in credit unions" for "bank depository" and made a minor change in language.

Meaning of "this Act". - The term "this Act," which appears twice in this section, refers to Laws 1923, ch. 76, presently compiled as 6-1-1, 6-10-2, 6-10-3, 6-10-20, 6-10-29, 6-10-37 to 6-10-42, 6-10-44, 6-10-46, 6-10-47, 6-10-50, 6-10-52 to 6-10-54, 6-10-58 and 6-10-61 NMSA 1978.

State board of finance has no authority to distribute funds in various depository banks, nor to specify the amount each should receive. Nor has it, nor any other state agency, the right to use public funds in payment of services in making collections from other state depositories. 1921-22 Op. Att'y Gen. 120.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 26A C.J.S. Depositories § 11.

6-10-38. Bonds of state treasurer, municipal treasurers and treasurers of boards in control.

The state treasurer shall give an official bond in the sum of five hundred thousand dollars (\$500,000). Municipal treasurers and treasurers of any board in control shall give bond in a sum equal to twenty percent of the public moneys received by them during the preceding fiscal year, but in no instance shall the bond of a municipal treasurer be required in excess of fifty thousand dollars (\$50,000).

The state treasurer shall appoint a deputy treasurer who shall take the oath of office required of the treasurer and shall receive salary as provided by law. In case of the death of the state treasurer, his deputy shall, unless removed, continue in office and perform the duties of the treasurer until a treasurer is appointed and qualified as required by law.

The state board of finance may enforce the collection of any bond given by any defaulting public official or depository of the state or any of its agencies or political subdivisions. In the case of officers or depositories other than the state, at least four months must have elapsed after the ascertainment of any default by any officer or depository without collection of the amount of the default by the county, municipality or other political subdivision or board in control concerned. The state board of finance may employ attorneys and agents to enforce the collection and to pay them compensation out of any money appropriated for the board of finance.

History: Laws 1923, ch. 76, § 16; 1925, ch. 123, § 5; C.S. 1929, § 112-116; Laws 1933, ch. 36, § 1; 1941 Comp., § 7-233; 1953 Comp., § 11-2-36; Laws 1967, ch. 238, § 3.

ANNOTATIONS

Legislature has right to require bond of public officers handling the public moneys. Board of Comm'rs v. District Court, 29 N.M. 244, 223 P. 516 (1924).

Treasurers may give more than one official bond, if together they meet the requirements of the statute. 1917-18 Op. Att'y Gen. 200.

Separate bond not required for additional duties. - No separate official bond is required of the treasurer for his duties as treasurer of irrigation district. 1919-20 Op. Att'y Gen. 178.

All moneys handled by state institutions are public funds and must be protected. - All moneys coming into the hands of various boards of state institutions are to be protected and accurately accounted for by their officers as public funds, including tuition of the state military institute. 1931-32 Op. Att'y Gen. 106.

Bond intended to protect all municipal funds handled by treasurer. - The fact that the city treasurer handles funds derived from special revenue bond or general obligation

bond issues has no bearing upon the type of bond required of that official. There is nothing in the statutory provisions regarding bond issues which would indicate that the surety bond prescribed by this section is not meant to protect all municipal funds, from whatsoever source, handled by the treasurer. 1961-62 Op. Att'y Gen. 61-125.

Amount of municipal treasurer's bond. - Except in cases involving personal sureties, the bond of the municipal treasurer should be in a sum equal to 20% of the public moneys received by such treasurer during the preceding fiscal year, with a maximum of \$50,000. 1961-62 Op. Att'y Gen. No. 61-125.

Reduction of treasurers' bonds is not impairment of contract with surety company, and such companies should not object thereto. 1923-24 Op. Att'y Gen. 122.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Officers and Employees §§ 487 to 577.

62 C.J.S. Municipal Corporations §§ 491, 494; 81A C.J.S. States §§ 85, 91.

6-10-39. [Official bonds; payment of premiums; form.]

If any state, county, city or town officer or treasurer of any board in control required to give bond by the laws of this state, shall furnish such bond with an authorized surety company as surety thereon, the premium on such bond shall be paid by the state, in the case of state officers, and by the county, city or town in the case of county, city or town officers, and by the board in control in the case of their treasurers. Such bonds shall be in substantially the following form:

BOND

AMOUNT \$.

.
Know all men by these presents, that we,
of, as principal, and, as surety,
are held and firmly bound unto the state of New Mexico, in the
penal sum of dollars, lawful money of the United
States, for the payment of which well and truly to be made, we
bind ourselves, our heirs, executors, administrators, successors
and assigns, jointly and severally, firmly by these presents.
The condition of this obligation is such, that whereas the
said was on the day of
. duly elected (or appointed) to the office of treasurer of
.:
NOW, THEREFORE, if the above bounden

shall, from the day of well and faithfully perform all his duties as such treasurer during his term of office, and until his successor is elected or appointed, and qualified, and shall exercise all possible diligence and care in the collection of all money which it is his duty by law to collect and shall render true accounts of his office and his doings therein as required by law and pay over all moneys that may come into his hands by virtue of his said office, to the officers and persons authorized by law to receive the same and carefully keep and preserve all books and papers and other property appertaining to his office and deliver same to his successor in office when duly qualified, then this obligation to be void, otherwise to remain in full force and effect, provided however that the surety shall have the right to terminate its suretyship under this obligation by serving notice of its election so to do upon the thirty days prior to the date of such termination of suretyship, and thereafter the said surety shall be discharged from any liability hereunder for any default of the principal occurring after such termination of liability.

IN WITNESS WHEREOF, the said principal hath hereunto set his hand and seal and the said surety has caused this bond to be sealed with its corporate seal, attested by the signature of its attorney in fact, this day of, 19

..... (Seal)
Principal
.....
..... (Seal)
Surety

Approved

.
Acknowledgments of principal and surety.

In event of the giving of bonds with personal sureties the bond shall be substantially in the foregoing form.

History: Laws 1923, ch. 76, § 17; C.S. 1929, § 112-117; 1941 Comp., § 7-234; 1953 Comp., § 11-2-37.

ANNOTATIONS

"Official bond" is one made payable to state for its indemnification in case of wrongdoing on the part of the bonded person, and not one made payable to a private individual. Keeter v. Board of County Comm'rs, 67 N.M. 201, 354 P.2d 135 (1960). 1963-64 Op. Att'y Gen. No. 63-60.

Liability for hiding investment losses. - The law does not proscribe specifically the practice of "adjusted trading." However, engaging in adjusted trades for the purpose of hiding a loss is inconsistent with rendering a true account of the county's investments, and a county treasurer thus may be liable on his bond. 1988 Op. Att'y Gen. No. 88-11.

Blanket position surety bond cannot be written to meet statutory bond requirements of several county officials of a particular county in lieu of individual surety bonds by each of said county officials. 1961-62 Op. Att'y Gen. No. 61-33.

County treasurer liable on official bond for embezzlement. - If the county treasurer embezzles securities legally deposited with him for protection of public moneys, he is liable on his official bond which requires him faithfully to perform the duties of his office, including keeping of such securities. 1933-34 Op. Att'y Gen. 50.

Am. Jur. 2d, A.L.R. and C.J.S. references. - Liability on bond of public officer for loss of public funds due to insolvency of bank in which they were deposited, 155 A.L.R. 436.

Public officer's bond as subject to forfeiture for malfeasance in office, 4 A.L.R.2d 1348.

20 C.J.S. Counties § 100; 62 C.J.S. Municipal Corporations § 491; 81A C.J.S. States § 91; 87 C.J.S. Towns § 82.

6-10-40. Officials receiving consideration for placing loan or deposit; misusing funds; failure to deposit; penalty.

Any person holding the office of state treasurer or the office of treasurer of any county, city, town or board in control in this state or any public officer or employee having in his custody or under his control any public money, who directly or indirectly receives from any person or persons or body of persons, association or corporation for himself or otherwise than in behalf of the state, county, city, town or board in control, whose money is so in his custody or under his control, any reward, compensation or profit, either in money or other property or thing of value, in consideration of a loan to or a deposit with any such person or persons or body of persons, association or corporation, of any of the public money so in his custody or under his control, or in consideration of any other agreement or arrangement touching the use of the money or any part thereof or who shall use or permit the use of any of the money for any purpose not authorized by law or who shall willfully neglect or refuse to deposit the money in his custody as required by this act or shall willfully deposit the money in his custody in any bank, federally insured savings and loan association or federally insured credit union not qualified to receive it under the provisions of this act or in excess of the amount for which the bank, federally insured savings and loan association may have qualified shall be deemed guilty of a felony and, upon conviction thereof, shall be punished by a fine of not more than five thousand dollars (\$5,000) or by imprisonment for not more than ten years or both.

History: Laws 1923, ch. 76, § 18; C.S. 1929, § 112-118; 1941 Comp., § 7-235; 1953 Comp., § 11-2-38; Laws 1975, ch. 157, § 7; 1987, ch. 79, § 17.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, inserted "or federally insured credit union" following "federally insured savings and loan association" in the last third of the section and made minor changes in language throughout the section.

Meaning of "this act". - The term "this act," which appears twice in this section, refers to Laws 1923, ch. 76, presently compiled as 6-1-1, 6-10-2, 6-10-3, 6-10-20, 6-10-29, 6-10-37 to 6-10-42, 6-10-44, 6-10-46, 6-10-47, 6-10-50, 6-10-52 to 6-10-54, 6-10-58 and 6-10-61 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Officers and Employees §§ 407 to 415.

20 C.J.S. Counties § 142; 62 C.J.S. Municipal Corporations § 549; 81A C.J.S. States § 129; 87 C.J.S. Towns §§ 84, 88.

6-10-41. Suspense account unearned money; transfer.

All unearned moneys deposited in a suspense account with the state treasurer by any state officer or state agency shall, as soon as the same shall become the absolute property of the state of New Mexico, be transferred out of said suspense account to the proper fund by the warrant of the secretary of finance and administration based upon a voucher of the proper state official or agency, as the case may be.

Whenever it shall be finally determined that any moneys so deposited in a suspense account should be returned, repaid or refunded to the person, firm or corporation from whom the same were received, such moneys shall be paid out of the suspense account of the state treasurer upon a warrant drawn by the secretary of finance and administration based upon a voucher from the proper state official or agency, as the case may be.

History: Laws 1923, ch. 76, § 22; C.S. 1929, § 112-122; 1941 Comp., § 7-236; 1953 Comp., § 11-2-39; Laws 1977, ch. 247, § 108.

ANNOTATIONS

Constitutional provisions not applicable to suspense funds. - New Mexico Const., art. IV, § 30 does not apply to suspense funds provided for in this section. 1929-30 Op. Att'y Gen. 145.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 2, 5, 6; 72 Am. Jur. 2d States, Territories, and Dependencies §§ 75 to 86.

81A C.J.S. States § 226.

6-10-42. Authorizing fund transfers to address delays in revenue; restrictions.

The state board of finance shall have power when there is a shortage of money in the funds appropriated by the legislature for any purpose, due to delay in the collection of revenues provided therefor, to direct the transfer from any available fund in the state treasury in which there may be a surplus over current requirements of a sufficient sum to meet the shortage, the same to be replaced as soon as possible from receipts of revenues for such purpose. A transfer from any available fund to the general fund may include an amount not to exceed fifty-five percent of the balance in the tax administration suspense fund.

It is unlawful for any state official or board or officer of any state institution or agency to borrow any money for or on behalf of the state or such institution or agency unless directly authorized by law.

History: Laws 1923, ch. 76, § 25; C.S. 1929, § 112-125; 1941 Comp., § 7-237; 1953 Comp., § 11-2-40; Laws 1987, ch. 132, § 1; 1988, ch. 50, § 1.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, rewrote the first paragraph and, in the second paragraph, substituted "is unlawful" for "shall be unlawful" and deleted "except as herein provided" following "agency."

The 1988 amendment, effective May 18, 1988, added the last sentence in the first paragraph.

Tax administration suspense fund. - For the tax administration suspense fund, see 7-1-6 NMSA 1978.

Transfer of funds may be made in emergency cases only, and must be repaid. - One state department cannot transfer its funds or property for use of another, except that in emergency cases where there is a shortage of money in current funds, appropriated funds from one department may be used by another to defray current expenses, upon order of the state board of finance, to be repaid as soon as sufficient revenues are received by the latter department. 1931-32 Op. Att'y Gen. 20.

Transfer or borrowing of funds for auditing by state. - When an audit must be performed by the state comptroller and funds are not available in the public auditing fund to pay the cost thereof, an emergency exists and any shortage in that fund may be alleviated by the state board of finance by transferring or borrowing, as provided in this section. 1951-52 Op. Att'y Gen. No. 5615.

Amounts needed in excess of appropriation must be taken care of through deficiency appropriation. - Any amount necessary for transportation and extradition of prisoners in excess of the sum specifically appropriated cannot legally be set up into these accounts from the general appropriation act, but must be taken care of by a deficiency appropriation by the legislature. 1937-38 Op. Att'y Gen. 115.

Grants to wind-erosion districts may not be used for administrative purposes. - The entire grant made to wind-erosion districts must be placed in the revolving fund, and no direct grant of any kind can be made by the regents for administrative purposes, nor can the state board of finance allocate any of the grant for such purposes, nor any expenses for such purposes be paid by borrowing money by anticipating revenues from the two-mill levy, but they are payable out of the general funds of the county. 1937-38 Op. Att'y Gen. 177.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Funds §§ 5, 6.

81A C.J.S. States § 133.

6-10-43. Interest and sinking-fund balances.

If a balance remains in an interest or sinking fund of any county, municipality, school district or other political subdivision after the retirement and payment in full of the bonded indebtedness for which the interest and sinking fund was created, upon request of the governing body in charge of the expenditure of the funds, the secretary of finance and administration may approve the transfer of the balance to the fund requested by the county, municipality, school district or other political subdivision. Any balance transferred under this section shall be used for nonrecurring expenditures only.

History: 1953 Comp., § 11-2-40.1, enacted by Laws 1971, ch. 105, § 1; 1977, ch. 247, § 109.

6-10-44. Temporary investment of excess funds; federal bonds or treasury certificates eligible.

If at any time the state treasurer, or the treasurer of any county, incorporated municipality or board in control has on hand more money than can be divided equitably and ratably among qualified depositories, such treasurer may, with the approval of the proper board of finance, temporarily invest such excess funds in United States bonds or treasury certificates under such rules and regulations as may be prescribed by the state board of finance.

History: Laws 1923, ch. 76, § 26; 1925, ch. 123, § 10; C.S. 1929, § 112-126; 1941 Comp., § 7-238; 1953 Comp., § 11-2-41; Laws 1975, ch. 211, § 4.

ANNOTATIONS

Funds of contractors' licensing board must be deposited with state treasurer. -

The contractors' licensing board is created as a state agency whose funds must be deposited with the state treasurer. The board is not specifically authorized to invest its surplus funds, and all such funds must be handled by the state treasurer. 1953-54 Op. Att'y Gen. No. 5719.

6-10-44.1. Deposits in credit unions.

Notwithstanding the provisions of Sections 6-10-36 or 6-10-44 NMSA 1978 requiring equitable or ratable deposits in banks and savings and loan associations, a treasurer or board of finance, in its discretion may deposit its public money in one or more credit unions as long as each deposit is insured by an agency of the United States.

History: 1978 Comp., § 6-10-44.1, enacted by Laws 1987, ch. 79, § 18.

ANNOTATIONS

Effective dates. - Laws 1987, ch. 79 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on June 19, 1987.

6-10-45. [Deposit of local funds with state treasurer to match allotments.]

The local governing authorities of counties, cities, towns and villages are hereby authorized to deposit with the state treasurer so much of their funds, within the limits of existing statutes, as may be necessary to match allotments of money to the state of New Mexico from public or private sources; provided, that said deposits with the state treasurer are expended entirely for the benefit of, and within the jurisdiction of, the counties, cities, towns and villages making such deposits.

History: Laws 1925, ch. 140, § 1; C.S. 1929, § 33-4601; 1941 Comp., § 7-239; 1953 Comp., § 11-2-42.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 72 Am. Jur. 2d States § 77.

81A C.J.S. States § 155.

6-10-46. Disbursement of state funds; vouchers and warrants.

All payments and disbursements of public funds of the state of New Mexico shall be made upon warrants drawn by the secretary of finance and administration upon the treasury of the state of New Mexico based upon itemized vouchers as provided by law.

History: Laws 1923, ch. 76, § 24; C.S. 1929, § 112-124; 1941 Comp., § 7-240; 1953 Comp., § 11-2-43; Laws 1957, ch. 252, § 6; 1977, ch. 247, § 110.

ANNOTATIONS

Funds from specific tax levies to be paid by state treasurer on orders of proper boards. - Funds collected from special tax levies made for cattle, hogs, and sheep should be paid out upon warrants drawn by the state treasurer on orders of the respective boards. 1937-38 Op. Att'y Gen. 110.

There is no statutory provision for the invalidation of warrants which have been duly issued and outstanding. The legislature has made specific provision for the situation in which a warrant duly issued and outstanding may be lost or destroyed, and the conditions under which a duplicate warrant may be issued in such situation. 1957-58 Op. Att'y Gen. No. 58-5.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 81A C.J.S. States § 226.

6-10-47. [Safekeeping and insurance of money and securities in state treasury; payment of cost.]

The state board of finance shall have power to contract for the safekeeping and insurance of all moneys or securities in the state treasury, the cost of such safekeeping and insurance to be paid out of the interest on deposits fund upon warrants drawn by the state auditor.

History: Laws 1923, ch. 76, § 28; C.S. 1929, § 112-128; 1941 Comp., § 7-244; 1953 Comp., § 11-2-47.

6-10-48. Insolvency of depository institution; profit and loss account.

Whenever any state funds have been deposited with any depository institution of this state and the depository institution has or will become insolvent at the time the deposit of state funds or any part thereof remains on deposit in that institution and the state board of finance determines that all or any part of the deposit of state funds is uncollectable or the deposit or any part thereof has been rendered uncollectable by reason of compromise or settlement thereof by the state board of finance, under order of court, the state board of finance shall order the state treasurer to transfer the balances of the amounts so deemed to be uncollectable to a profit and loss account and to close the accounts upon his books, specifying in the order the amounts to be credited to the profit and loss account.

History: Laws 1929, ch. 67, § 1; C.S. 1929, § 13-1201; 1941 Comp., § 7-245; 1953 Comp., § 11-2-48; Laws 1987, ch. 79, § 19.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, substituted "any depository institution of the state and the depository institution" for "any banking institution of this state and such banking institution" and made minor changes in language throughout the section.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 26A C.J.S. Depositories § 12(4).

6-10-49. [Insolvency of banks; state funds; right to recover deposits not impaired.]

That the provisions of this act [6-10-48, 6-10-49 NMSA 1978], or action thereon by the state board of finance shall in no way prevent, interfere with or prejudice the right of the state of New Mexico to proceed with the collection of said amounts against the said depository or the sureties upon the bond of said depository nor shall the provisions of this act or actions thereunder by the said state board of finance, prevent, interfere with or prejudice the right of the said state board of finance to proceed with an action or actions to recover said amounts from said depository or the sureties upon the bond of said depository.

History: Laws 1929, ch. 67, § 2; C.S. 1929, § 13-1202; 1941 Comp., § 7-246; 1953 Comp., § 11-2-49.

ANNOTATIONS

Prorating liability of depository bonds. - Prorating of liability was ordered for depository bonds and public securities given by a bank subsequently insolvent. *Gregg v. Hinkle*, 29 N.M. 576, 224 P. 1025 (1924).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 10 Am. Jur. 2d Banks §§ 754 to 757, 774 to 804.

Right, in absence of statute, to preference in respect of deposits or public funds in insolvent bank, 103 A.L.R. 621.

Liability on bond of public officer for loss of public funds due to insolvency of bank in which they were deposited, 155 A.L.R. 436.

26A C.J.S. Depositories § 13.

6-10-50. Loss of money deposited in qualified banks, savings and loan associations or credit unions; treasurers relieved of liability.

No treasurer is liable for the loss of public money deposited by him in any bank, savings and loan association or credit union qualified to receive it under the provisions of this

article due to the failure of the depository to repay the money except in cases where the loss could have been avoided by the exercise of reasonable care on the part of the treasurer.

Nothing in this section shall be construed as relieving from liability any security given by any bank or savings and loan association under the provisions of this article.

History: Laws 1923, ch. 76, § 30; C.S. 1929, § 112-130; 1941 Comp., § 7-247; 1953 Comp., § 11-2-50; Laws 1981, ch. 332, § 16; 1987, ch. 79, § 20.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, inserted "or credit union" following "savings and loan association" near the middle of the first paragraph, substituted "this article" for "this act" in both places it appears and made minor changes in language throughout the section.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 63A Am. Jur. 2d Public Officers and Employees §§ 395 to 397.

26A C.J.S. Depositories § 12(4).

6-10-51. To cover all moneys lawfully intrusted to treasurers.

All moneys, whether belonging to the state of New Mexico or to any county thereof, or to any city, town, village, municipal school district, union high school district, independent rural school district, rural school district or to any other special or other district, board of [or] institution, when lawfully in the possession or custody or under the control of the state treasurer, or of any county, city, town or village treasurer, or of any person acting as treasurer of any board in control, shall be considered to be moneys of and belonging to the state of New Mexico, or of the county, city, town, village or board in control for which such treasurer or person so in possession lawfully acts.

History: Laws 1933, ch. 175, § 11; 1941 Comp., § 7-248; 1953 Comp., § 11-2-51.

6-10-52. [Failure to comply with specific requirements; penalty.]

Any person who shall willfully or knowingly fail to perform any act required, and as required by Section 2 [6-10-3 NMSA 1978] or Section 25 [6-10-42 NMSA 1978] hereof, or who shall commit any act in violation of either of said sections, shall be guilty of a felony and upon conviction shall be punished by a fine of not to exceed two thousand dollars (\$2,000), or by imprisonment in the penitentiary for a term of not more than three years, or by both such fine and imprisonment.

History: Laws 1923, ch. 76, § 29; C.S. 1929, § 112-129; 1941 Comp., § 7-249; 1953 Comp., § 11-2-52.

6-10-53. [Bribery of public treasurers and employees; penalty.]

Any person or persons who shall directly or indirectly pay or give, or offer to pay or give, to anyone holding the office of state treasurer or the office of treasurer of any county, city or town, or board in control, in this state, or to any person or persons under such officer's direction for the profit of any such officer or other person or persons, any reward or compensation either in money or other property or thing of value, in consideration of a loan to or deposit with any such person or persons, or body of persons, association or corporation, of any public moneys in the custody or under the control of such state treasurer, or the treasurer of any county, city or town, or board in control, or in consideration of any other agreement or arrangement touching the use of such moneys or any part thereof, for any purpose not authorized by law, shall be deemed guilty of a felony, and upon conviction thereof shall be punished by a fine of not more than five thousand dollars (\$5,000) or by imprisonment for not more than ten years or both.

History: Laws 1923, ch. 76, § 31; C.S. 1929, § 112-131; 1941 Comp., § 7-250; 1953 Comp., § 11-2-53.

ANNOTATIONS

Cross-references. - As to bribery of public officer or employee, see 30-24-1 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 12 Am. Jur. 2d Bribery § 12.

11 C.J.S. Bribery § 3.

6-10-54. [Institutions exempted from paying over money to state treasurer; liability for failure to make authorized deposit.]

The several educational, charitable and penal institutions of the state shall be exempt from the provisions of Section 2 [6-10-3 NMSA 1978] of this act; provided, however, that any treasurer of the board in control of any such institution who shall fail, neglect or refust [refuse] to deposit all the funds, earned or unearned, of such institution in a qualified depository under an agreement to pay interest at the rate specified in Section 10 hereof on daily balances, shall be liable on his official bond for the amount of loss occasioned by the failure to so deposit such funds under an agreement to pay interest at such rate.

History: Laws 1923, ch. 76, § 23; 1925, ch. 123, § 9; C.S. 1929, § 112-123; 1941 Comp., § 7-251; 1953 Comp., § 11-2-54.

ANNOTATIONS

Compiler's note. - Laws 1923, ch. 76, § 10, which is referred to in this section, was repealed by Laws 1933, ch. 175, § 13. For present provision, see 6-10-35 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 81A C.J.S. States §§ 223, 224.

6-10-55. Short title.

This act [6-10-55 to 6-10-57 NMSA 1978] may be cited as the "Warrant Cancellation Act."

History: 1953 Comp., § 11-2-43.1, enacted by Laws 1963, ch. 233, § 1.

6-10-56. Definitions.

As used in the Warrant Cancellation Act [6-10-55 to 6-10-57 NMSA 1978]:

A. "fiscal officer" means:

(1) for the state, the state treasurer, or, for all warrants issued by the department of finance and administration, the secretary of that department, or, for all warrants issued by agencies and institutions other than the department of finance and administration, the legally authorized disbursing officer of the agency or institution;

(2) for a county, the county treasurer;

(3) for a municipality, the municipal treasurer;

(4) for a school district, the legally authorized disbursing officer for the local board of education; and

(5) for a special district, the legally authorized disbursing officer; and

B. "warrant" means any warrant or check issued by the state, its agencies, institutions and political subdivisions.

History: 1953 Comp., § 11-2-43.2, enacted by Laws 1963, ch. 233, § 2; 1965, ch. 51, § 1; 1977, ch. 247, § 111.

6-10-57. Cancellation of warrants.

A. Whenever any warrant issued by the state, county, municipality, school district or special district is unpaid for one year after it becomes payable, the fiscal officer shall cancel it.

B. The fiscal officer shall keep a register of all canceled warrants. The register shall show the number, date and amount of each warrant, the name of the person in whose favor it was drawn, the fund out of which it was payable and the date of cancellation.

C. The face amount of each warrant canceled shall revert and be credited to the fund against which the warrant was drawn.

D. Warrants canceled under Subsection A of this section are void and the indebtedness evidenced thereby is extinguished, which is hereby declared to be an express condition of every contract under which state warrants are issued except that:

(1) the department of finance and administration may issue a new warrant on a voucher issued by the commissioner of revenue [director of the revenue division of the taxation and revenue department] if a claim for refund was approved under Section 7-1-26 NMSA 1978, and if a warrant was issued and that warrant canceled under Subsection A of this section on or after January 1, 1970; and

(2) any fiscal officer may issue a new warrant for a canceled payroll warrant upon a voucher issued by the responsible employing authority certifying that the services for which the canceled payroll warrant had been issued were in fact rendered and that payment therefor had not been made, if:

(a) there is sufficient money in the fund from which the original payroll warrant was drawn to cover the new warrant; or

(b) if a suspense fund has been established in accordance with the provisions of Subsection E of this section and there is sufficient money in the suspense fund to cover the new warrant.

E. If any payroll warrant payable from an account which reverts at the end of a fiscal year to a general fund is canceled, the fiscal officer shall create a suspense fund in the amount of the total canceled payroll warrants and withhold that amount from reversion. Canceled payroll warrants shall be paid from the suspense fund.

F. Each warrant issued by the state, county, municipality or school district shall have printed on its face the words, "void after one year from date."

History: 1953 Comp., § 11-2-43.3, enacted by Laws 1963, ch. 233, § 3; 1971, ch. 29, § 1; 1977, ch. 123, § 1.

ANNOTATIONS

Commissioner of revenue. - The position of the commissioner of revenue, referred to in Subsection D(1), no longer exists. Laws 1977, ch. 249, § 5, abolished the bureau of revenue. Section 9-11-4 NMSA 1978 created the taxation and revenue department and

the revenue division therein. Section 9-11-8 NMSA 1978 provides that each division in this department shall be headed by a "director."

Subsection D means that indebtedness as evidenced by the warrant alone is extinguished, and not the indebtedness provable by an underlying contract. 1980 Op. Att'y Gen. No. 80-15.

Federal portion of money involved in canceled warrant does not revert to state general fund. - While certain outstanding warrants drawn against the vocational rehabilitation account should properly have been canceled under state law, because the services which they represented in fact cost the state nothing, the federal portion of the money in question was never the property of the state and should not have reverted to the general fund. 1964 Op. Att'y Gen. No. 64-4.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 56 Am. Jur. 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 804, 830; 72 Am. Jur. 2d States § 77.

20 C.J.S. Counties § 211; 64 C.J.S. Municipal Corporations § 1899; 79 C.J.S. Schools and School Districts § 351; 81A C.J.S. States § 242.

6-10-58. Signing checks for state funds.

From and after the taking effect of this act, all checks drawn against any funds in the hands of the state treasurer shall be signed by the state treasurer or his duly authorized deputy.

History: Laws 1923, ch. 76, § 27; C.S. 1929, § 112-127; Laws 1937, ch. 133, § 1; 1941 Comp., § 7-241; 1953 Comp., § 11-2-44.

ANNOTATIONS

"After the taking effect of this act". - The phrase "after the taking effect of this act" means after March 9, 1923, the effective date of Laws 1923, Chapter 76.

6-10-59. Loss or destruction of state or political subdivision warrant or order for money; issue of duplicate.

In case of the loss or destruction of any warrant, draft, check or order for the payment of money out of the treasury of the state, or of any political subdivision of the state, the officer who drew the original instrument, or his successors in office, shall issue a duplicate as provided in Section 6-10-60 NMSA 1978.

History: Laws 1874, ch. 20, § 1; C.L. 1884, § 187; C.L. 1897, § 399; Code 1915, § 791; C.S. 1929, § 27-303; 1941 Comp., § 7-242; 1953 Comp., § 11-2-45; Laws 1965, ch. 50, § 1.

ANNOTATIONS

State or county obligated to pay debt when warrant lost. - Where a state or county warrant is issued in payment of a debt and that warrant is lost, the county or state is under some form of duty to pay the debt. 1955-56 Op. Att'y Gen. No. 6450.

Lost warrants must be issued in name of original payee. 1966 Op. Att'y Gen. No. 66-10.

Owner of negotiable bond entitled to duplicate, but must pay cost of issuance. - The owner of a negotiable bond or coupon is generally entitled to the issuance of a duplicate thereof, where he has satisfactorily shown by affidavit to the county issuing authority that such negotiable security has been in fact lost, mutilated or destroyed. The claimant should pay the county the reasonable expense of issuing the duplicate. 1961-62 Op. Att'y Gen. No. 62-139.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 20 C.J.S. Counties §§ 208 to 217; 64 C.J.S. Municipal Corporations §§ 1892, 1893; 79 C.J.S. Schools and School Districts §§ 346, 347; 81A C.J.S. States §§ 242, 243.

6-10-60. Issuance of duplicate; affidavit; bond to save state or political subdivision harmless.

A. If the original warrant, draft, check or order has not cleared the treasury of the state or the fiscal agent of any political subdivision of the state and a stop payment has been filed with the treasury or with the fiscal agent by the officer before any duplicate is issued as provided in Section 6-10-59 NMSA 1978, the party applying for the duplicate shall file with the officer an affidavit which shall state that the original warrant, draft, check or order has been lost or destroyed or was never received.

B. If the original warrant, draft, check or order has been paid by the treasurer before any duplicate is issued as provided in Section 6-10-59 NMSA 1978, the party applying for the duplicate shall file with the officer a bond payable to the state or political subdivision, as the case may be in a penalty in the amount of the original warrant, draft, check or order conditioned to save harmless the state or political subdivision from all loss in consequence of the loss of the original warrant, draft, check or order, and the issuing of the duplicate, if the loss to the state or political subdivision is a result of the fraud or negligence of the original payee or a holder in due course. If the bond is a personal surety bond, it shall be sufficient if:

(1) there is one surety for each bond for one hundred dollars (\$100) and under, and there are two sureties for each bond over one hundred dollars (\$100); no surety for any of these bonds may be proprietor as surety for his proprietorship or partner as surety for his partnership as principal; and

(2) each surety swears in writing that he owns real property in New Mexico having a net value equal to the amount of the bond, and that this net value is not exempt from execution and forced sale over and above all his just debts and liabilities.

History: 1953 Comp., § 11-2-46, enacted by Laws 1977, ch. 69, § 1.

ANNOTATIONS

Repeals and reenactments. - Laws 1977, ch. 69, § 1, repeals 11-2-46, 1953 Comp., relating to issuance of duplicates and bond to save state or political subdivision harmless, and enacts the above section.

Applicant for duplicate must file bond. - If the last holder of the warrant is the party applying for issuance of the duplicate, the law provides that the party so applying is the one upon whom falls the burden of filing a satisfactory bond. 1953-54 Op. Att'y Gen. No. 5789.

Bond mandatory before duplicate issued. - The word "shall" is mandatory. Therefore, before a duplicate warrant, draft, check or order is issued by the state or a political subdivision thereof, the party applying for the duplicate must file a bond meeting the requirements of this section. 1968 Op. Att'y Gen. No. 68-39.

But bond not required of federal government. - Nothing in this section indicates an intention to include the federal government within its purview. Requirement of a bond from the United States government in these circumstances directly affects the relationship between this state and the federal government. In this area, general policy dictates that everything possible should be done to avert the placing of burdens by one upon the other. 1955-56 Op. Att'y Gen. No. 6450.

6-10-61. [Permanent fund investment laws not affected.]

Nothing in this act shall be construed to prevent the investment in such manner as may be provided by law, of any permanent funds of the state, or of any county, city, town or board in control in the state.

History: Laws 1923, ch. 76, § 32; C.S. 1929, § 112-132; 1941 Comp., § 7-252; 1953 Comp., § 11-2-55.

ANNOTATIONS

Meaning of "this act". - The term "this act," which appears in this section, refers to Laws 1923, ch. 76, presently compiled as 6-1-1, 6-10-2, 6-10-3, 6-10-20, 6-10-29, 6-10-37 to 6-10-42, 6-10-44, 6-10-46, 6-10-47, 6-10-50, 6-10-52 to 6-10-54, 6-10-58 and 6-10-61 NMSA 1978.

6-10-62. Destruction of documentary evidence of extinguished debt; certificates of destruction; retention.

A. When a debt in the form of a bond, note, certificate of indebtedness or interest coupon, incurred by the state, a state agency or institution, or by a political subdivision of the state (hereinafter called the "debtor agency"), has been extinguished by the full payment thereof, the documentary evidence of the debt may be destroyed. When the payment has been made by a bank, savings and loan association or other third-party paying agent, the bank, savings and loan association or other third-party paying agent shall forward to the governing authority of the debtor agency a certificate of destruction on which shall be specified:

(1) the number and maturity date of the bond, note, certificate or coupon;

(2) the date paid; and

(3) any other information required by the debtor agency. The debtor agency shall retain all such certificates of destruction for six years.

B. If the debtor agency is the paying agent, the bond, note, certificate of indebtedness or interest coupon shall be retained for a period of two years following payment, at which time the documentary evidence of the debt may be destroyed and a certificate of destruction prepared containing the same information as that required in Subsection A of this section. The certificate of destruction shall be retained by the debtor agency for six years.

History: 1953 Comp., § 11-2-75, enacted by Laws 1975, ch. 117, § 1; 1981, ch. 332, § 17.

6-10-63. Electronic fund transfers.

Notwithstanding any other provision of law, any public money may be transferred by means of electronic funds transfer between any public body and a public or private entity. The state board of finance shall adopt rules and regulations to carry out the purpose of this section.

History: 1978 Comp., § 6-10-63, enacted by Laws 1989, ch. 48, § 1.

ANNOTATIONS

Effective dates. - Laws 1989, ch. 48 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on June 16, 1989.

ARTICLE 11

ACCEPTANCE AND DISBURSEMENT OF UNITED STATES FUNDS

6-11-1. [Funds from forest reserves; acceptance.]

That the terms and conditions of the acts of congress providing for the distribution among the states and territories of the United States of a portion of the revenues derived from forest reserves be, and the same are hereby accepted.

History: Laws 1909, ch. 119, § 1; Code 1915, § 1350; C.S. 1929, § 33-5801; 1941 Comp., § 7-301; 1953 Comp., § 11-3-1.

ANNOTATIONS

Compiler's note. - The federal law providing for the distribution of a portion of the funds received from forest reserves is compiled in the United States Code as Title 16, § 500.

6-11-2. [Transmission of money to counties.]

The treasurer of the state of New Mexico shall transmit to the treasurers of the various counties in which forest reserves are situated, the proportion of money in his hands from the source mentioned which shall be due such county, such proportion to be based upon the number of acres of forest reserve in such county.

History: Laws 1909, ch. 119, § 2; Code 1915, § 1351; C.S. 1929, § 33-5802; 1941 Comp., § 7-302; 1953 Comp., § 11-3-2.

6-11-3. Application of money to forest reserve school purposes fund and county road fund; expenditure upon roads; building of roads.

A. Money received under Section 6-11-2 NMSA 1978 shall be applied in the different counties to which it is transmitted as follows:

(1) one-half to the credit of the forest reserve school purposes fund, hereby created; and

(2) one-half to the credit of the county road fund.

B. One-half of the money accruing to any county and duly remitted to the county treasurer to be credited to the county road fund under Subsection A of this section may be expended by the board of county commissioners upon roads within forest reserves in

those counties and upon those other roads in the counties deemed by the boards of county commissioners to be necessary or convenient to the public.

History: 1953 Comp., § 11-3-3, enacted by Laws 1978, ch. 128, § 2.

ANNOTATIONS

Repeals and reenactments. - Laws 1978, ch. 128, § 2, repeals 11-3-3, 1953 Comp. (former 6-11-3 NMSA 1978), relating to application of money to forest reserve school purposes fund and county road fund, expenditure upon roads and building of roads, and enacts the above section.

Method of distribution provided here is exclusive and must be followed, and school districts of the county must share in the distribution according to that method whether or not forest land is located within their boundaries. 1955-56 Op. Att'y Gen. No. 6224 (decided under former law).

6-11-4. [Officer not to receive compensation; misapplication of funds; penalty; removal.]

No officer shall receive any compensation for the receipt, handling or disbursement of said funds, and any officer who shall apply said funds to any other purpose than the purpose mentioned in this article and in the acts of congress referred to, shall forfeit treble the amount so misapplied and shall be immediately removed from office.

History: Laws 1909, ch. 119, § 4; Code 1915, § 1353; C.S. 1929, § 33-5805; 1941 Comp., § 7-304; 1953 Comp., § 11-3-4.

6-11-5. [Taylor Grazing Act funds; distribution.]

That all funds received by the state of New Mexico as its distributive share of the amount collected by the United States government under the provisions of the Act of Congress of June 28, 1934 (48 Stat. 1269) Public [Law] No. 482, 73rd Congress, known as the Taylor Grazing Act and any act amendatory thereof, shall be deposited with the state treasurer. Upon receipt of said money, including any such money as may now be on hand, the state treasurer shall ascertain from the records of the proper United States officers having the records of the grazing districts or lands from which such moneys are derived the area of each such grazing district or lands, and the area of each thereof in each county in which the same is located or into which it extends, and the amount of money so derived from each such grazing district or lands, and thereupon shall distribute to each of the counties of the state from such moneys a sum equal to that proportion of the money derived from each grazing district or lands which the area of such district or lands within the county bears to the total area of such district or lands. If any grazing district shall lie partly in this state and partly in another, for the purpose of the computation and apportionment herein prescribed, the area thereof within this state shall be considered as one district.

History: Laws 1939, ch. 125, § 1; 1941 Comp., § 7-305; 1953 Comp., § 11-3-5.

ANNOTATIONS

Taylor Grazing Act. - The Taylor Grazing Act is compiled in the United States Code as Title 43, § 315 et seq.

Section complies with intent of congress. - This section complies with the intent of congress expressed in the Taylor Grazing Act, since conservation of soil and water, control of rodents and predatory animals, extermination of poisonous and noxious weeds and construction and maintenance of secondary roads within the county are a direct benefit to the county situated within the exterior boundaries of a grazing district. 1939-40 Op. Att'y Gen. 49.

Injunction against expenditure of funds. - A resident taxpayer of a county, on behalf of himself and others similarly situated, is entitled to an injunction against a board of county commissioners to prevent payment of moneys of the county under a contract in violation of a statute governing purchases involving expenditures in excess of \$500, and requiring that such purchases be made from the lowest responsible bidder after advertisement for bids, though the moneys about to be expended were not realized under any process of taxation or through any collection from the taxpayers of the state or of the county, but came into the hands of the board by means of and through process set up by the Taylor Grazing Act, and under this section and 6-10-9 NMSA 1978. Shipley v. Smith, 45 N.M. 23, 107 P.2d 1050 (1940).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 3 Am. Jur. 2d Agriculture § 19 et seq.

Constitutionality and construction of state farm aid laws, 92 A.L.R. 768.

Federal and state agricultural adjustment acts, 92 A.L.R. 1482, 98 A.L.R. 1195, 102 A.L.R. 937, 114 A.L.R. 136.

3 C.J.S. Agriculture § 25 et seq.

6-11-6. [Farm and range improvement fund; approval of expenditures.]

All money so received by any county shall be placed in a special fund known and designated "the farm and range improvement fund" and shall be expended by the county as herein prescribed for the benefit of the county in the conservation of soil and water, the control of rodents and predatory animals and the extermination of poisonous and noxious weeds, the construction of dipping vats, spraying machines and other structures to control parasites on livestock, and for repair and maintenance of said vats, machines and structures and for the construction and maintenance of secondary roads. In the administration and expenditure of said special fund, the county commissioners shall seek the advice of and may cooperate with state and federal agencies and officials

having knowledge of or engaged in activities similar to those for which said special fund may be expended as herein prescribed. Any payment made from said special fund shall first have the approval of the president of the New Mexico college of agriculture and mechanic arts [New Mexico state university], and shall be based on a voucher whereon the items and purposes of the proposed expenditure are stated in detail, and which shall bear in its face the written approval of the president of the New Mexico college of agriculture and mechanic arts [New Mexico state university], or the person who for the time being is performing the duties of that office; provided, however, that such approving officer may designate, by written designation, filed in the office of the county clerk, some person in the county to give, endorse and sign such approval in his name.

History: Laws 1939, ch. 125, § 2; 1947, ch. 57, § 1; 1941 Comp., § 7-306; 1953 Comp., § 11-3-6.

ANNOTATIONS

Cross-references. - As to county roads, see 67-4-1 NMSA 1978 et seq.

As to noxious weed control, see 76-7-1 NMSA 1978 et seq.

As to rodent pets and predatory animals, see 77-15-1 NMSA 1978 et seq.

Compiler's note. - The state school formerly known as the New Mexico college of agriculture and mechanic arts is now the New Mexico state university. See N.M. Const., art. XII, § 11.

Congress and legislature did not intend that use of money be restricted to range land or ranches. - It was not the intent of congress in the Taylor Grazing Act, or of the legislature in this section, that the use of money for the purposes named therein should be limited to the range lands of the government being leased and from which the revenues are derived or to the individual ranches, but that it should be used for the benefit of the whole county wherever needed in the county, even to the exclusion of the federal ranges if the use of the funds should be deemed more necessary elsewhere. Secondary roads mean roads other than state highways anywhere in the county. 1939-40 Op. Att'y Gen. 59.

Purchase of road machinery proper use of farm and range improvement fund. - Since this section prescribes that the farm and range improvement fund shall be expended for certain purposes including the construction and maintenance of secondary roads, in complying with it, the purchase of some road machinery for the purpose of improving secondary roads would be a proper expenditure by the county. 1939-40 Op. Att'y Gen. 32.

Funds may be used to maintain central office for three grazing districts. - Whereas a central office for three grazing districts would help materially in furthering the objectives of this section, a portion of the moneys in the farm and range improvement

fund may legally be used in maintaining such a district grazing office. 1945-46 Op. Att'y Gen. No. 4930.

Responsibility for the administration of the moneys rests squarely upon the county commissioners. State and federal officials connected with the class of work mentioned in this section may outline and recommend procedure for the county commissioners, but it rests within the sound discretion of the latter whether they should follow such program. The only limitation on the commissioners is that the money must be expended in carrying out one or more of the purposes mentioned in this section. 1939-40 Op. Att'y Gen. 140.

President of New Mexico state university cannot refuse approval of vouchers for proper use of money. - Since no moneys can be paid by the county treasurer from the fund established by this section, except on vouchers approved by the president of New Mexico state university, or by some person selected by him in writing, and since the responsibility for the administration of the fund is left to the county commissioners, it is clear that the legislature contemplated that said president would act in the capacity of an auditing official for the fund. But so long as the money is expended in the conservation of soil and water, the control of rodents and predatory animals, the extermination of poisonous and noxious weeds or the construction and maintenance of secondary highways, said president or his representative cannot refuse approval of vouchers listing the items and purposes of the proposed expenditure in detail. 1939-40 Op. Att'y Gen. 140.

6-11-7. Short title.

This act [6-11-7 to 6-11-9 NMSA 1978] may be cited as the "Public Works Grant-in-Aid Act."

History: Laws 1979, ch. 307, § 1.

6-11-8. Public works grant-in-aid fund.

There is created in the state treasury the "public works grant-in-aid fund."

History: Laws 1979, ch. 307, § 2.

6-11-9. Administration; limitations.

A. The secretary of the department of finance and administration shall administer the public works grant-in-aid fund and shall process all applications for grants from that fund. Grants may be made from the fund for the purpose of meeting the state matching requirement in public works projects in accordance with the provisions of Section 304, Title 3 of the federal Public Works and Economic Development Act of 1965, as amended.

B. The commerce and industry department shall develop standards and criteria for awarding grants for public works projects for the approval of the governor. Incorporated municipalities or counties sponsoring projects of unincorporated communities, including, but not limited to, Indian communities, shall be entitled to receive funds from the public works grant-in-aid fund. Projects proposed must be in accordance with the provisions of the federal Public Works and Economic Development Act of 1965, as amended. All terminology contained in that act relating to nonprofit organizations shall be disregarded as such entities are not eligible for state financial assistance.

History: Laws 1979, ch. 307, § 3; 1983, ch. 296, § 22.

ANNOTATIONS

Cross-references. - As to public works contracts, see 13-4-1 NMSA 1978 et seq.

Compiler's note. - Section 304, Title 3 of the federal Public Works and Economic Development Act of 1965, referred to in Subsection A, is codified at 42 U.S.C. § 3153. The act generally is codified at 42 U.S.C. § 3121 et seq.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Works and Contracts §§ 2, 3.

ARTICLE 12

STATE INDEBTEDNESS

6-12-1. [Borrowing or investing permanent funds to pay interest on state bonds.]

The state treasurer is authorized by this article [6-12-1, 6-12-2 NMSA 1978] in order to provide for the prompt payment of interest on the bonded indebtedness of the state, to borrow money upon the best terms possible, but at a rate of interest not to exceed six percent, and for the shortest practicable time, in quantity sufficient to pay any interest as it accrues, whenever the money in the state treasury, applicable to such payment is insufficient to meet interest coupons as they mature, unless there should be in any one or more of the funds in which are placed the proceeds of the administration of public lands donated to the territory or state of New Mexico by congress, money which is not needed for immediate use for the purposes for which such lands were donated and which is to be invested in accordance with the requirements of the acts of congress and of the constitution, or funds in the permanent school fund, in which case the state treasurer may invest so much of such fund, or funds, as may be necessary for the purpose of meeting the interest-bearing obligations, in an interest-bearing obligation to be executed by him, the interest thereon to run until both principal and interest can be paid back to the fund or funds from which it may have been borrowed.

History: Laws 1913, ch. 45, § 1; Code 1915, § 4582; C.S. 1929, § 109-302; 1941 Comp., § 7-501; 1953 Comp., § 11-5-1.

ANNOTATIONS

Cross-references. - For destruction of documentary evidence of extinguished debt, see 6-10-62 NMSA 1978.

Meaning of "this article". - The term "this article," referred to near the beginning of this section, appears in Code 1915, § 4582, and refers to Article III of Chapter XCI of that code. That article consisted of §§ 4581 and 4582, which are presently compiled as 6-12-1 and 6-12-2 NMSA 1978.

Authority to borrow. - The state treasurer is authorized by this act (article) to borrow money for the payment of interest on bonds for the benefit of a territorial county. This is a debt of the state assumed in N.M. Const., art. IX, § 1. 1912-13 Op. Att'y Gen. 267.

Transfer may be made from one fund to another to meet interest on state debts. 1914 Op. Att'y Gen. 227.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 441.

81A C.J.S. States §§ 213, 214, 261.

6-12-2. Certificates of indebtedness and interest; treasurer may borrow to pay.

Whenever the money in the funds is insufficient to meet the outstanding certificates of indebtedness and interest coupons as they mature, it shall be the duty of the state treasurer to borrow temporarily a sufficient sum to make such payment, and for such purposes the said treasurer is hereby authorized and empowered to make and negotiate the necessary loan on the best terms obtainable, at a rate of interest not to exceed six per centum per annum; provided, that any surplus money in the interest on deposits fund and any surplus of any other fund on hand not otherwise appropriated shall be first used to pay said deficit before borrowing money to make such payments. The secretary of finance and administration shall countersign any and all necessary papers for the negotiation of such loan, and charge the proceeds to the treasurer, and the treasurer shall redeem such paper out of the interest fund whenever there shall be money in such fund available.

History: Laws 1913, ch. 83, § 1; Code 1915, § 4581; C.S. 1929, § 109-301; 1941 Comp., § 7-502; 1953 Comp., § 11-5-2; Laws 1977, ch. 247, § 133.

ANNOTATIONS

Compiler's note. - This section was a proviso to § 1 of the 1913 Appropriation Act, and the reference to "the funds" in the first clause evidently referred to the appropriation for payment of interest on the bonded indebtedness, and for interest and principal on certificates of indebtedness for 1909 and 1912 which preceded it.

Authority to pay interest on county bonds. - The state treasurer is authorized to pay interest on Grant county bonds, as a part of the state indebtedness under this section. 1912-13 Op. Att'y Gen. 178.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 81A C.J.S. States §§ 213, 214, 261.

6-12-3. [Bonds, debentures and certificates of indebtedness authorized in 1941; investment of state's permanent funds.]

Any and all bonds, debentures and certificates of indebtedness authorized by the fifteenth legislature to be issued by the state or any state institutions or state agencies, may be purchased by the state treasurer of the state of New Mexico as an investment for the permanent funds in his hands, with the approval of the state board of finance and the other officials whose approval is required by the constitution or by law for investment of public funds, and such purchases by the state treasurer may be made at private sale without the necessity of advertising, at interest rates not in excess of those hereinafter specified.

History: 1941 Comp., § 7-503, enacted by Laws 1941, ch. 172, § 1; 1953 Comp., § 11-5-3.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 81A C.J.S. States § 225.

6-12-4. [Public sale of securities.]

Such bonds, debentures and certificates shall, notwithstanding the provisions of any other law, bear the lowest rates of interest obtainable but not exceeding four percent per annum, and shall be sold for not less than par and accrued interest; and if sold to persons other than the state treasurer shall be sold for cash and only to the bidder or bidders offering the highest price, not less than par and accrued interest, or offering to purchase the same at par and accrued interest, or offering to purchase said debentures at par and accrued interest at the lowest rate of interest, and only after advertising the time and place of sale by notice published for two consecutive weeks in one newspaper published in the city of Santa Fe, New Mexico, and one newspaper published in the city of New York, the first publication to be not less than fifteen days prior to the date of sale.

History: 1941 Comp., § 7-504, enacted by Laws 1941, ch. 172, § 2; 1953 Comp., § 11-5-4.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 228.

6-12-5. [Application of act.]

The provisions of this act [6-12-3 to 6-12-5 NMSA 1978] shall be applicable to the bonds, debentures or certificates of indebtedness which have been or may be authorized by the fifteenth legislature to be issued by the state of New Mexico, the New Mexico insane asylum [Las Vegas medical center], the 1941 compilation commission, the state office building commission of New Mexico, the New Mexico normal university [New Mexico highlands university] and other state institutions.

History: 1941 Comp., § 7-505, enacted by Laws 1941, ch. 172, § 3; 1953 Comp., § 11-5-5.

ANNOTATIONS

Las Vegas medical center. - An amendment to N.M. Const., article XIV § 1, adopted September 20, 1955, changed the name of the New Mexico insane asylum to the New Mexico state hospital. The New Mexico state hospital is now known as the Las Vegas medical center. See 23-1-13 NMSA 1978.

State office building commission. - The state office building commission was created by Laws 1941, ch. 62, § 3 (compiled as 6-216, 1941 Comp.). That act was ruled unconstitutional in *State Office Bldg. Comm'n v. Trujillo*, 46 N.M. 29, 120 P.2d 434 (1941).

New Mexico highlands university. - The state school formerly known as the New Mexico normal university is now the New Mexico highlands university. See N.M. Const., art. XII, § 11. As to bonds, debentures or certificates of indebtedness of the university, see §§ 21-3-13 to 21-3-28 NMSA 1978.

6-12-6. State refunding bonds; authorized; purpose.

The state treasurer may, with the approval of the state board of finance, issue bonds in such form as the state treasurer shall determine to be designated refunding bonds for the purpose of refunding any of the bonded indebtedness of the state now existing or hereafter created which has or may hereafter become due and payable at the option of the state or by consent of the bondholders or by any lawful means and for the payment or redemption of which there are insufficient funds available in the state treasury.

History: Laws 1935, ch. 4, § 1; 1941 Comp., § 7-506; 1953 Comp., § 11-5-6; 1983, ch. 265, § 23.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 46.

81A C.J.S. States § 259.

6-12-7. Refunding bond issuance; procedure.

Whenever the state treasurer deems it expedient to issue refunding bonds under the provisions of Sections 6-12-6 through 6-12-14 NMSA 1978, he shall present to the state board of finance in writing a statement of the outstanding bonds proposed to the [be] refunded, setting out in full and in detail in the statement all data and information necessary to a full and clear understanding of the proposal to refund, whereupon the state board of finance if it considers the proposal to be in the best interest of the state and elects to act favorably upon it shall adopt a resolution which shall be recorded in its permanent records, which resolution shall set out the facts making the issuance of the refunding bonds necessary or advisable, the determination of the necessity or advisability by the board and the amount of the refunding bonds which it is deemed necessary and advisable to issue. The resolution shall fix the rate of interest on the refunding bonds, the dates of the refunding bonds, the denomination or denominations thereof, the maturity dates which shall not be more than twenty years from the date of the refunding bonds, the place or places of payment within or without the state of both principal and interest and shall further set out in full the form of the refunding bonds and coupons, if any; provided that where bonds are issued to refund existing and outstanding bonds which may be redeemed prior to their maturity, as set out in the bonds to be refunded, the date of maturity of those refunding bonds shall not extend beyond the date of final maturity of the bonds to be so refunded.

In the event bonds which may be redeemed prior to their maturity are to be called for refunding prior to their maturity date, the state treasurer shall call the bonds for payment on the dates, under the conditions and in the manner provided in the bonds.

History: Laws 1935, ch. 4, § 2; 1941 Comp., § 7-507; 1953 Comp., § 11-5-7; 1983, ch. 265, § 24.

6-12-8. Refunding bonds; formal requisites; registration.

All refunding bonds issued under Sections 6-12-6 through 6-12-14 NMSA 1978 shall recite the title of the act under which they are issued, shall, except for bonds issued in book entry or similar form without the delivery of physical securities, be executed in the name of the state, signed by the governor, attested by the secretary of state under the seal of the state and countersigned by the state treasurer and shall be registered by the state auditor or other authorized registrar in a book or other record to be kept by the state auditor or such other authorized registrar for that purpose, which book or other record shall state the date, number, amount and maturity of each bond. The interest

accruing on the refunding bonds shall be payable semiannually and may be evidenced by semiannual interest coupons attached, bearing the facsimile signature of the state treasurer in office at the time the bonds and coupons are prepared and ordered to be engraved or lithographed and, when so executed, such coupons, if any, shall be the binding obligation of the state according to their import. The refunding bonds may also be in registered or other form as provided in the Supplemental Public Securities Act [6-14-8 to 6-14-11 NMSA 1978], as hereinafter amended and supplemented.

History: Laws 1935, ch. 4, § 3; 1941 Comp., § 7-508; 1953 Comp., § 11-5-8; 1983, ch. 265, § 25.

ANNOTATIONS

Cross-references. - For facsimile signatures of public officials, see 6-9-1 NMSA 1978 et seq.

6-12-9. [Manner of payment of principal and interest; maturity in annual installment; schedule of maturities.]

Both principal and interest of said bond[s] shall be payable in lawful money of the United States, at the office of the state treasurer, or at such other place as may be designated in said bonds and in the coupons attached thereto, at the option of the holder. The principal of said bonds shall be made to mature in annual installments, to begin not later than two years from the date of said bonds.

The state board of finance shall, by resolution duly adopted, fix the schedule of maturities of principals the end that total annual principal and interest requirements shall be approximately equal in each year when any of the said bonds mature, except that the total requirement for principal and interest in the last year in which any of said bonds mature, may exceed the average of the annual requirements for principal and interest in prior years during which bonds mature, by not exceeding twenty-five percent.

History: Laws 1935, ch. 4, § 4; 1941 Comp., § 7-509; 1953 Comp., § 11-5-9.

6-12-10. [Validity.]

The said bonds signed, countersigned, endorsed and sealed as provided in this act [6-12-6 to 6-12-14 NMSA 1978], and coupons thereto attached, when sold, shall constitute a valid and binding obligation upon the state of New Mexico, although the sale thereof be made at a date or dates after the persons so signing, countersigning and endorsing same shall have ceased to be the incumbents of their respective offices.

History: Laws 1935, ch. 4, § 5; 1941 Comp., § 7-510; 1953 Comp., § 11-5-10.

6-12-11. [Exchange for bonds to be refunded; sale; disposition of proceeds.]

All such refunding bonds may be exchanged dollar for dollar for the bonds to be refunded, or they may be sold as directed by the state board of finance, and the proceeds thereof shall be applied only to the purpose for which said refunding bonds were issued. When refunding bonds are sold the proceeds shall be deposited in the proper sinking fund, and the state treasurer shall immediately transfer the same to the bank in the city of New York, state of New York, designated as paying agent of the issue maturing or called for redemption prior to maturity, to be held by such bank and to be applied solely to the payment of the principal of and matured interest upon the bonds maturing or called for payment prior to maturity; provided, that any such funds remaining in the bank in the city of New York, state of New York, named as paying agent, at the expiration of two years from the date fixed by the call as date of payment of said bonds shall be returned to the state treasurer and by him held in a special fund for such purposes.

History: Laws 1935, ch. 4, § 6; 1941 Comp., § 7-511; 1953 Comp., § 11-5-11.

6-12-12. [Irrepealable contract; irregularities and defects waived; tax exemption.]

The provisions of this act [6-12-6 to 6-12-14 NMSA 1978] shall constitute an irrepealable contract with the holders of any of the bonds and coupons issued pursuant to this act, for the faithful performance of which the full faith and credit of the state of New Mexico is hereby pledged. The bonds issued under this act and the coupons thereto attached shall have all the qualities of negotiable paper under the Uniform Commercial Code [Chapter 55 NMSA 1978], except that bonds, with attached coupons, issued prior to the passage of that code shall have the qualities of negotiable paper under the existing law at the time of issue. Bonds issued under this act and the attached coupons shall not be invalid for any irregularity or defect in the proceedings for the issue and sale thereof, and shall be incontestable in the hands of bona fide purchasers or holders thereof for value. All bonds issued under the provisions of this act shall be exempt from taxation.

History: Laws 1935, ch. 4, § 7; 1941 Comp., § 7-512; 1953 Comp., § 11-5-12; Laws 1961, ch. 96, § 11-102.

6-12-13. [Tax levy for payment; continuance of levies for bonds to be refunded; application of receipts.]

To provide for the payment of the interest and principal of any bonds issued pursuant to the provisions of this act [6-12-6 to 6-12-14 NMSA 1978], the state tax commission [property tax division of the taxation and revenue department] is hereby authorized and directed during each year any of said bonds shall be outstanding to levy on all property

in the state of New Mexico which is subject to taxation for state purposes, an annual ad valorem tax sufficient to produce an amount equal to the interest and principal requirements of that year, to be levied, assessed and collected at the same times and in the same manner that other taxes for state purposes are levied, assessed and collected, and provided that the provisions contained in any statute authorizing the issuance of bonds which are refunded by the issuance of bonds under this act and which direct the levy of taxes on any particular property or in any particular manner for the payment of the bonds so refunded, shall not be repealed by the provisions of this act, and any refunding bonds issued to refund such bonds shall be payable from taxes to be levied, assessed and collected in the manner above set forth, in addition to which any other taxes now pledged for the payment of outstanding bonds to be refunded hereunder, shall continue to be pledged for the payment of the refunding bonds authorized to be issued by this act, in the manner provided in the statutes authorizing the issuance of the bonds refunded, and provided further, that the refunding bonds issued under the provisions of this act shall in any event be obligations for the payment of which the full faith and credit of the state of New Mexico are pledged.

History: Laws 1935, ch. 4, § 8; 1941 Comp., § 7-513; 1953 Comp., § 11-5-13.

ANNOTATIONS

State tax commission abolished. - Laws 1970, ch. 31, § 3 (repealed by Laws 1974, ch. 92, § 34) transferred the authority, powers and duties of the state tax commission to the property appraisal department, and Laws 1973, ch. 258, § 3, transferred the functions of the property appraisal department to the property tax department. However, Laws 1977, ch. 249, § 5, abolishes the property tax department, and Laws 1977, ch. 249, § 4, establishes the property tax division of the taxation and revenue department. See 7-2-2 and 9-11-4 NMSA 1978.

6-12-14. [Bonds surrendered for refunding; entries; destruction.]

Upon the surrender of any bonds refunded under the provisions of this act [6-12-6 to 6-12-14 NMSA 1978], there shall be entered on the records of the state auditor the fact of such surrender and the number, amount, date and character of the bonds so surrendered; and such bonds shall be destroyed by the state board of finance and the fact of such destruction shall be likewise entered on such record.

History: Laws 1935, ch. 4, § 9; 1941 Comp., § 7-514; 1953 Comp., § 11-5-14.

ANNOTATIONS

Refunded or redeemed bonds in agency's possession should be surrendered to the state auditor as hereinbefore specified, and the bonds destroyed by the state finance board (state board of finance) as herein provided, the fact of such destruction being entered in the records of the board of finance. 1953-54 Op. Att'y Gen. No. 5780.

6-12-15. State bond guarantee fund; creation; purposes.

A. There is created within the state treasury the "state bond guarantee fund". The fund is established as an additional source for payments of principal and interest due on state general obligation indebtedness already incurred or incurred in the future or for payments of any other obligations arising in connection with that indebtedness. The fund shall be drawn upon only in the event ad valorem taxes or other revenues of the state available for the described payments are either insufficient or are not received by the state at the time due or anticipated.

B. If it is determined by the department of finance and administration or the state treasurer that there are insufficient ad valorem taxes or other state revenues to meet a payment of principal or interest due on state general obligation indebtedness or to meet any other obligation arising in connection with that indebtedness lawfully payable from ad valorem taxes, or that the receipt of ad valorem taxes or other revenues to be used to make any such payment will be delayed and not be available to make the payment when due, the department of finance and administration or the state treasurer may request the state board of finance to direct a temporary transfer of a sufficient amount of money from the general fund operating reserve, or any other available fund in the state treasury in which there may be a surplus over current requirements, to the state bond guarantee fund so that the payment becoming due may be made and a default avoided. If such a transfer is directed by the state board of finance, the state treasurer shall use the amount transferred to the state bond guarantee fund to make the payment. The amount transferred to the state bond guarantee fund shall be repaid to the fund from which transferred from ad valorem taxes or other revenues of the state that are available for the repayment and which are not otherwise required for subsequent payments of state general obligation indebtedness.

C. Nothing in this section prevents the application of any other funds of the state available for that purpose to the payment of general obligation indebtedness of the state or other obligations arising in connection with that indebtedness.

History: Laws 1989, ch. 124, § 1.

ANNOTATIONS

Effective dates. - Laws 1989, ch. 124 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on June 16, 1989.

ARTICLE 13 INSTITUTION BONDS

6-13-1. Short title.

Sections 6-13-1 through 6-13-26 NMSA 1978 may be cited as the "Institution Bond Act."

History: 1953 Comp., § 11-9-1, enacted by Laws 1963, ch. 298, § 1.

ANNOTATIONS

Effect of presenting coupons maturing subsequent to redemption date. - Under the express provisions of the bonds to be redeemed and the bond resolution, it is necessary that the institution pay the principal and accrued interest to date of the redemption of such bonds, only when the appurtenant coupons maturing subsequent to the redemption date are presented. 1965 Op. Att'y Gen. No. 65-61.

Am. Jur. 2d, A.L.R. and C.J.S. references. - Validity, under state constitution and laws, of issuance by state or state agency of revenue bonds to finance or refinance construction projects at private religious-affiliated colleges or universities, 95 A.L.R.3d 1000.

11 C.J.S. Bonds §§ 65, 71.

6-13-2. [State institutions enumerated.]

That the state institutions, within the meaning of this act [6-13-1 to 6-13-26 NMSA 1978], are the university of New Mexico at Albuquerque, New Mexico; the New Mexico college of agriculture and mechanic arts near Las Cruces, New Mexico; the New Mexico school of mines at Socorro, New Mexico; the New Mexico military institute at Roswell, New Mexico; the New Mexico normal university at Las Vegas, New Mexico; the New Mexico normal school at Silver City, New Mexico; the Spanish-American school at El Rito, New Mexico; the New Mexico school for the deaf at Santa Fe, New Mexico; the New Mexico institute for the blind at Alamogordo, New Mexico; the eastern New Mexico normal school at Portales, New Mexico; the New Mexico home and training school for mental defectives, at Los Lunas, New Mexico; the New Mexico penitentiary at Santa Fe, New Mexico; the New Mexico insane asylum at Las Vegas, New Mexico; the New Mexico reform school at Springer, New Mexico; and the miners' hospital of New Mexico at Raton, New Mexico.

History: 1941 Comp., § 6-254, enacted by Laws 1949, ch. 121, § 1; 1953 Comp., § 11-9-2, compiled by Laws 1963, ch. 298, § 2.

ANNOTATIONS

Changes of names of state institutions. - The name of New Mexico college of agriculture and mechanic arts was changed to New Mexico state university pursuant to N.M. Const., art. XII, § 11. The name of New Mexico school of mines was changed to New Mexico institute of mining and technology pursuant to N.M. Const., art. XII, § 11. The name of New Mexico normal university was changed to New Mexico highlands university pursuant to N.M. Const., art. XII, § 11. The name of New Mexico normal school was changed to western New Mexico university pursuant to N.M. Const., art. XII, § 11. The name of the Spanish-American school was changed to northern New Mexico

state school pursuant to N.M. Const., art. XII, § 11. The name of the New Mexico institute for the blind was changed to the New Mexico school for the visually handicapped pursuant to N.M. Const., art. XII, § 11. The name of eastern New Mexico normal school was changed to eastern New Mexico university pursuant to N.M. Const., art. XII, § 11. The name of the New Mexico home and training school for mental defectives was changed to Los Lunas medical center pursuant to 23-1-13 NMSA 1978. The name of the New Mexico insane asylum was changed to Las Vegas medical center pursuant to 23-1-13 and 23-5-1 NMSA 1978. The name of the New Mexico reform school was changed to the New Mexico boys' school pursuant to N.M. Const., art. XIV, § 1.

6-13-3. General borrowing authority.

For the purpose of erecting, purchasing or otherwise acquiring, altering, improving, furnishing and equipping any necessary buildings or structures at any state institution, or acquiring any necessary land for use of the institution, or for retiring the whole or any part of any series of bonds previously issued by any state institution under the provisions of law, or for any of these purposes, the governing board of the state institution may borrow money in conformity with the terms of the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978].

History: 1941 Comp., § 6-255, enacted by Laws 1949, ch. 121, § 2; 1953 Comp., § 11-9-3, compiled and amended by Laws 1963, ch. 298, §§ 2, 3.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 104, 120.

81A C.J.S. States § 213.

6-13-4. General bonding authority.

Whenever the governing board of any state institution, by affirmative vote of a majority of its members duly entered in the minutes of the board, determines by resolution that it is necessary to erect, purchase or otherwise acquire, alter, improve, furnish or equip any buildings or structures at the institution, or acquire land for its use, or to retire the whole or any part of any series of bonds previously issued in conformity with law, or for any of these purposes, the board may issue and sell bonds of the state institution as provided by the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978].

History: 1941 Comp., § 6-256, enacted by Laws 1949, ch. 121, § 3; 1953 Comp., § 11-9-4, compiled and amended by Laws 1963, ch. 298, §§ 2, 4.

ANNOTATIONS

Bond issues. - Laws 1935, ch. 104, as amended by Laws 1937, ch. 226; Laws 1941, ch. 175, authorizes the governing boards of various state institutions to sell bonds payable not later than 50 years from date for erecting, improving, furnishing, etc., any buildings or structures, acquiring any land or retiring any previously issued bonds.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 37.

81A C.J.S. States § 252.

6-13-5. Bonds; form; terms.

Bonds issued under the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978] shall be payable not later than fifty years from the date of issue and in consecutive order commencing not later than two years from the date of issue. They shall be in denominations determined by the governing board of the state institution. The form of the bonds shall be determined by the governing board of the state institution and signatures may be affixed in compliance with the Uniform Facsimile Signature of Public Officials Act [6-9-1 to 6-9-6 NMSA 1978].

History: 1953 Comp., § 11-9-5, enacted by Laws 1963, ch. 298, § 5; 1983, ch. 265, § 26.

ANNOTATIONS

Repeals and reenactments. - Laws 1963, ch. 298, § 5, repealed former 11-9-5, 1953 Comp., relating to denominations of negotiable coupon bonds and their forms, and enacted a new 6-13-5 NMSA 1978.

6-13-6. [Sale of bonds.]

That said bonds may be sold at public or private sale, in the discretion of the governing board, provided, however, that no sale shall be made for less than the par value of the bonds, plus accrued interest from the last preceding interest date to the date of delivery of said bonds. Before delivery of the bonds to the purchaser all matured interest coupons shall be detached and cancelled. The state treasurer may, with the approval of the state board of finance and other officials whose approval may be required by law for the investment of public funds, purchase such bonds at par and accrued interest to date of delivery of such investment. Such bonds may be accepted at their par value by all public officials in this state as security for the repayment of all deposits of public moneys of this state, or of any county, municipality or public institution thereof, and as security for the faithful performance of any obligations or duty to guarantee the performance of which such officials are now authorized by law to accept a deposit of the bonds of this state or of the United States of America.

History: 1941 Comp., § 6-258, enacted by Laws 1949, ch. 121, § 5; 1953 Comp., § 11-9-6, compiled by Laws 1963, ch. 298, § 2.

6-13-7. [Proceeds from sale of bonds; building and improvement fund; expenditures.]

That the proceeds from the sale of said bonds shall be paid to the secretary and treasurer of the board issuing same, and shall by such secretary and treasurer be placed in a separate fund to be known as "building and improvement fund" to be used and paid out only for the specific purposes in this act [6-13-1 to 6-13-26 NMSA 1978] enumerated upon order of the board, or checks signed by the president or vice-president of the board and by the secretary and treasurer thereof, except such portion thereof as may have been received on account of accrued interest of said bonds to date of delivery, which amount shall be placed in the "interest and retirement fund" for the liquidation of said bonds as hereinafter provided. The cost of preparing, advertising and selling said bonds, including any necessary expense for legal opinions thereon, shall be paid out of the proceeds of the sale of said bonds.

History: 1941 Comp., § 6-259, enacted by Laws 1949, ch. 121, § 6; 1953 Comp., § 11-9-7, compiled by Laws 1963, ch. 298, § 2.

6-13-8. [Interest and retirement fund; establishment; purpose.]

That the governing board issuing said bonds shall, at the time of issuing said bonds, establish for the payment of the principal and interest thereof a fund to be known as "interest and retirement fund" into which fund said board shall immediately place a sum not less than the amount necessary to pay the interest and maturing principal of said bonds for the ensuing twelve months, and annually thereafter shall continue to place in said fund a sufficient amount to pay principal and interest maturing in the succeeding twelve months.

History: 1941 Comp., § 6-260, enacted by Laws 1949, ch. 121, § 7; 1953 Comp., § 11-9-8, compiled by Laws 1963, ch. 298, § 2.

6-13-9. [Pledge of income from permanent funds of state institutions.]

That for the faithful and prompt payment of all interest and principal of said bonds as and when the same shall mature according to the tenor thereof, the issue thereof shall constitute an irrevocable pledge by said board of so much of each year's income from the permanent funds of such state institution, so issuing bonds hereunder, in the hands of the treasurer as shall be needed to provide the "interest and retirement fund" herein mentioned, for the ensuing year, and at all times fully and faithfully to keep the same in not less than the amount necessary to pay the interest and principal maturing as aforesaid; and in addition thereto the issue of said bonds shall constitute an irrevocable

pledge by said board of so much of each year's income from the income and current fund derived from the lease of such of said institution's lands as remain unsold, as may be necessary to fully protect the "interest and retirement fund" for the ensuing year, and keep the same at all times in proper amount as herein provided.

History: 1941 Comp., § 6-261, enacted by Laws 1949, ch. 121, § 8; 1953 Comp., § 11-9-9, compiled by Laws 1963, ch. 298, § 2.

6-13-10. [Permanent funds from disposition of lands held in trust for state institutions; investment.]

That from and after the passage and approval of this act, all permanent funds thereafter derived from the sale or disposition of the lands held in trust for any of said institutions shall be invested in bonds of the United States or of the state of New Mexico, the income from which shall likewise form a part of the pledged income for the payment of the principal and interest on bonds issued by the board of any such institution under the provisions of this act [6-13-1 to 6-13-26 NMSA 1978].

History: 1941 Comp., § 6-262, enacted by Laws 1949, ch. 121, § 9; 1953 Comp., § 11-9-10, compiled by Laws 1963, ch. 298, § 2.

6-13-11. Bond payment.

It is the duty of the secretary and treasurer of the governing board, where bonds have been issued pursuant to the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978], to forward to the bank at which the bonds are payable, prior to the date on which any installment of interest or any principal amount of any bonds matures, out of the interest and retirement fund, a sufficient sum of money to meet the installment of interest and maturing principal as they become due, plus any service charge which the bank is entitled to receive for its services.

History: 1941 Comp., § 6-263, enacted by Laws 1949, ch. 121, § 10; 1953 Comp., § 11-9-11, compiled by Laws 1963, ch. 298, § 2; 1983, ch. 265, § 27.

ANNOTATIONS

Cross-references. - For destruction of documentary evidence of extinguished public debt, see 6-10-62 NMSA 1978.

6-13-12. [Income from permanent funds of institutions; payment to interest and retirement fund; duties of state treasurer.]

That it is hereby made the duty of the state treasurer of the state of New Mexico, upon receiving written notice from the secretary and treasurer of any governing board of any state institution that such board has issued bonds as herein provided, forthwith to

forward and pay over to the secretary and treasurer of such board out of the income from the permanent funds of such institution, a sum sufficient to make and establish the interest and retirement fund, as herein provided, and annually thereafter to pay over a sufficient amount for said purpose, to the end that said interest and retirement fund shall at all times be kept in the proper amount. In the event there should not be sufficient undistributed income from permanent funds of such institution, then said state treasurer shall use so much of the income and current fund of such institution in his hands and shall be necessary to establish and at all times maintain said interest and retirement fund.

History: 1941 Comp., § 6-264, enacted by Laws 1949, ch. 121, § 11; 1953 Comp., § 11-9-12, compiled by Laws 1963, ch. 298, § 2.

6-13-13. [Bonds issued in series.]

That in the event the board of any of the institutions aforesaid should find it advisable to issue bonds under this act [6-13-1 to 6-13-26 NMSA 1978] in more than one series, or at different times, for any of the purposes aforesaid, then each series of said bonds shall be designated by the letter "A," "B" or in some other designation to the end that each series shall be kept separate, and all of the requirements of this act shall apply to and be faithfully followed, done and carried out as to each of said series.

History: 1941 Comp., § 6-265, enacted by Laws 1949, ch. 121, § 12; 1953 Comp., § 11-9-13, compiled by Laws 1963, ch. 298, § 2.

6-13-14. [Limitation on amount of issue.]

None of such boards of any state institution shall have power to issue bonds under this act [6-13-1 to 6-13-26 NMSA 1978], the aggregate interest and principal requirements for which, for any year, together with the aggregate interest and principal requirements for all outstanding bonds of such board of such institution for such year, shall exceed the amount of the income from the permanent fund and from the aforesaid income and current fund of such institution received by the state treasurer for the fiscal year next preceding the fiscal year in which any bonds of such board of such institution are authorized to be issued by resolution of the board pursuant to this act.

History: 1941 Comp., § 6-266, enacted by Laws 1949, ch. 121, § 13; 1953 Comp., § 11-9-14, compiled by Laws 1963, ch. 298, § 2.

6-13-15. [Exemption from taxation.]

That bonds issued under the provisions of this act [6-13-1 to 6-13-26 NMSA 1978], and the income thereupon, being for the sole purpose specified in Section 2 [6-13-3 NMSA 1978] hereof, shall forever be and remain free and exempt from taxation by the state of New Mexico or any subdivision thereof.

History: 1941 Comp., § 6-267, enacted by Laws 1949, ch. 121, § 14; 1953 Comp., § 11-9-15, compiled by Laws 1963, ch. 298, § 2.

6-13-16. [Funds derived from sale of bonds; restrictions on use.]

That none of the funds derived from the sale of bonds issued under the provisions of this act [6-13-1 to 6-13-26 NMSA 1978], except so much thereof as shall be necessary to defray the costs of the issuance of such bonds and the accrued interest from the date thereof to the time of delivery, shall ever be used or expended for any purpose other than those for which the authority to issue the same by this act is given.

History: 1941 Comp., § 6-268, enacted by Laws 1949, ch. 121, § 15; 1953 Comp., § 11-9-16, compiled by Laws 1963, ch. 298, § 2.

6-13-17. [Issuance and sale of bonds; approval of state board of finance.]

That no bonds shall be finally issued and sold under the provisions of this act [6-13-1 to 6-13-26 NMSA 1978] until the approval of such issue shall have been had by the unanimous vote of the state board of finance in a regular or called meeting.

History: 1941 Comp., § 6-269, enacted by Laws 1949, ch. 121, § 16; 1953 Comp., § 11-9-17, compiled by Laws 1963, ch. 298, § 2.

6-13-18. Security; priority of liens.

A. All bonds of the same issue under the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978] have a prior and paramount lien upon income from the permanent fund and upon the income and current fund of the institution issuing the bonds. This lien is ahead of all bonds of any series secured by a pledge of this income and fund which may be subsequently authorized, and is ahead of any claims or other obligations of any nature against this income and fund subsequently arising or incurred.

B. The bonds are subject to any prior and superior rights of any outstanding bonds, claims or other obligations previously issued, arising or incurred, but the resolution authorizing issuance of bonds under the Institution Bond Act may provide for subsequent authorization of bonds having a lien for payment on income from the permanent fund and on the income and current fund of the institution at a parity with the lien of earlier bonds upon conditions provided in the resolution.

C. Except as otherwise expressly provided in the resolution, all bonds of the same series issued under the Institution Bond Act shall be equally and ratably secured without priority by reason of number, date or [of] bonds, sale, execution or delivery, by a lien on income from the permanent fund and on the income and current fund of the issuing state institution in accordance with the terms of the Institution Bond Act.

History: 1941 Comp., § 6-270, enacted by Laws 1949, ch. 121, § 17; 1953 Comp., § 11-9-18, compiled and amended by Laws 1963, ch. 298, §§ 2, 6.

6-13-19. Refunding; purposes.

Any bonds issued under the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978], or under any other act permitting payment of state institution bonds from income from the permanent fund and from the income and current fund of a state institution, may be refunded under the terms of resolutions adopted by the governing board of the state institution, subject to any contractual limitations involved with any outstanding bonds, claims or other obligations. The refunding is:

- A. to retire and refund all, or any part, of the institution's outstanding bonds, including any interest in arrears or about to become due;
- B. to reduce interest costs or effect other economies;
- C. to modify or eliminate restrictive contractual limitations relating to issuance of additional bonds or to income from the permanent fund and the income and current fund of the institution; or
- D. for any combination of the reasons stated in Subsections A through C of this section.

History: 1953 Comp., § 11-9-19, enacted by Laws 1963, ch. 298, § 7.

6-13-20. Refunding; issuance of bonds.

A. Any bonds issued under the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978] for refunding purposes may be:

- (1) delivered in exchange for the outstanding bonds authorized to be refunded; or
- (2) sold at public or private sale for not less than the par value of the bonds, plus accrued interest from the last interest date or, if there is no previous interest date, from the bond date, to the date of delivery of the bonds.

B. The proceeds shall immediately:

- (1) be applied to retirement of the bonds to be retired or refunded; or
- (2) be placed in escrow to be applied to payment of the bonds upon presentation for payment by the holders.

History: 1953 Comp., § 11-9-20, enacted by Laws 1963, ch. 298, § 8.

6-13-21. Refunding; conditions of bonds.

Under the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978]:

A. no bonds may be retired and refunded unless:

(1) they mature or are callable for prior redemption under their terms within ten years from the date of issuance of the refunding bonds; or

(2) the holders voluntarily surrender them for exchange or payment;

B. no maturity of any bonds refunded may be extended over fifteen years, or interest increased to any rate exceeding six percent a year; and

C. nothing requires the principal amount of the refunding bonds to equal the amount of the outstanding bonds to be retired and refunded as long as the principal amount of the refunding bonds, together with any interest to be derived from investment of the principal, is sufficient for payment of the outstanding bonds, including the principal, interest, any prior-redemption premium and any escrow agent charges, as they become due.

History: 1953 Comp., § 11-9-21, enacted by Laws 1963, ch. 298, § 9.

6-13-22. Refunding; escrowed proceeds.

Under the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978], any escrowed proceeds may be invested or reinvested in bonds or notes of the United States or any of its agencies or instrumentalities, or in bonds or notes where the principal and interest is unconditionally guaranteed by the United States. The escrowed proceeds and investments, together with any interest to be derived from the investments, shall always be sufficient for payment of the bonds, refunded as they become due at their respective maturities, or at prior-redemption dates, including the principal, any prior-redemption premium and any escrow agent charges.

History: 1953 Comp., § 11-9-22, enacted by Laws 1963, ch. 298, § 10.

6-13-23. Refunding; payment of bonds.

Refunding bonds issued under the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978] may be made payable from income from the permanent fund and from the income and current fund of the issuing institution, regardless of any modification thereby effected of the pledge of these sources for payment of the outstanding bonds to be retired and refunded.

History: 1953 Comp., § 11-9-23, enacted by Laws 1963, ch. 298, § 11.

6-13-24. Refunding; bonds retired.

Under the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978], outstanding bonds of more than one issue may be retired and refunded by bonds of one issue. Bonds for refunding and bonds for any other purposes authorized by the Institution Bond Act may be issued separately or in combination in one series or more.

History: 1953 Comp., § 11-9-24, enacted by Laws 1963, ch. 298, § 12.

6-13-25. Refunding; priority of liens.

Whenever bonds for refunding and bonds for any other purposes allowed by the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978] are issued in combination, the lien of the refunding bonds on income from the permanent fund and on the income and current fund is not prior or superior to any lien on these sources to secure payment of the bonds retired and refunded, or to any lien on them to secure payment of any outstanding bonds payable from them, except as provided in each resolution authorizing issuance of the outstanding bonds which are not being retired and refunded.

History: 1953 Comp., § 11-9-25, enacted by Laws 1963, ch. 298, § 13.

6-13-26. Refunding; procedures.

Except as changed or necessarily implied with reference to refunding, all provisions of the Institution Bond Act [6-13-1 to 6-13-26 NMSA 1978] apply to the authorization and issuance of refunding bonds, including their terms and security, the bond resolution, taxes, the method of bond payment and other provisions. The determination of the governing board of the institution issuing the refunding bonds that the provisions of the Institution Bond Act have been complied with is conclusive in the absence of fraud or arbitrary and gross abuse of discretion.

History: 1953 Comp., § 11-9-26, enacted by Laws 1963, ch. 298, § 14.

ARTICLE 14 PUBLIC SECURITIES

6-14-1. Short title.

Sections 6-14-1 through 6-14-3 NMSA 1978 may be cited as the "Public Securities Act."

History: 1953 Comp., § 11-10-1, enacted by Laws 1970, ch. 10, § 1.

6-14-2. Definitions.

As used in the Public Securities Act [6-14-1 to 6-14-3 NMSA 1978]:

A. "net effective interest rate" means the interest rate based on the actual price paid to a public body for its public securities, calculated to maturity according to standard tables of bond values;

B. "public body" means this state or any department, board, agency or instrumentality of the state, any county, city, town, village, school district, other district, educational institution or any other governmental agency or political subdivision of the state; and

C. "public securities" means any bonds, notes, warrants or other obligations now or hereafter authorized to be issued by any public body pursuant to the provisions of any general or special law enacted by the legislature, but does not include bonds, notes, warrants or other obligations issued pursuant to:

(1) the Industrial Revenue Bond Act [3-32-1 to 3-32-16 NMSA 1978];

(2) the County Improvement District Act [4-55A-1 to 4-55A-39 NMSA 1978];

(3) Sections 3-33-1 through 3-33-43 NMSA 1978;

(4) the Pollution Control Revenue Bond Act [3-59-1 to 3-59-14 NMSA 1978];

(5) the County Pollution Control Revenue Bond Act [4-60-1 to 4-60-15 NMSA 1978];

(6) the County Industrial Revenue Bond Act [4-59-1 to 4-59-16 NMSA 1978];

(7) the Metropolitan Redevelopment Code;

(8) the Supplemental Municipal Gross Receipts Tax Act [7-19-10 to 7-19-18 NMSA 1978];

(9) the Hospital Equipment Loan Act [Chapter 58, Article 23 NMSA 1978]; or

(10) the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978].

History: 1953 Comp., § 11-10-2, enacted by Laws 1970, ch. 10, § 2; 1975, ch. 239, § 1; 1979, ch. 56, § 1; 1979, ch. 270, § 2; 1980, ch. 106, § 5; 1981, ch. 44, § 1; 1986, ch. 60, § 1; 1992, ch. 61, § 33.

ANNOTATIONS

The 1992 amendment, effective March 9, 1992, added Subsection C(10).

Metropolitan Redevelopment Code. - See 3-60A-1 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 3.

11 C.J.S. Bonds § 1.

6-14-3. Public securities; price.

A. A public body may issue and sell its public securities at, above or below par and at any net effective interest rate as the public body may determine subject to the remaining provisions of this section.

B. A public body may not issue its public securities as provided in Subsection A of this section at any net effective interest rate in excess of twelve percent a year, except for general obligation bonds which shall have a net effective interest rate of not more than ten percent a year, unless the state board of finance at any time prior to delivery of the public securities approves such higher net effective interest rate in writing, based upon the determination of the state board of finance that the higher rate is reasonable under existing or anticipated bond market conditions.

C. Any such approval of any such net effective interest rate in excess of twelve percent or not more than ten percent for general obligation bonds shall constitute conclusive authority for the affected public body to issue its public securities at the higher net effective interest rate.

History: 1953 Comp., § 11-10-3, enacted by Laws 1970, ch. 10, § 3; 1981, ch. 44, § 2.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 441 to 445.

6-14-4. Short title.

This act [6-14-4 to 6-14-7 NMSA 1978] may be cited as the "Public Securities Limitation of Action Act."

History: 1953 Comp., § 11-11-1, enacted by Laws 1975, ch. 350, § 1.

6-14-5. Definitions.

As used in the Public Securities Limitation of Action Act [6-14-4 to 6-14-7 NMSA 1978];

A. "public security" means a bond, note, certificate of indebtedness or other obligation for the payment of money, issued by this state or by any public body thereof;

B. "state" means the state of New Mexico and any board, commission, department, corporation, instrumentality or agency thereof; and

C. "public body" of the state means any state educational institution or other state institution, its board of regents or other governing body thereof constituting a body corporate, any county, city, town, village, school district, irrigation district, drainage district, conservancy district, sanitation district, water district, commission, authority or other political subdivision of the state constituting a body corporate.

History: 1953 Comp., § 11-11-2, enacted by Laws 1975, ch. 350, § 2.

6-14-6. Publication of notice after adoption of resolution or ordinance.

A public body, or the state, after having adopted a resolution or ordinance authorizing the issuance of public securities, shall publish notice of the adoption of such resolution once in a newspaper of general circulation within the political subdivision, or in the case of the state, of general statewide circulation. Compliance with the Municipal Code requirements for the publication of ordinances shall constitute compliance by municipalities of the requirements of the Public Securities Limitation of Action Act [6-14-4 to 6-14-7 NMSA 1978].

History: 1953 Comp., § 11-11-3, enacted by Laws 1975, ch. 350, § 3.

ANNOTATIONS

Cross-references. - As to publication of ordinances, see 3-17-3 and 3-17-5 NMSA 1978.

Municipal Code. - See Chapter 3 NMSA 1978.

6-14-7. Validation; limitation of action.

After the passage of thirty days from the publication required by Section 3 [6-14-6 NMSA 1978] of the Public Securities Limitation of Action Act, any action attacking the validity of any proceedings had or taken by the state or any public body preliminary to and in the authorization and issuance of the public securities described in the notice is perpetually barred.

History: 1953 Comp., § 11-11-4, enacted by Laws 1975, ch. 350, § 4.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 477 to 484.

6-14-8. Short title.

Sections 6-14-8 through 6-14-11 NMSA 1978 may be cited as the "Supplemental Public Securities Act."

History: 1978 Comp., § 6-14-8, enacted by Laws 1983, ch. 265, § 1.

6-14-9. Definitions.

As used in the Supplemental Public Securities Act [6-14-8 to 6-14-11 NMSA 1978]:

A. "authorizing instrument" means the ordinance, resolution, other official action or any applicable combination thereof by which public securities are authorized to be issued by a public body;

B. "public body" means this state or any department, board, agency or instrumentality of the state, any county, city, town, village, school district, other district or educational institution or any other governmental agency or political subdivision of the state;

C. "public securities" means any bonds, notes, warrants or other obligations now or hereafter authorized to be issued by any public body pursuant to the provisions of any general or special statute, any constitutional or statutory charter or any other law; and

D. "registrar" means the treasurer or any other officer of the public body or of any other public body or any corporate or other trustee, registrar, paying agent, transfer agent, custodian or other financial intermediary within the United States as may be appointed or designated in the authorizing instrument.

History: 1978 Comp., § 6-14-9, enacted by Laws 1983, ch. 265, § 2.

6-14-10. Form; payment; registrar; transfer; authentication of public securities; records.

A. Public securities may be issued in book entry form, with or without the delivery of physical securities, any registered form or bearer form, with or without interest coupons, or in any combination thereof, with or without the right of conversion to another form, and in any denomination or denominations, with or without the right of conversion to any other denomination, subject to such conditions for transfer as may be provided in the authorizing instrument.

B. Any public body may appoint a registrar or registrars to perform such duties with respect to the registration, custody, conversion, exchange and transfer of its public securities as may be provided in the authorizing instrument.

C. Public securities may be made registrable, transferable and payable by the registrar under such terms and conditions as may be provided in the authorizing instrument. Payment at designated due dates or in installments may be made by check, draft,

warrant or other order for payment or medium of payment and under such other conditions as may be provided in the authorizing instrument.

D. The authorizing instrument may require that the public securities be authenticated with the manual or facsimile signature of an officer or other authorized person of the registrar or of any other officer or officers of the public body whose manual or facsimile signature is not otherwise required by law or by any combination thereof; provided that no manual or facsimile signature is required if the public securities are issued in book entry form without the delivery of physical securities. Any registrar may hold in custody any partially or fully executed public securities if provided by, and to the extent permitted by, the authorizing instrument.

E. Records with regard to the ownership or pledge of public securities are not subject to inspection or copying under any law of this state relating to the right of the public to inspect or copy public records. Registration records of the public body may be maintained at such locations within the United States as may be determined by the authorizing instrument.

History: 1978 Comp., § 6-14-10, enacted by Laws 1983, ch. 265, § 3.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 182 to 205, 270 to 275.

20 C.J.S. Counties § 222; 64 C.J.S. Municipal Corporations §§ 1935 to 1941, 1948, 1949; 81A C.J.S. States §§ 255 to 258; 87 C.J.S. Towns § 149.

6-14-10.1. Investment of proceeds; compliance with internal revenue code of 1986.

Notwithstanding any other provision of law to the contrary, and in addition to any other investments which may be authorized by the laws of New Mexico, a public body may invest the proceeds of public securities, and of any other securities now or hereafter authorized to be issued by any public body pursuant to the provisions of any general or special law enacted by the legislature or pursuant to the home rule powers of any public body in obligations the interest on which is excluded from gross income of the recipient for federal income tax purposes and in any other instrument which does not constitute "investment property" under Section 148 of the Internal Revenue Code of 1986. Any such obligation or instrument shall be rated in any of the three highest major rating categories, without regard to any modification of the rating by the addition of a plus or minus sign or numerical designation to show relative standing within a major rating category, by one or more nationally recognized rating agencies. Income from any such investments may be used to meet rebate, penalty, interest and other obligations of the public body under the code. As used in this section the term "proceeds" includes all amounts treated as proceeds or gross proceeds as defined in Section 148 of the

Internal Revenue Code of 1986, as amended, including any regulations applicable thereunder of tax exempt bonds as defined in Section 150 of that code.

History: 1978 Comp., § 6-14-10.1, enacted by Laws 1988, ch. 45, § 2.

ANNOTATIONS

Repeals and reenactments. - Laws 1988, ch. 45, § 2 repeals former 6-14-10.1 NMSA, as enacted by Laws 1987, ch. 188, § 1, and enacts the above section, effective March 4, 1988. For provisions of former section, see 1987 Cumulative Supplement to this pamphlet.

Internal Revenue Code of 1986. - Section 148 of the Internal Revenue Code of 1986 appears as 26 U.S.C. § 148. Section 150 of the Internal Revenue Code of 1986 appears as 26 U.S.C. § 150.

6-14-11. Scope of act.

The Supplemental Public Securities Act [6-14-8 to 6-14-11 NMSA 1978] is cumulative of and in addition to all other laws concerning public securities, and any public body may issue public securities in the manner provided in the Supplemental Public Securities Act notwithstanding any conflict or inconsistency between the provisions of the Supplemental Public Securities Act and the provisions of any other law.

History: 1978 Comp., § 6-14-11, enacted by Laws 1983, ch. 265, § 4.

6-14-12. Legislative intent.

It is the intent of the legislature that the provisions of the Supplemental Public Securities Act [6-14-8 to 6-14-11 NMSA 1978] be applicable to all public securities of all public bodies of this state, notwithstanding any failure of this act or any other act of the legislature to expressly amend the applicable provisions of any other statute authorizing such public securities.

History: Laws 1983, ch. 265, § 63.

ANNOTATIONS

Meaning of "this act". - The term, "this act," means Laws 1983, ch. 265, which is compiled as 3-32-7, 3-33-24, 3-33-41, 3-34-2, 3-34-3, 3-35-8, 3-39-9, 3-44-2, 4-34-3, 4-48A-15, 4-48A-22, 4-48B-20, 4-49-4, 4-55A-20, 4-55A-37, 4-59-5, 6-9-1, 6-9-2, 6-12-6 to 6-12-8, 6-13-5, 6-13-11, 6-14-8 to 6-14-10, 6-14-11, 6-14-12, 6-15-5, 6-15-11, 6-15-13, 7-27-16, 7-27-17, 16-2-23, 17-1-19, 21-3-15, 21-5-14, 21-7-15, 21-8-17, 21-11-17, 21-13-14, 21-13-24, 21-14-12, 21-14-13, 21-16-11, 22-18-11, 72-4-4, 72-16-56, 72-16-58, 72-16-63, 72-16-71, 72-18-57, 73-7-37, 73-9-17, 73-11-1, 73-12-15, 73-12-16, 73-16-7, 73-16-50 and 73-21-26 NMSA 1978.

ARTICLE 15

FINANCES OF COUNTIES, MUNICIPALITIES AND SCHOOL DISTRICTS

6-15-1. Bonds payable from ad valorem taxes; notice of proposed issuance.

When any county, city, town, village or school district of the state shall have in contemplation the issuance of any bonds payable in whole or in part from ad valorem taxes, the governing authority thereof shall, before initiating any proceedings for such issue, forward to the local government division, or public school finance division, of the department of finance and administration [office of education of the department of finance and administration], a notice of such proposal in writing.

History: Laws 1925, ch. 131, § 1; C.S. 1929, § 33-3801; Laws 1935, ch. 91, § 1; 1941 Comp., § 7-614; 1953 Comp., § 11-6-13; Laws 1959, ch. 127, § 1.

ANNOTATIONS

Public school finance division. - Laws 1977, ch. 246, § 69, abolishes the public school finance division of the department of finance and administration, and Laws 1977, ch. 246, § 3, compiled as 9-4-3 NMSA 1978, establishes the public school finance division of the educational finance and cultural affairs department. Laws 1980, ch. 151, § 58, repeals 9-4-3 NMSA 1978, while Laws 1980, ch. 151, § 47, compiled as 22-8-3 NMSA 1978, establishes the public school finance division of the department of finance and administration. Laws 1983, ch. 301, § 69, amends 22-8-3 NMSA 1978 to create the office of education within the department of finance and administration.

Failure of notice not sufficient to enjoin issue. - Failure to notify state tax commission of proposed issue of school bonds and to obtain information as to valuation was not sufficient cause for enjoining the issue. *White v. Curry County Bd. of Educ.*, 36 N.M. 177, 10 P.2d 590 (1932) (decided under former law).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 124.

20 C.J.S. Counties § 221; 64 C.J.S. Municipal Corporations § 1915; 79 C.J.S. Schools and School Districts § 362; 87 C.J.S. Towns § 144.

6-15-2. Bond issues; local government division, or public school finance division, of the department of finance and administration to furnish information; transcripts of proceedings; disposition.

It shall be the duty of the local government division, or public school finance division, of the department of finance and administration [office of education of the department of finance and administration], upon the receipt of the notice mentioned in Section 1 [6-15-1 NMSA 1978] hereof to furnish such governing authorities with all necessary information with reference to the valuation, present outstanding bonded indebtedness, limitations as to tax rates and debt contracting power and such other information as may be useful to such governing authorities and to the voters of such county, city, town, village or school district in the consideration of any proposal to issue bonds. Upon the adoption of a bond issue as provided by law by a county, city, town, village or school district, the governing authorities thereof shall prepare a true and complete transcript of proceedings, also three exact copies of such transcript of the proceedings had in connection with such bond issue. One copy of the transcript of the proceedings shall be immediately filed with the local government division, or public school finance division, of the department of finance and administration, one kept by the governing authorities and one copy to be furnished to the officer approving the bond issue as to its legality as provided by law.

History: Laws 1925, ch. 131, § 2; C.S. 1929, § 33-3802; 1941 Comp., § 7-615; 1953 Comp., § 11-6-14; Laws 1959, ch. 127, § 2.

ANNOTATIONS

Public school finance division. - See same catchline in notes to 6-15-1 NMSA 1978.

No authority to limit proceeds to advertising. - There is no authority in this section or related statutes which authorizes the state tax commission to limit proceeds of a fair bond sale to advertising purposes only. 1957-58 Op. Att'y Gen. No. 58-47 (rendered prior to 1959 amendment).

6-15-3. Bonds; forms; interest; maturities.

A. Hereafter all general obligation bonds, except refunding bonds, issued under lawful authority by any county, city, town, village or school district shall be issued in accordance with the provisions of Sections 6-15-3 through 6-15-8 NMSA 1978. As used in Sections 6-15-3 through 6-15-8 NMSA 1978, the term "bonds" means only such general obligations [obligation] bonds, other than refunding bonds, of any county, city, town, village or school district. The bonds shall mature not more than twenty years from their date and be numbered from one upwards consecutively. Interest on all such bonds shall be payable either annually or semiannually, as may be set forth in the act of the governing body of the issuing municipal corporation; provided, that the first installment of interest coming due may be for any period of time which shall not exceed one year from the date of the bonds.

B. The resolution or ordinance authorizing the bonds may provide for the creation of a sinking fund to secure payment of principal or principal and interest on the bonds and

may provide for mandatory annual payments to be made to the sinking fund from the taxes levied and collected pursuant to Section 6-15-4 NMSA 1978.

History: Laws 1929, ch. 201, § 1; C.S. 1929, § 16-101; 1941 Comp., § 7-616; 1953 Comp., § 11-6-15; Laws 1973, ch. 393, § 1; 1975, ch. 326, § 1.

ANNOTATIONS

Cross-references. - For limitation on life of bond, see 6-15-7 NMSA 1978.

For creation of sinking fund, see 6-15-22 NMSA 1978.

No constitutional conflict. - This act (6-15-3 to 6-15-8 NMSA 1978) does not conflict with N.M. Const., art. IV, § 18. 1929-30 Op. Att'y Gen. 186.

Provisions deemed directory. - Provisions of this act (6-15-3 to 6-15-8 NMSA 1978) are directory and not mandatory. 1929-30 Op. Att'y Gen. 201.

Maturities at 20 to 30 years invalid. - A preliminary resolution providing for a proposed bond issue for a hospital, fixing the maturities at 20 to 30 years, was invalid since under 6-15-7 NMSA 1978 such bonds cannot have a maturity longer than 20 years. *Mann v. City of Artesia*, 42 N.M. 224, 76 P.2d 941 (1938).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 182 to 205.

20 C.J.S. Counties § 222; 64 C.J.S. Municipal Corporations § 1935; 79 C.J.S. Schools and School Districts § 371; 87 C.J.S. Towns § 149.

6-15-4. Tax levy for payment of bonds.

The officials now or hereafter charged by law with the duty of levying general (ad valorem) taxes for the payment of bonds and interest shall, in the manner provided by law, make an annual levy sufficient to meet the annual or semiannual payments of principal and interest on the bonds maturing or the mandatory sinking fund payments as in this article provided. Nothing herein contained shall be so construed as to prevent the municipal corporation from applying any other funds that may be in the treasury or investment income actually received from sinking fund investments and available for that purpose to the payment of the interest on or the principal of or any prior redemption premium in connection with such bonds as the same become due; and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished.

History: Laws 1929, ch. 201, § 2; C.S. 1929, § 16-102; 1941 Comp., § 7-617; 1953 Comp., § 11-6-16; Laws 1973, ch. 393, § 2; 1975, ch. 326, § 2.

ANNOTATIONS

Cross-references. - For destruction of documentary evidence of extinguished public debt, see 6-10-62 NMSA 1978.

6-15-5. Sale of bonds.

Before any bonds issued by a municipal corporation shall be offered for sale, the corporate authorities issuing the bonds shall designate the maximum rate of interest the bonds shall bear and shall designate the maximum net effective interest rate which shall not exceed the maximum permitted by the Public Securities Act [6-14-1 to 6-14-3 NMSA 1978], as hereafter amended and supplemented. All the bonds shall be sold at public sale and a notice calling for bids for the purchase of the bonds shall be published once a week for two consecutive weeks in a newspaper having local circulation. The notice shall specify a place and designate a day and hour subsequent to the date of the publication when sealed bids shall be received and publicly opened for the purchase of the bonds. A copy of the notice calling for bids shall, at least two weeks prior to the date fixed for the sale, be mailed to the state treasurer and the state investment council. The notice shall specify the maximum rate of interest the bonds shall bear, the maximum net effective interest rate permitted for the bonds and the maximum discount if a discount is allowed by the governing body and shall require bidders to submit a bid specifying the lowest rate or rates of interest and any premium or discount if allowed by the governing body at, above or below par at which the bidder will purchase the bonds. The bonds shall be sold to the bidder making the best bid, subject to the right of the governing body to reject any and all bids and readvertise. All bids shall be sealed and, except the bid of New Mexico if one is received, shall be accompanied by a deposit of not less than two percent of the principal amount of the bonds, either in cash or by cashier's or treasurer's check of, or by certified check drawn on, a solvent commercial bank or trust company in the United States, which deposit shall be returned if the bid is not accepted. If the successful bidder fails or neglects to complete the purchase of the bonds within thirty days following the acceptance of his bid or within ten days after the bonds are made ready and are offered by the municipal corporation for delivery, whichever is later, the amount of his deposit shall be forfeited to the municipal corporation issuing the bonds, and, in that event, the governing body may accept the bid of the one making the next best bid. If all bids are rejected, the governing body shall readvertise the bonds for sale in the same manner as for the original advertisement. If there are two or more equal bids and the bids are the best bids received, the governing body shall determine which bid shall be accepted; provided that the bonds or any part thereof may be sold to the state at private sale without advertisement.

Except as provided in this section, bonds to be issued for various purposes may be sold and issued as a single combined issue even though they may have been authorized by separate votes at an election or elections. Bonds authorized by any city, town or village for the construction or purchase of a system for supplying water or of a sanitary sewer system or of a storm sewer system may be combined with each other and sold and issued as a single issue but may not be combined with bonds to be issued for any other

purpose which may be subject to the debt limitation of Section 13 of Article 9 of the constitution of New Mexico.

History: Laws 1929, ch. 201, § 3; C.S. 1929, § 16-103; Laws 1937, ch. 125, § 1; 1941 Comp., § 7-618; 1953 Comp., § 11-6-17; Laws 1969, ch. 217, § 1; 1973, ch. 393, § 3; 1983, ch. 265, § 28.

ANNOTATIONS

No commission is allowed for sale of bonds, in whatever guise attempted. 1929-30 Op. Att'y Gen. 168, 187.

Financial advisors entitled to fee. - A firm acting as financial advisor on the issuance, sale and delivery of general obligation school bonds is entitled to a fee and such fee is a reasonable and legal expense incurred by the municipal school. 1965 Op. Att'y Gen. No. 65-207 (rendered prior to 1973 amendment).

Effect of board of education advertising bonds. - A board of education does not lose its right to sell bonds to the state treasurer by advertising them for sale, nor is such right lost when the state treasurer bids on them at the public offering. 1945-46 Op. Att'y Gen. No. 4929.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 218 to 249.

Bond issue in excess of amount permitted by law, estoppel to deny validity of, within authorized debt, tax or voted limit, 175 A.L.R. 823.

20 C.J.S. Counties § 225; 64 C.J.S. Municipal Corporations § 1930; 79 C.J.S. Schools and School Districts § 370; 87 C.J.S. Towns § 150.

6-15-6. [Bids for bonds refused; return of deposits.]

If a bid be accepted the deposits of all other bidders shall be thereupon returned; if all bids be rejected, then all deposits shall be returned forthwith.

History: Laws 1929, ch. 201, § 4; C.S. 1929, § 16-104; 1941 Comp., § 7-619; 1953 Comp., § 11-6-18.

6-15-7. Maturity date of bonds; limitation.

Bonds issued hereunder shall never be issued to run for a longer period than twenty years from the date of the bonds.

History: Laws 1929, ch. 201, § 5; C.S. 1929, § 16-105; 1941 Comp., § 7-620; 1953 Comp., § 11-6-19; Laws 1973, ch. 393, § 4.

ANNOTATIONS

Cross-references. - For limitation on issuance of bonds, see 6-15-9 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 195.

20 C.J.S. Counties § 222; 64 C.J.S. Municipal Corporations § 1941; 79 C.J.S. Schools and School Districts § 371; 87 C.J.S. Towns § 149.

6-15-8. ["Municipal corporation" as used in 6-15-3 to 6-15-8 NMSA 1978 defined.]

The term municipal corporation shall, for the purpose of this act [6-15-3 to 6-15-8 NMSA 1978], be construed to mean county, incorporated city, incorporated town, incorporated village or school district.

History: Laws 1929, ch. 201, § 7; C.S. 1929, § 16-107; 1941 Comp., § 7-621; 1953 Comp., § 11-6-20.

ANNOTATIONS

Section limited to issuance and sale of bonds. - The inclusion of school districts in the definition of the term "municipal corporation" is, by the wording of this section, limited to the purposes of the act, 6-15-3 to 6-15-8 NMSA 1978, said purposes having to do with the issuance and sale of bonds of political subdivisions. Being so limited, it is not a general legislative declaration. *McWhorter v. Board of Educ.*, 63 N.M. 421, 320 P.2d 1025 (1958).

6-15-9. Bonds authorized at election; time limit on issuance; exceptions.

No bonds shall be issued or sold by any school district, county or municipality after the expiration of three years from the date of initiation of proceedings for the election authorizing the issue, except for the purpose of refunding previous bond issues or in payment of judgments or if the issuance of the bonds has been authorized at a regular election for officers of any such school district, county or municipality or, where authorized by statute, at a special election held for that purpose such bonds may be sold to the United States or to the state in any case in which the state has made an offer to purchase the bonds and the offer was accepted prior to the expiration of the three-year period. Any period of time when the validity of bonds or the election therefor is in litigation shall be excluded from the three-year period.

History: Laws 1933, ch. 114, § 1; 1934 (S.S.), ch. 12, § 1; 1941 Comp., § 7-622; 1953 Comp., § 11-6-21; Laws 1959, ch. 358, § 1; 1975, ch. 224, § 1; 1987, ch. 172, § 1.

ANNOTATIONS

Cross-references. - For limitation on maturity of bonds, see 6-15-7 NMSA 1978.

The 1987 amendment, effective June 19, 1987, substituted "three years" for "two years" and "has made" for "has heretofore made or shall hereafter make" and deleted "heretofore, or may be hereafter" preceding "authorized at a regular election", "of America" following "United States", "of New Mexico" following "to the state", and "heretofore, or hereafter shall be" preceding "accepted prior" in the first sentence; substituted "three-year period" for "two-year period" in the first and second sentences; and made other minor word changes in the first sentence.

Section not applicable to revenue bonds. - This statute is not applicable to revenue bonds as it is to general obligation bonds in view of provisions of Laws 1943, ch. 82, relating to the purchase or construction of a utility by a municipality, and if the provisions of that act are complied with the revenue bonds are valid. 1951-52 Op. Att'y Gen. No. 5360 (rendered before 1959 and 1975 amendments).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 206, 211.

20 C.J.S. Counties § 221; 64 C.J.S. Municipal Corporations § 1948; 79 C.J.S. Schools and School Districts § 371.

6-15-10. Unissued bonds authorized at election; when void; exceptions.

In all cases where bond issues by the school districts, counties or municipalities have been authorized by special election and the bonds have not been issued and sold within three years from the date of the initiation of proceedings for the special election authorizing the proposed issue, the proposed bond issue is void, except where issued for refunding bonded debt or for payment of judgments against the district, county or municipality and, except where the issuance of the bonds has been authorized at a regular election for officers of any school district, county or municipality or, where authorized by statute, at a special election held for those purposes. Such bonds may be sold to the United States or to the state in any case in which the state has made an offer to purchase the bonds and the offer was accepted prior to the expiration of the three-year period.

History: Laws 1933, ch. 114, § 2; 1934 (S.S.), ch. 12, § 2; 1941 Comp., § 7-623; 1953 Comp., § 11-6-22; Laws 1959, ch. 358, § 2; 1987, ch. 172, § 2.

ANNOTATIONS

The 1987 amendment, effective June 19, 1987, deleted "or are hereafter" preceding "authorized by special election", "heretofore or may be hereafter" preceding "authorized

at a regular election" and substituted "three years" for "two years" and "is void" for "shall be null and void" in the first sentence; deleted "of America" following "United States", "of New Mexico" following "state", and "heretofore, or hereafter shall be" preceding "accepted prior" and substituted "has made" for "heretofore made or shall hereafter make" and "three-year period" for "two-year period" in the second sentence; and made other minor word changes throughout the section.

6-15-11. Refunding bonds of county, municipality or school district; approval of issuance; purpose.

The governing body of any county, municipality or school district in this state may, with the approval of the department of finance and administration, issue bonds in such form as the governing body may determine, to be denominated refunding bonds, for the purpose of refunding any of the general obligation bonded indebtedness of the county, municipality or school district which has or will become due and payable or which has or will become payable at the option of the county, municipality or school district or by consent of the bondholders or by any lawful means.

History: Laws 1927, ch. 128, § 1; C.S. 1929, § 90-1101; 1941 Comp., § 7-624; 1953 Comp., § 11-6-23; Laws 1963, ch. 234, § 1; 1983, ch. 265, § 29.

ANNOTATIONS

Constitutionality. - This act (6-15-11 to 6-15-19 NMSA 1978) does not violate the constitutional limitation (N.M. Const., art. IX, §§ 11, 15) where bonds are issued to refund a valid obligation. *Southwest Sec. Co. v. Board of Educ.*, 40 N.M. 59, 54 P.2d 412 (1936).

Municipality entitled to use discretion in refunding portion of issue. - Where municipality issued 5 1/2% water bonds, part payable in 30 years and part optional in 20 years, it was entitled to refund a portion of the issue, amounting to about one-half, and to use its discretion in selecting the bonds to be refunded, and a bondholder had no right to insist that his bond be called or not called before maturity. *Town of Alamogordo v. Beall*, 41 N.M. 93, 64 P.2d 384 (1937).

General obligation water refunding bonds may not be issued. - Water revenue bonds may not be refunded in whole or in part by the issuance of general obligation water refunding bonds for the reason that the statutory grant of such power is lacking. 1959-60 Op. Att'y Gen. No. 60-161.

Approval of form and interest rate included in initial approval. - If the state tax commission approved the issuance of school district bonds, it necessarily approved the form thereof and the rate of interest. *Southwest Sec. Co. v. Board of Educ.*, 40 N.M. 59, 54 P.2d 412 (1936) (decided under former law).

Refunding indebtedness by issuing bonds exceeding amount of indebtedness. - Code 1915, § 3646 (repealed) authorized a city to refund its indebtedness, evidenced by judgments on pastdue bonds, by issuing 5% bonds in an amount exceeding the amount of the indebtedness sought to be refunded, so that a sale thereof at not less than 95 would produce a sufficient fund. *Padilla v. Socorro*, 28 N.M. 354, 212 P. 337 (1923) (decided under former law).

Water revenue bonds do not constitute "bonded indebtedness" of municipality inasmuch as such revenue bonds are payable only from the net revenue of the water works system. 1959-60 Op. Att'y Gen. No. 60-161.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 261 to 269.

Power of municipality or other governmental body to issue refunding bonds to retire obligation in respect of which the creation and maintenance of a sinking fund by taxation is required. 157 A.L.R. 794.

20 C.J.S. Counties §§ 218 to 226; 64 C.J.S. Municipal Corporations § 1910; 79 C.J.S. Schools and School Districts § 360.

6-15-12. Ordinance or resolution for refunding bonds; contents; maturities.

Whenever such governing body shall deem it expedient to issue refunding bonds under the provisions of Sections 6-15-11 to 6-15-22 NMSA 1978, the governing body of a municipality shall adopt an ordinance, and the governing body of a county or school district shall adopt a resolution, which shall be spread on the records of the governing body, which ordinance or resolution shall set out the facts making the issuance of such refunding bonds necessary or advisable, the determination of such necessity or advisability by said governing body and the amount of such refunding bonds which it is deemed necessary and advisable to issue. Such ordinance or resolution shall fix the rate or rates of interest of such bonds, which shall not be in excess of the maximum coupon rate which is permitted by the Public Securities Act [6-14-1 to 6-14-3 NMSA 1978], the date of said refunding bonds, the denomination or denominations thereof, the maturity date or dates, the last of which shall not be more than twenty-five years from the date of said refunding bonds, the place or places of payment within or without the state of New Mexico of both principal and interest, and shall further set out the form of said refunding bonds.

History: Laws 1927, ch. 128, § 2; C.S. 1929, § 90-1102; 1941 Comp., § 7-625; 1953 Comp., § 11-6-24; Laws 1963, ch. 234, § 2; 1975, ch. 326, § 3.

ANNOTATIONS

Resolution minutes need not be certified. - A resolution authorizing issuance of school refunding bonds complied with the statute by stating that the old bonds bore 6% interest, and that such bonds might be refunded with bonds at a lower interest. Failure to certify the minutes of such resolution does not invalidate the bonds. *Southwest Sec. Co. v. Board of Educ.*, 40 N.M. 59, 54 P.2d 412 (1936).

Placing proceeds in escrow does not increase indebtedness. - Where proceeds of municipal refunding bonds were to be placed in escrow and invested in United States bonds for the sole purpose of paying off indebtedness on existing municipal bonds, the refunding bonds could not be considered as an increase in the city's indebtedness within N.M. Const., art. IX, §§ 12 and 13, even though some 10 years would lapse between issuance of refunding bonds and final payment of original bonds, and though original bonds would not be paid immediately upon their initial callable date. *City of Albuquerque v. Gott*, 73 N.M. 439, 389 P.2d 207 (1964).

Maturity date. - The maturity date of refunding bonds cannot be more than 25 years from their date, nor extend beyond the final maturity date of bonds to be refunded where these become due and payable at the option of the issuing body. 1935-36 Op. Att'y Gen. 133.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 20 C.J.S. Counties § 221; 64 C.J.S. Municipal Corporations § 1916; 79 C.J.S. Schools and School Districts § 363.

6-15-13. Execution of refunding bonds; interest coupons; mode of payment; installments.

The refunding bonds shall be in such form as the governing body may determine and, unless issued in book entry or similar form without the delivery of physical securities, shall refer to the act under which they are issued, be executed in the name of the county, municipality or school district, signed by the chairman or president of the governing body, sealed with the seal of the county, municipality or school district and attested by the county, municipal or school district clerk or secretary. The interest accruing on the refunding bonds shall be payable semiannually or annually. Both principal and interest of the bonds shall be payable in lawful money of the United States at such place or places as may be determined by the governing body of the county, municipality or school district. The principal of the bonds shall mature on the date or dates set by the governing body, with or without option of prior redemption, not later than twenty-five years from the date of the bonds.

History: Laws 1927, ch. 128, § 3; C.S. 1929, § 90-1103; 1941 Comp., § 7-626; 1953 Comp., § 11-6-25; Laws 1963, ch. 234, § 3; 1975, ch. 326, § 4; 1983, ch. 265, § 30.

ANNOTATIONS

Cross-references. - For facsimile signatures of public officials, see 6-9-1 NMSA 1978 et seq.

Compiler's note. - The reference in the catchline to "interest coupons" is apparently irrelevant in light of the 1983 amendment, which deleted references to interest coupons.

Legislative intent. - Considering the purpose of the Uniform Facsimile Signature of Public Officials Act (6-9-1 to 6-9-6 NMSA 1978), it is the legislative intention that the provisions of such act be applicable to the signatures affixed to advance county, municipality or school district refunding bonds provided for in this section. 1965 Op. Att'y Gen. No. 65-67.

Provision for seal on school district bonds is directory only and is not essential to valid obligation. Board of Educ. v. Woodmen of World, 77 F.2d 31 (10th Cir. 1935).

Payment of school refunding bonds. - School refunding bonds payable in gold coin or its equivalent in lawful money did not invalidate bonds which were payable in gold coin equal to current standard of weight and fineness since such bonds were payable in lawful money of the United States. Southwest Sec. Co. v. Board of Educ., 40 N.M. 59, 54 P.2d 412 (1936) (decided under former law).

Am. Jur. 2d, A.L.R. and C.J.S. references. - 20 C.J.S. Counties §§ 222, 226; 64 C.J.S. Municipal Corporations § 1935; 79 C.J.S. Schools and School Districts § 371.

6-15-14. Levy of taxes to pay annual installments and interest.

The governing body of any county, municipality or school district which shall have issued refunding bonds under the provisions of Sections 6-15-11 to 6-15-22 NMSA 1978, shall, during each year in which any of said bonds shall be outstanding, cause an annual tax to be levied on all property in the county, municipality or school district subject to taxation, sufficient to produce one year's interest on all of said bonds then outstanding, and to pay the annual installment of the principal of said bonds that will become due and payable in the next ensuing year or the annual mandatory sinking fund requirement if the principal is to be paid from a sinking fund. Such taxes shall be levied, assessed and collected at the times and in the manner that other county, municipal or school district taxes are levied, assessed and collected, and the proceeds of such taxes shall be kept in a special fund or sinking fund to be used only for the payment of the interest on and for the redemption of such bonds.

History: Laws 1927, ch. 128, § 5; C.S. 1929, § 90-1105; 1941 Comp., § 7-628; 1953 Comp., § 11-6-27; Laws 1975, ch. 326, § 5.

ANNOTATIONS

Cross-references. - For destruction of documentary evidence of extinguished public debt, see 6-10-62 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 58 to 62, 414, 442.

20 C.J.S. Counties § 226; 64 C.J.S. Municipal Corporations § 1955; 79 C.J.S. Schools and School Districts § 374.

6-15-15. Exchange for bonds to be refunded; sales.

All such refunding bonds may be exchanged dollar for dollar for the bonds to be refunded, or they may be sold as directed by the governing body, and the proceeds thereof shall be applied only to the purpose for which said refunding bonds were issued.

History: Laws 1927, ch. 128, § 6; C.S. 1929, § 90-1106; 1941 Comp., § 7-629; 1953 Comp., § 11-6-28; Laws 1963, ch. 234, § 4.

ANNOTATIONS

Authority of school district. - This act (6-15-11 to 6-15-19 NMSA 1978) authorizes a school district to issue refunding bonds for sale enforceable in the hands of the purchaser. *Southwest Sec. Co. v. Board of Educ.*, 40 N.M. 59, 54 P.2d 412 (1936).

Bona fide purchaser's right to rely on certificate. - A bona fide purchaser of a bond purported to be a school refunding bond has a right to rely on the certificate that exchange of the bonds had been effectuated and refunded bonds destroyed, made by authorized officers, and the school board is estopped to assert falsity of certificate. *Board of Educ. v. Woodmen of World*, 77 F.2d 31 (10th Cir. 1935).

Estoppel of school district raising invalidity of bond. - A school district is estopped from setting up the invalidity of bonds as against a bona fide purchaser on ground that the old bonds had not been canceled and record made of such acts where the bonds recited that all statutory requirements had been fulfilled and the board had certified to delivery and cancellation of old bonds. *Southwest Sec. Co. v. Board of Educ.*, 40 N.M. 59, 54 P.2d 412 (1936).

Am. Jur. 2d, A.L.R. and C.J.S. references. - Power of governmental unit to issue bonds as implying power to refund them, 1 A.L.R.2d 134.

20 C.J.S. Counties § 225; 64 C.J.S. Municipal Corporations § 1930; 79 C.J.S. Schools and School Districts § 370.

6-15-16. [Record of refunding bonds.]

The governing body of any county, municipality or school district issuing bonds under this act [6-15-11 to 6-15-19 NMSA 1978] shall keep a record thereof in a book to be kept for that purpose, showing the date, number, amount and maturity of such bonds and all payments of interest or principal of any such bonds.

History: Laws 1927, ch. 128, § 7; C.S. 1929, § 90-1107; 1941 Comp., § 7-630; 1953 Comp., § 11-6-29.

6-15-17. [Retired refunding bonds to be destroyed.]

All such refunding bonds paid and retired shall be burned and destroyed by the governing body which retires the same, and a record of such destruction and the number and amount of bonds destroyed shall be entered on the records of such governing body.

History: Laws 1927, ch. 128, § 8; C.S. 1929, § 90-1108; 1941 Comp., § 7-631; 1953 Comp., § 11-6-30.

6-15-18. [Bonds surrendered for refunding; record; destruction.]

Upon the surrender of any bonds refunded under the provisions of this act [6-15-11 to 6-15-19 NMSA 1978], there shall be entered on the records of the governing body to whom surrendered the fact of such surrender and the number, amount, date and character of the bonds so surrendered; and such bonds shall be destroyed by such governing body and the fact of such destruction shall be likewise entered on such record.

History: Laws 1927, ch. 128, § 9; C.S. 1929, § 90-1109; 1941 Comp., § 7-632; 1953 Comp., § 11-6-31.

6-15-19. [Definition of terms.]

The term "municipality" shall mean any incorporated city, town, or village in this state, whether the same shall have been incorporated by special character [charter] or under the general laws of this state. The term "school district" shall mean and include all municipal independent union high school of rural districts, whether the same shall be under the jurisdiction of a county board of education or municipal boards of education, and shall include districts organized for high school purposes. The term "governing body" shall mean the board of county commissioners, city council, board of trustees, board of commissioners or similar legislative bodies of municipalities, and shall mean the board of education or similar board having control of school affairs.

History: Laws 1927, ch. 128, § 10; C.S. 1929, § 90-1110; 1941 Comp., § 7-633; 1953 Comp., § 11-6-32.

6-15-20. Application of bond proceeds; procedures; limitations.

A. The proceeds derived from the issuance of any refunding bonds under the provisions of Sections 6-15-11 through 6-15-22 NMSA 1978, shall first be either immediately applied to the payment, or redemption and retirement of the bonds to be refunded and the cost and expense incident to such procedures, or shall immediately be placed in escrow to be applied to the payment of said bonds upon their presentation therefor and the costs and expenses incident to such proceedings. Any money remaining after

providing for the payment of the refunded bonds and any expenses and costs incident therewith shall be credited against the initial or subsequent levies required by Section 6-15-14 NMSA 1978 and deposited to the special fund of the political subdivision to be used to pay maturing principal and interest on the refunding bonds.

B. Any such escrowed proceeds, pending such use, may be invested or, if necessary, reinvested only in direct obligation [obligations] of the United States of America, or obligations guaranteed by the United States of America, maturing at such times as to ensure the prompt payment of the bonds refunded under the provisions of this article and the interest accruing thereon. For the purposes of this section, obligations guaranteed by the United States of America shall include but not be limited to the following: farmers home administration certificates of beneficial ownership, export-import bank certificates of beneficial interest, export-import bank participation certificates, export-import bank debentures, government national mortgage association participation certificates and debentures and small business administration debentures.

C. Such escrowed proceeds and investment [investments], together with any interest to be derived from such investments, shall be in an amount which at all times shall be sufficient to pay the bonds refunded as they become due at their respective maturities or as they are called for redemption and payment on prior redemption dates, as to principal, interest, any prior redemption premium due, and any charges of the escrow agent payable therefrom; the computations made in determining such sufficiency shall be verified by a certified or registered public accountant.

D. For the purpose of implementing the provisions of this article, the governing body shall have the power to enter into escrow agreements and to establish escrow accounts with any qualified depository located within the state of New Mexico, which is a member of the federal deposit insurance corporation, under protective covenants and agreements whereby such accounts shall be fully secured by direct obligations of the United States of America or obligations guaranteed by the United States of America or shall be invested in such direct obligations, or guaranteed obligations in such amounts as will be sufficient, and maturing at such times, so as to ensure the prompt payment of the bonds refunded, and the interest accruing thereon, under the provisions of Sections 6-15-11 through 6-15-22 NMSA 1978. All banks are authorized and directed to give such security.

E. In no event shall the aggregate amount of bonded indebtedness of any county, municipality or school district exceed the maximum allowable amount as determined pursuant to the statute applicable to such county, municipality or school district.

F. The issuance of refunding bonds by any county, municipality or school district for the purposes and in the manner authorized by this article or under the provisions of any other law thereunto enabling, shall never be interpreted or taken to be the creation of an indebtedness such that the same would require the approval of the qualified electors of the county, municipality or school district, and no such approval shall be required for the

issuance of such refunding bonds except as is specifically required by the law under which said refunding bonds are sought to be issued or have been issued.

G. No bonds may be refunded under the provisions of Sections 6-15-11 through 6-15-22 NMSA 1978 unless the holders thereof voluntarily surrender said bonds for immediate exchange or immediate payment or unless said bonds either mature or are callable for redemption prior to their maturity under their terms within twenty years from the date of issuance of the refunding bonds and provision shall be made for paying or redeeming and discharging all of the bonds refunded within said period of time.

History: 1953 Comp., § 11-6-34.1, enacted by Laws 1963, ch. 235, § 1; 1975, ch. 326, § 6; 1981, ch. 338, § 1.

ANNOTATIONS

Meaning of "this article". - The words "this article" refer to Chapter 11, Article 6, 1953 Comp., the operative provisions of which are presently compiled as 6-6-7 to 6-6-18 and 6-15-1 to 6-15-28 NMSA 1978.

Placing proceeds in escrow does not increase indebtedness. - Where proceeds of municipal bonds were to be placed in escrow and invested in United States bonds for the sole purpose of paying off indebtedness on existing municipal bonds, the refunding bonds could not be considered as an increase in the city's indebtedness within N.M. Const., art. IX, §§ 12 and 13, even though some 10 years would lapse between issuance of refunding bonds and final payment of original bonds, and though original bonds would not be paid immediately upon their initial callable date. *City of Albuquerque v. Gott*, 73 N.M. 439, 389 P.2d 207 (1964).

6-15-21. Contributions securing payment of bonds.

In order to provide for the payment of maturing principal and interest, or call premium if any, on any of its general obligation or general obligation refunding bonds a county, municipality or school district may contribute any available money to aid in the purchase of securities to be placed in a trust or escrow created pursuant to Section 6-15-20 NMSA 1978, or may create any such trust or enter into any such escrow agreement if such trust or escrow agreement is to be wholly funded with cash or securities transferred from any fund of such county, municipality or school district, or purchased with the proceeds of any available money from any fund of such county, municipality or school district.

History: 1953 Comp., § 11-6-34.2, enacted by Laws 1975, ch. 326, § 7.

6-15-22. Creation of sinking funds to secure payment of bonds.

A. Any bonds authorized pursuant to Sections 6-6-7 to 6-6-18 and 6-15-1 to 6-15-22 NMSA 1978 may be secured by a sinking fund which may be created by resolution or

ordinance of the governing body either at or prior to the issuance of such bonds. The resolution or ordinance creating the sinking fund may also be combined with any resolution or ordinance pertaining to the issuance of such bonds. The resolution or ordinance may provide for annual mandatory payments to be made into the sinking fund and from the taxes to be issued for the payment of such bonds. When a sinking fund is created, payments into the sinking fund shall be made from the special fund created pursuant to Sections 6-15-4 or 6-15-14 NMSA 1978 at the times and in the manner specified by the governing body in the resolution or ordinance creating the sinking fund. Either principal or interest or both may be paid from the sinking fund but no interest shall be paid therefrom unless specifically provided for in the sinking fund's authorizing resolution or ordinance.

B. All sinking funds created pursuant to this article may be invested and reinvested in any of the following:

(1) bonds or other evidences of indebtedness of the United States of America or any of its agencies or instrumentalities when such obligations are guaranteed as to principal and interest by the United States of America or by any agency or instrumentality thereof; or

(2) bonds or other evidences of indebtedness of this state, or of any of the counties or incorporated cities, towns or duly organized school districts of the state.

C. The treasurer or other chief financial officer of the county, municipality or school district if designated, other than the treasurer, with the consent of the governing body, may enter into an irrevocable depository trust or escrow agreement with any bank doing business in this state. The depository trust agreement may contain any or all of the following provisions:

(1) for the safekeeping and handling of cash and securities of the sinking fund;

(2) such terms and conditions as shall secure the proper safeguarding, inventory, withdrawal and handling of the cash and securities;

(3) the investment and reinvestment or limitation on investment and reinvestment by trustee or escrow agent of all or any part of the sinking fund on a continuing basis, which may extend throughout the life of the agreement;

(4) the terms under which the sinking fund may be expanded to provide for the payment of additional or subsequent bond issues; or

(5) payment of the trustee fees and expenses either from bond proceeds or on a continuing basis.

D. No access to and no deposit or withdrawal of the securities from any place of deposit selected by such officers shall be permitted or made except as the terms of the

agreement may provide. The agreement need not require that securities be physically located in New Mexico, if such securities are represented by safekeeping receipts issued for the account of or benefit of the treasurer by a federal reserve bank or any bank located in a reserve city whose combined capital and surplus on the date of the safekeeping receipt equal or exceed the total amount to be deposited in the sinking fund under the terms of the contract.

E. The depository trust agreement may be combined with an escrow agreement pertaining to the issuance of refunding bonds.

F. The trustee or escrow agent of the sinking fund may also be the paying agent on the bonds secured by the sinking fund or any other bonds of the county, municipality or school district.

History: 1953 Comp., § 11-6-34.3, enacted by Laws 1975, ch. 326, § 8.

ANNOTATIONS

Cross-references. - For authorizing resolution or ordinance providing for sinking fund, see 6-15-3 NMSA 1978.

Meaning of "this article". - See same catchline in notes to 6-15-20 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 425.

20 C.J.S. Counties § 226; 64 C.J.S. Municipal Corporations § 1953; 79 C.J.S. Schools and School Districts § 374; 87 C.J.S. Towns § 153.

6-15-23. Short title.

Sections 6-15-23 through 6-15-28 NMSA 1978 may be cited as the "Bond Election Act."

History: 1953 Comp., § 11-6-35, enacted by Laws 1970, ch. 6, § 1.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 131 to 179.

64 C.J.S. Municipal Corporations §§ 1920 to 1929; 79 C.J.S. Schools and School Districts § 366.

6-15-24. Definitions.

As used in the Bond Election Act [6-15-23 to 6-15-28 NMSA 1978]:

A. "bonds" means general obligation bonds of any municipality, school district, county, junior college district or branch community college district;

B. "board" means the governing body of any municipality, school district, county, junior college district or branch community college district; and

C. "voter" means any person who is a registered qualified elector of any municipality, school district, county, junior college district or branch community [college] district and, in the case of municipalities, also means any person who is a nonresident municipal elector as defined in Section 3-30-2 NMSA 1978.

History: 1953 Comp., § 11-6-36, enacted by Laws 1970, ch. 6, § 2; 1971, ch. 132, § 1.

6-15-25. Findings; purpose of act.

A. The legislature finds that some of the qualifications of electors at bond elections, as presently prescribed by the constitution or statutes of New Mexico, or both, are invalid and some of such qualifications remain uncertain as to validity because of recent court decisions construing provisions of the constitution of the United States. The legislature recognizes that all or portions of certain sections of Article 9 of the constitution of New Mexico and certain statutes ultimately may be held to violate the constitution of the United States.

B. The purpose of the Bond Election Act [6-15-23 to 6-15-28 NMSA 1978] is to permit the authorization and issuance of bonds during and after the period of uncertainty by requiring an election procedure which will conform with any determination made by the courts as to the validity of qualifications of electors.

History: 1953 Comp., § 11-6-37, enacted by Laws 1970, ch. 6, § 3; 1971, ch. 132, § 2.

6-15-26. Bond elections.

A. Each proposition to issue bonds shall be submitted by a single set of ballots to all voters of the municipality, school district, county, junior college district or branch community college district, but the Bond Election Act [6-15-23 to 6-15-28 NMSA 1978] does not prevent the submission of more than one proposition on the same ballot.

B. The ballots shall be deposited in one ballot box for each polling place at any bond election and the vote shall be cast, counted, returned and canvassed so that the board can determine the total number of votes cast at each election for and against each bond proposition.

C. The Bond Election Act does not prevent any board from using one or more voting machines at any polling place for any bond election if the vote is cast, counted, returned and canvassed and the election otherwise is conducted in a manner which is consistent with the Bond Election Act.

D. Except as expressly provided in the Bond Election Act, any bond election shall be called, conducted and canvassed pursuant to applicable statutes governing elections for the bonds, provided, however, absentee ballot provisions in the Election Code [Chapter 1 NMSA 1978] governing regular elections of the board shall apply. A bond election called by a municipality shall be called, conducted and canvassed pursuant to the applicable provisions of the Municipal Election Code [Articles 8 and 9 of Chapter 3 NMSA 1978] and the absentee ballot provisions of the Municipal Election Code shall apply, provided, however, that the provisions of this act and any applicable statutes governing elections for the bonds shall supersede the Municipal Election Code in the event of a conflict.

History: 1953 Comp., § 11-6-38, enacted by Laws 1971, ch. 132, § 3; 1975, ch. 36, § 1; 1985, ch. 208, § 120.

ANNOTATIONS

Repeals and reenactments. - Laws 1971, ch. 132, § 3, repealed former 11-6-38, 1953 Comp., relating to bond elections, and enacted a new 11-6-38, 1953 Comp.

Meaning of "this act". - The term "this act," referred to in the last sentence in Subsection D, first appears in Laws 1985, Chapter 208 which is principally codified as Articles 8 and 9 of Chapter 3. The term probably should refer not to Laws 1985, Chapter 208 but to the Bond Election Act, 6-15-23 to 6-15-28 NMSA 1978.

Provision that only real estate owners allowed to vote unconstitutional. - A former provision in the state constitution, which only allowed owners of real estate to vote on the question of creating a debt through the issuance of bonds, was unconstitutional as violative of the equal protection clause of the fourteenth amendment of the constitution of the United States. *Board of Educ. v. Maloney*, 82 N.M. 167, 477 P.2d 605 (1970).

Use of voting machines in school bond election is permissive and not mandatory. 1972 Op. Att'y Gen. No. 72-37.

6-15-27. Scope of act.

The Bond Election Act [6-15-23 to 6-15-28 NMSA 1978] is cumulative to all other laws on the subject, except that, when any bonds are being voted pursuant to the Bond Election Act, provisions of the Bond Election Act control to the extent of any conflict or inconsistency between its provisions and any provisions of any other law.

History: 1953 Comp., § 11-6-39, enacted by Laws 1970, ch. 6, § 5.

6-15-28. Validation.

All resolutions, orders, proclamations and other official actions heretofore adopted, made or otherwise accomplished by a board pursuant to the Bond Election Act [6-15-23

to 6-15-28 NMSA 1978] or any other provision of law in calling, conducting and canvassing bond elections, and all bonds and bond proceedings undertaken pursuant thereto, are validated and confirmed.

History: 1953 Comp., § 11-6-40, enacted by Laws 1970, ch. 6, § 6; 1971, ch. 132, § 4.

ARTICLE 16

PUBLIC SECURITIES VALIDATION

6-16-1. Short title.

This act may be cited as the "1988 Public Securities Validation Act."

History: Laws 1988, ch. 85, § 1.

ANNOTATIONS

Effective dates. - Laws 1988, ch. 85 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 18, 1988.

Compiler's note. - Similar validation acts have been enacted on a periodic basis. See Laws 1961, ch. 174; Laws 1965, ch. 15; Laws 1973, ch. 152; Laws 1975, ch. 37; Laws 1977, ch. 125; Laws 1980, ch. 80; Laws 1981, ch. 68; Laws 1983, ch. 43; Laws 1984, ch. 28; Laws 1986, ch. 70; Laws 1987, ch. 83; Laws 1987, ch. 186.

Meaning of "this act". - The term "this act" means Laws 1988, ch. 85, which appears as 6-16-1 to 6-16-5 NMSA 1978.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 376 to 387.

20 C.J.S. Counties § 222; 64 C.J.S. Municipal Corporations § 1945; 79 C.J.S. Schools and School Districts § 372; 81A C.J.S. States § 255; 87 C.J.S. Towns § 152.

6-16-2. Definitions.

As used in the 1988 Public Securities Validation Act:

A. "public security" means a bond, note certificate of indebtedness or other obligation for the payment of money, issued by this state or by any public body of this state;

B. "state" means the state of New Mexico and any board, commission, department, corporation, instrumentality or agency of this state; and

C. "public body" of the state means any state educational institution or other state institution, its board of regents or other governing body thereof constituting a body corporate, any county, city, town, village, school district, irrigation district, drainage district, conservancy district, sanitation district, water district, commission, authority or other political subdivision of the state constituting a body corporate.

History: Laws 1988, ch. 85, § 2.

ANNOTATIONS

Effective dates. - Laws 1988, ch. 85 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 18, 1988.

Compiler's note. - For citations to similar previous validation acts, see compiler's note following 6-16-1 NMSA 1978.

1988 Public Securities Validation Act. - See 6-16-1 NMSA 1978 and notes thereto.

6-16-3. Validation.

All outstanding public securities of the state and of all public bodies thereof, and all acts and proceedings heretofore had or taken, or purportedly had or taken, by or on behalf of the state or any public body thereof under law or color of law preliminary to and in the authorization, execution, sale, issuance and payment, or any combination thereof, of all such public securities are hereby validated, ratified, approved and confirmed, including but not necessarily limited to, the terms, provisions, conditions and covenants of any resolution or ordinance appertaining thereto, the redemption of public securities before maturity and provisions therefor, the levy and collection of rates, tolls and charges, special assessments, and general and other taxes, and the acquisition and application of other revenues, the pledge and use of the proceeds thereof, and the establishment of liens thereon and funds therefor, appertaining to such public securities, except as hereinafter provided, notwithstanding any lack of power, authority or otherwise, and notwithstanding any defects and irregularities in such public securities, acts and proceedings, and in such authorization, execution, sale, issuance and payment, including, without limiting the generality of the foregoing, such acts and proceedings appertaining to such public securities all or any part of which have heretofore not been issued nor purportedly issued. Such outstanding public securities are and shall be, and such public securities heretofore not issued or purportedly issued shall be, after their issuance, binding, legal, valid and enforceable obligations of the state or the public body issuing them in accordance with their terms and their authorizing proceedings, subject to the taking or adoption of acts and proceedings heretofore not had or taken or purportedly had or taken, but required by and in substantial and due compliance with laws appertaining to any such public securities heretofore not issued or purportedly issued.'

History: Laws 1988, ch. 85, § 3.

ANNOTATIONS

Effective dates. - Laws 1988, ch. 85 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 18, 1988.

Compiler's note. - For citations to similar previous validation acts, see compiler's note following 6-16-1 NMSA 1978.

6-16-4. Effect and limitations.

The 1988 Public Securities Validation Act shall operate to supply such legislative authority as may be necessary to validate any public securities heretofore issued and any such acts and proceedings heretofore taken which the legislature could have supplied or provided for or can now supply or provide for in the law under which such public securities were issued and such acts or proceedings were taken. This act, however, shall be limited to the validation of public securities, acts and proceedings to the extent to which the same can be effectuated under the state and federal constitutions. Also this act shall not operate to validate, ratify, approve, confirm or legalize any public security, acts, proceeding or other matter which has heretofore been determined in any legal proceeding to be illegal, void or ineffective.

History: Laws 1988, ch. 85, § 4.

ANNOTATIONS

Effective dates. - Laws 1988, ch. 85 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 18, 1988.

Compiler's note. - For citations to similar previous validation acts, see compiler's note following 6-16-1 NMSA 1978.

1988 Public Securities Validation Act. - See 6-16-1 NMSA 1978 and notes thereto.

6-16-5. Construction.

This act being necessary to secure the public health, safety, convenience and welfare, it shall be liberally construed to effect its purposes.

History: Laws 1988, ch. 85, § 5.

ANNOTATIONS

Effective dates. - Laws 1988, ch. 85 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 18, 1988.

Compiler's note. - For citations to similar previous validation acts, see compiler's note following 6-16-1 NMSA 1978.

Meaning of "this act". - See 6-16-1 NMSA 1978 and notes thereto.

ARTICLE 17

FINANCES OF STATE EDUCATIONAL INSTITUTIONS

6-17-1. Income-producing buildings and improvements; authority to borrow funds.

A. Boards of education and boards of regents of the various educational institutions of this state are authorized to borrow money, in conformity with the provisions of this article, for the purpose of purchasing, erecting, altering, improving, repairing, furnishing or equipping any income-producing building, improvement or facility or any group of buildings, improvements or facilities, including any infrastructure improvements necessary for the buildings' improvements or facilities, at and for the use of any public school, state educational institution or any branch thereof already established or to be established or acquired in whole or in part under the provisions of this article and for the acquiring of any necessary and convenient lands for that purpose.

B. All buildings and facilities used in the conduct of any such educational institution, including specifically but without limitation, classroom buildings, administrative buildings, research facilities and development facilities, shall be considered to be within the scope of this article, and the board of regents of any such institution is authorized to impose and collect fees from all or specific classes of students of attendance as it may consider desirable to impose and collect for the use or availability or both of the buildings or facilities, and the proceeds of all such student fees shall be considered to be income and revenues derived from the operation of the buildings or facilities for all purposes of this article. The board of regents of an educational institution may charge fees to persons other than students for the use of the buildings or facilities, and any fees charged any person for the use of the buildings or facilities are considered income and revenue derived from the operation of the buildings or facilities for all purposes of this article.

C. All bonds issued pursuant to this article shall be fully negotiable instruments within the meaning of the Uniform Commercial Code [Chapter 55 NMSA 1978].

History: Laws 1939, ch. 177, § 1; 1941 Comp., § 55-2701 (1); Laws 1947, ch. 143, § 1; 1949, ch. 92, § 1; 1951, ch. 150, § 1; 1953 Comp., § 73-29-1; Laws 1989, ch. 265, § 1.

ANNOTATIONS

The 1989 amendment, effective April 5, 1989, added the subsection designations; in Subsection A deleted "The county, independent rural, union high and municipal" at the

beginning of the subsection, deleted "dormitory, auditorium, dining hall, refectory, stadium, swimming pool or any type of" following "income-producing", and inserted "including any infrastructure improvements necessary for the buildings' improvements or facilities"; in Subsection B inserted "research facilities and development facilities" near the beginning of the first sentence and added the second sentence; in Subsection C substituted "the Uniform Commercial Code" for "and for all purposes of the negotiable instruments law as such law is now or may hereafter be in effect in this state"; and, throughout the section, substituted "this article" for "this act" and made minor stylistic changes.

Negotiable Instruments Law abolished. - Laws 1961, ch. 96, § 10-102, abolishes the Negotiable Instruments Law, and Laws 1961, ch. 96, § 1-101, enacts the Uniform Commercial Code. See 55-1-101 to 55-9-507 NMSA 1978.

Legislative intent. - The legislature had in mind the assessment of a specific fee for the use of certain buildings in the enactment of this section and did not authorize the pledge of a portion of receipts collected from all students for general instruction purposes. 1953-54 Op. Att'y Gen. No. 5834.

Building financed by sale of bonds secured by pledges permitted. - The New Mexico normal school at Silver City (now western New Mexico university) may finance the construction of a dormitory by the sale of an issue of dormitory revenue bonds secured by a pledge of the income to be derived therefrom under the provisions of this section, and a separate issue of building and improvement bonds secured by a pledge of a fixed amount of the school's income from trust lands under the provision of Laws 1949, ch. 121. 1957-58 Op. Att'y Gen. No. 57-167.

State institution of higher education may operate bowling alley which is open to the public, even though this may result in its competing with privately owned bowling alleys, only if public admittance is incidental to its primary use for the institution. 1966 Op. Att'y Gen. No. 66-90.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations § 120.

14A C.J.S. Colleges and Universities § 8; 79 C.J.S. Schools and School Districts § 323.

6-17-1.1. Definitions.

As used in Chapter 6, Article 17 NMSA 1978, "state educational institution" means the following:

- A. the university of New Mexico;
- B. the New Mexico state university;

- C. the New Mexico highlands university;
- D. the western New Mexico university;
- E. the eastern New Mexico university;
- F. the New Mexico institute of mining and technology;
- G. the northern New Mexico state school;
- H. the New Mexico military institute;
- I. the New Mexico school for the deaf;
- J. the New Mexico school for the visually handicapped;
- K. the San Juan college;
- L. the New Mexico junior college;
- M. the Santa Fe community college; and
- N. any post-secondary technical, vocational and area vocational institutes as defined in Sections 21-16-2 and 21-17-2 NMSA 1978.

History: 1978 Comp., § 6-17-1.1, enacted by Laws 1989, ch. 182, § 1.

ANNOTATIONS

Effective dates. - Laws 1989, ch. 182 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on June 16, 1989.

6-17-2. Resolution for issuance of bonds for income-producing projects.

Whenever a county, independent rural, union high or municipal board of education or the board of regents of any state educational institution by the affirmative vote of a majority of its members, duly entered in the official minutes of such board, shall by resolution determine that it is necessary to purchase, erect, alter, improve, repair, furnish and/or equip any such income-producing building, improvement or facility or any group of buildings, improvements or facilities and that the same will produce sufficient income to repay all moneys so borrowed and pay off and discharge any and all bonds or other evidences of indebtedness to be issued for the repayment of such money, and the amount required to be borrowed therefor, and upon approval in writing of the board of finance of the state of New Mexico in the case of boards of regents of educational institutions, or the state board of education in the case of county, independent rural,

union high and municipal boards of education, such boards of regents or boards of education may proceed to borrow such money and purchase or erect such building or buildings, improvement or improvements and facility or facilities, and make any such alteration, improvement, repair and furnish and equip same under the authority of this act [6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978].

History: Laws 1939, ch. 177, § 2; 1941 Comp., § 55-2702; Laws 1947, ch. 143, § 2; 1949, ch. 98, § 2; 1953 Comp., § 73-29-2.

ANNOTATIONS

Bracketed material. - The bracketed material at the end of the section was inserted by the compiler. Section 6-17-1.1 NMSA 1978 is apparently not encompassed within "this act", since Laws 1989, ch. 182, § 1 enacted that section separately. See the compiler's note following 6-17-4 NMSA 1978 for additional information as to the meaning of "this act".

6-17-3. Conditions of income-producing project bonds.

Such county, independent rural, union high and municipal boards of education or boards of regents may issue bonds or other evidence of indebtedness for the securing of the repayment of any and all money as borrowed, which shall not run for a longer period than forty years from their date and which shall bear interest at a rate not to exceed a net of six percent per annum, interest payable semiannually, and which bonds or other evidence of indebtedness shall irrevocably pledge for the prompt payment of the principal and interest thereof, as and when due and payable, the net income from any such dormitory, auditorium, dining hall, refectory, stadium, swimming pool or any type of building, improvement or facility or any group of buildings, improvements or facilities for the purchase, erection, alteration, improvement, repair, furnishing or equipment of which such money is borrowed. The form of such bonds or other evidence of indebtedness, the time for which same shall run and times when payment of principal thereof shall be made, which shall be in yearly amounts as to payment of principal beginning not later than two years from and after the time when such money is borrowed and continuing to the end of the time for which the same shall run, and the manner and amount for which same shall be sold, and whether to be sold at public or private sale, and the amount which is to be so borrowed for each specific purpose, shall be approved by the board of finance of the state of New Mexico, or the state board of education in the case of county, independent rural, union high and municipal boards of education. Despite anything elsewhere contained in this act [6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978], any such bonds may be sold at any price which does not result in an actual net interest cost to maturity, computed on the basis of standard tables of bond values, in excess of six percent.

Such county, independent rural, union high and municipal board of education or boards of regents is hereby further authorized to execute a purchase-money mortgage or deed of trust or other security instrument constituting a purchase-money mortgage to further

secure payment of any bonds issued under the provisions of this act for the purchase of any income-producing property. Such purchase-money mortgage, deed of trust or other security instrument constituting a purchase-money mortgage shall limit the mortgagee for the satisfaction of the indebtedness secured solely to the property subject to the said purchase-money mortgage, deed of trust or other security instrument.

The terms and conditions of any such purchase-money mortgage, deed of trust or other security instrument constituting a purchase-money mortgage herein authorized shall be approved by the board of finance of the state of New Mexico in the case of a board of regents or by the state board of education in the case of a county, independent rural, union high or municipal board.

History: Laws 1939, ch. 177, § 3; 1941 Comp., § 55-2703; Laws 1947, ch. 143, § 3; 1949, ch. 98, § 3; 1951, ch. 44, § 1; 1953 Comp., § 73-29-3; Laws 1957, ch. 245, § 1.

ANNOTATIONS

Bracketed material. - The bracketed material in the last sentence of the first paragraph of this section was inserted by the compiler. Section 6-17-1.1 NMSA 1978 is apparently not encompassed within "this act", since Laws 1989, ch. 182, § 1 enacted that section separately. See the compiler's note following 6-17-4 NMSA 1978 for additional information as to the meaning of "this act".

6-17-4. Determination of charges relating to income-producing projects.

Such board of regents shall be required to make such charges, including the imposition of student fees as above provided, for the use or availability of said building, improvement or facility purchased or erected hereunder and the furnishing of the services for which same is purchased or erected and used as will return annually a sufficient amount to pay the annual requirements for repayment of principal and interest on such bonds or other evidence or [of] indebtedness; and in addition thereto may make additional charges, including the imposition of student fees as above provided, for the use or availability of said building, improvement or facility and services to return a sufficient amount to pay all necessary costs and expenses of maintenance, upkeep and any required repairs thereto and all necessary costs and expenses of furnishing all services in connection therewith, and sufficient to create such reserves for the payment of principal and interest and for contingencies as may be provided in the proceedings authorizing such obligations; but said board of regents shall make no further or additional charges for the use or availability of said building, improvement or facility and the furnishing of the services for which the same is erected or purchased and used, to the members of the student body, faculty, instructors and other employees of such institution.

History: Laws 1939, ch. 177, § 4; 1941 Comp., § 55-2704 (1); Laws 1947, ch. 143, § 4; 1949, ch. 92, § 2; 1953 Comp., § 73-29-4.

ANNOTATIONS

Compiler's note. - This section and 6-17-5 NMSA 1978 were enacted as the same section by Laws 1939, ch. 177, § 4, but, following the 1949 amendment, were apparently erroneously set out twice. Laws 1949, ch. 92, amended this section as set forth above. Laws 1949, ch. 98, likewise amended this section, but in other particulars, and is compiled as 6-17-5 NMSA 1978. Both chapters 92 and 98 were approved the same day, but, pursuant to 12-1-8 NMSA 1978, only the chapter 98 version should have compiled.

6-17-5. Determination of charges relating to income-producing projects.

Such county, independent rural, union high and municipal board of education or board of regents shall be required to make such charges for the use of said building, improvement or facility purchased or erected hereunder and the furnishing of the services for which same is purchased or erected and used as will return annually a sufficient amount to pay the annual requirement for repayment of principal and interest on such bonds or other evidence of indebtedness; and in addition thereto may make additional charges for the use of said building, improvement or facility and services to return a sufficient amount to pay all necessary costs and expenses of maintenance, upkeep and any required repairs thereto and all necessary costs and expenses of furnishing all services in connection therewith, and sufficient to create a reserve fund not exceeding \$10,000.00 to be used for repayment of said indebtedness; but said county, independent rural, union high and municipal board of education or board of regents shall make no further or additional charges for the use of said building, improvement or facility and the furnishing of the services for which the same is erected or purchased and used, to the members of the student body, faculty, instructors and other employees of such institution.

History: Laws 1939, ch. 177, § 4; 1941 Comp., § 55-2704 (2); Laws 1947, ch. 143, § 4; 1949, ch. 98, § 4; 1953 Comp., § 73-29-5.

ANNOTATIONS

Compiler's note. - See compiler's notes to 6-17-4 NMSA 1978.

6-17-6. Sale of income-producing project bonds; interest and retirement funds; separation of units.

No bonds or other evidence of indebtedness authorized hereunder shall be sold for less than the par value thereof, plus accrued interest, and the proceeds from sale of all of said bonds and all money otherwise borrowed hereunder shall be paid to such county, independent rural, union high and municipal board of education or board of regents of said institution and by the treasurer thereof placed in a separate fund to be used and paid out only for the specific purposes for which the same is borrowed, and any amount

left after erecting or purchasing any such building, improvement or facility or making any such improvement for which said money is borrowed shall be converted into the "interest and retirement fund" hereinafter created; but all costs incident to issuing and selling any bonds, or otherwise borrowing any such money, the making and delivering of any other certificate or evidence of indebtedness, including legal expense, may be paid out of the money borrowed and provided for herein; and the county, independent rural, union high and municipal board of education or board of regents of such institution at the time of issuing any bonds or other evidence of indebtedness shall establish for the payment of the principal and interest of such bonds or the repayment of all money otherwise borrowed a separate fund to be known as "interest and retirement fund," into which fund shall be placed all net income from the use of any such building, facility or improvement erected, purchased or made with the money so borrowed, and the money so placed in said fund shall be used for the sole purpose of repaying the principal and interest of the money so borrowed, with any necessary service charges; and the issuance of any such bonds and other evidence of indebtedness shall constitute an irrevocable pledge of said county, independent rural, union high and municipal board of education or board of regents of all net income from the use of such building, facility and improvement for which such money was borrowed; provided, each separate building or group of buildings, facility and income-producing improvement erected or purchased and made hereunder shall be a separate unit and all net income therefrom used solely for the repayment of the money borrowed therefor, used in erecting or purchasing such building or facility and making such improvement.

History: Laws 1939, ch. 177, § 5; 1941 Comp., § 55-2705; Laws 1947, ch. 143, § 5; 1949, ch. 98, § 5; 1953 Comp., § 73-29-6.

6-17-7. Net income, gross income and operating and maintenance expenses of income-producing projects; definitions.

The net income from the building, facility or improvement so erected, purchased or made shall be deemed to be the difference between the gross income derived from rentals, meals, charges for services and all other revenues from said buildings, improvements or facilities, less the reasonable operating and maintenance expenses thereof. The reasonable operating and maintenance expenses shall be deemed to include all costs of heating and lighting said buildings, improvements or facilities, insurance, the actual cost of services of employees operating and maintaining said buildings, improvements or facilities, cost of food, repairs, costs of reasonable replacements of equipment and any other incidental costs not herein specifically enumerated, but which are reasonably necessary in the operation and maintenance of said buildings, facilities, improvements and equipment.

History: Laws 1939, ch. 177, § 6; 1941 Comp., § 55-2706; Laws 1947, ch. 143, § 6; 1953 Comp., § 73-29-7.

6-17-8. Records and expenditures for income-producing projects.

The board shall cause to be kept separate and complete records of all income and revenues from the building, facility or improvements and the use thereof and services rendered therewith; and all of the operating and maintenance expenses thereof, and none of said income and revenues shall be expended except to pay the reasonable operating and maintenance expenses as hereinbefore provided, and to pay principal and interest on bonds issued under the authority of this act [6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978].

History: Laws 1939, ch. 177, § 7; 1941 Comp., § 55-2707; Laws 1947, ch. 143, § 7; 1949, ch. 98, § 6; 1953 Comp., § 73-29-8.

ANNOTATIONS

Bracketed material. - The bracketed material at the end of the section was inserted by the compiler. Section 6-17-1.1 NMSA 1978 is apparently not encompassed within "this act", since Laws 1989, ch. 182, § 1 enacted that section separately. See the compiler's note following 6-17-4 NMSA 1978 for additional information as to the meaning of "this act".

6-17-9. Procedure prior to issuance of income-producing project bonds; approval of state board of finance or state board of education.

Before any money is borrowed and any bonds or other evidence of indebtedness issued under this act [6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978], the board of regents of such institution shall submit to the board of finance of New Mexico, or in the case of county, independent rural, union high and municipal boards of education to the state board of education, a showing for the need for such building, facility or improvement, an estimate of the costs of the buildings, facilities or improvements to be erected, purchased, altered, improved, furnished and equipped and an estimate of the reasonable amount of income anticipated to be derived from the operation of any such, together with an estimate of all operating and maintenance costs thereof, and an estimate of the net income to be derived from the operation of any such, together with an estimate of all operating and maintenance costs thereof, and an estimate of the net income to be derived from the operation and maintenance of said building, facility or improvement so designated; and no bonds shall be issued or money borrowed hereunder until the state board of finance or the state board of education shall find upon proper investigation and showing that such building, facility or improvement is needed, that the cost thereof is reasonable and that the same should and probably will return sufficient net income to repay the money borrowed with interest as the same is due and payable, and shall approve the borrowing of such money and the amount to be borrowed.

History: Laws 1939, ch. 177, § 8; 1941 Comp., § 55-2708; Laws 1947, ch. 143, § 8; 1949, ch. 98, § 7; 1953 Comp., § 73-29-9.

ANNOTATIONS

Bracketed material. - The bracketed material near the beginning of this section was inserted by the compiler. Section 6-17-1.1 NMSA 1978 is apparently not encompassed within "this act", since Laws 1989, ch. 182, § 1 enacted that section separately. See the compiler's note following 6-17-4 NMSA 1978 for additional information as to the meaning of "this act".

6-17-10. [Tax exemption of income-producing project bonds.]

Bonds and all other evidences of indebtedness issued under the provisions of this act [6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978], shall forever be and remain free and exempt from taxation of this state and any subdivision thereof.

History: Laws 1939, ch. 177, § 9; 1941 Comp., § 55-2709; 1953 Comp., § 73-29-10.

ANNOTATIONS

Bracketed material. - The bracketed material in this section was inserted by the compiler. Section 6-17-1.1 NMSA 1978 is apparently not encompassed within "this act", since Laws 1989, ch. 182, § 1 enacted that section separately. See the compiler's note following 6-17-4 NMSA 1978 for additional information as to the meaning of "this act".

6-17-11. Security for income-producing bonds; rules and regulations.

All money borrowed and bonds and other evidences of indebtedness issued under this act [6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978] shall be equally and ratably secured, without priority, by a lien on said net income in accordance with the terms of this act. In the event that such county, independent rural, union high and municipal board or the board of regents of any such institution issue any bonds or other evidences of indebtedness under the provisions of this act, they shall thereafter operate the buildings, facilities or improvements named in the resolution authorizing the issuance of said bonds or other evidences of indebtedness from which the income is to be used for the repayment of said bonds in a manner so as to ensure the prompt payment of the principal and interest of such indebtedness as the same becomes due. The said boards are hereby empowered to make such contracts, rules and regulations and to take such action as may be necessary to ensure the prompt payment of the principal and interest of all such bonds and indebtedness and properly to carry out the provisions of this act.

History: Laws 1939, ch. 177, § 10; 1941 Comp., § 55-2710; Laws 1947, ch. 143, § 9; 1949, ch. 98, § 8; 1953 Comp., § 73-29-11.

ANNOTATIONS

Bracketed material. - The bracketed material near the beginning of this section was inserted by the compiler. Section 6-17-1.1 NMSA 1978 is apparently not encompassed within "this act", since Laws 1989, ch. 182, § 1 enacted that section separately. See the compiler's note following 6-17-4 NMSA 1978 for additional information as to the meaning of "this act".

6-17-12. Debt against state not to be created by income-producing project bonds.

No obligation created hereunder shall ever be or become a charge or debt against the state of New Mexico, but all such obligations, including principal and interest, shall be payable solely from the net income derived from the buildings, facilities and improvements as in this act [6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978] specified; provided, however, that any purchase-money mortgage, deed of trust or other security instrument constituting a purchase-money mortgage may be foreclosed against said buildings, facilities or improvements so pledged, without the right to a deficiency judgment.

History: Laws 1939, ch. 177, § 11; 1941 Comp., § 55-2711; Laws 1947, ch. 143, § 10; 1953 Comp., § 73-29-12.

ANNOTATIONS

Bracketed material. - The bracketed material near the beginning of the section was inserted by the compiler. Section 6-17-1.1 NMSA 1978 is apparently not encompassed within "this act", since Laws 1989, ch. 182, § 1 enacted that section separately. See the compiler's note following 6-17-4 NMSA 1978 for additional information as to the meaning of "this act".

6-17-13. [Institutional bond statutes not affected by income-producing bond law.]

This act [6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978] shall not be construed as amending or repealing any existing acts authorizing the issuance of bonds by the board of regents of any such institution.

History: Laws 1939, ch. 177, § 12; 1941 Comp., § 55-2712; 1953 Comp., § 73-29-13.

ANNOTATIONS

Bracketed material. - The bracketed material near the beginning of this section was inserted by the compiler. Section 6-17-1.1 NMSA 1978 is apparently not encompassed within "this act", since Laws 1989, ch. 182, § 1 enacted that section separately. See the compiler's note following 6-17-4 NMSA 1978 for additional information as to the meaning of "this act".

6-17-14. Pledge of additional revenue.

A. Any board of education or board of regents issuing bonds under Chapter 73, Article 29 NMSA 1953 may, in addition to the revenues from the buildings and facilities erected or purchased under authority of Sections 6-17-1 through 6-17-13 NMSA 1978, pledge as security for the bonds all or any part of revenues to be derived from buildings, improvements or other facilities already in existence and subject to the control of the board, whether or not the buildings or facilities are to be improved, extended or repaired with the proceeds of the bonds, and the proceeds of payments received or to be received by such board or an institution under its control from the United States or any of its agencies whether received as grants or otherwise, including, but not limited to payments received pursuant to Public Law 90-448, and any amendments thereto. Each such board is hereby authorized to enter into agreements with the United States whereby it or an institution under its control is to receive such payments. Any board of regents may, notwithstanding any other provisions of these sections, pledge to the payment of the bonds the gross revenues to be derived from the operation of any buildings and facilities, the revenues of which are otherwise authorized to be pledged. The board of regents may also pledge to the payment of the bonds any of its revenues derived from sources other than the proceeds of ad valorem taxes, including land grant revenues, income from the permanent fund of the institution and income of the institution derived from the lease or rental of lands or other property of the institution. If gross revenues are so pledged, and if the revenues do not include land grant revenues or income from the permanent fund or income from leases and rentals, the board of regents may apply all or any part of these unpledged sources of revenue to the payment of the expense of maintaining and operating the buildings and facilities, the gross revenues of which are pledged, and may, in the proceedings authorizing the bonds, agree to apply to the payment of the maintenance and operation expenses as much of the revenues as is necessary for these purposes, or as is specified in the proceedings.

B. Where revenues are pledged under this section, the determination required by Section 6-17-2 NMSA 1978 need not be made. References appearing elsewhere in Chapter 73, Article 29 NMSA 1953, to the net revenues or income from buildings, facilities or improvements shall be construed to refer to all revenues pledged under the provisions of the proceedings authorizing the bonds.

C. The requirements of Sections 6-17-4 and 6-17-5 NMSA 1978, with respect to making charges sufficient to effect the purposes therein listed, shall be construed to refer to charges which will make the income and revenue therein referred to, together with additional revenues pledged in the proceedings, sufficient to effect the purposes, and the limitations on making further or additional charges appearing in those sections are not applicable.

D. The state board of finance, in determining whether to approve bonds under the provisions of Section 6-17-9 NMSA 1978, shall consider all revenues pledged to the bonds and to operation and maintenance.

History: 1941 Comp., § 55-2713, enacted by Laws 1947, ch. 143, § 11; Laws 1949, ch. 98, § 9; 1953 Comp., § 73-29-14; Laws 1957, ch. 245, § 2; 1963, ch. 297, § 1; 1969, ch. 49, § 1.

ANNOTATIONS

Compiler's note. - Chapter 73, Article 29 NMSA 1953 is now compiled as 6-17-1, 6-17-2 to 6-17-19, 21-1-26 and 21-1-27 to 21-1-33 NMSA 1978.

Public Law 90-448 is compiled at 5 U.S.C. § 5315; 12 U.S.C. §§ 24, 371, 378, 1431, 1432, 1436, 1464, 1701, 1703, 1709, 1715 to 1723, 1735, 1748, 1749, 1757; 15 U.S.C. §§ 633, 636, 1701 to 1720, 7313; 18 U.S.C. § 709; 20 U.S.C. §§ 801, 805; 31 U.S.C. § 846; 38 U.S.C. § 1820; 40 U.S.C. §§ 207, 461, 462, 612; 42 U.S.C. §§ 1401 to 1403, 1410, 1415, 1417, 1420, 1421, 1436, 1441, 1451, to 1453, 1455, to 1457, 1460, 1462, 1465 to 1469, 1483, 1484, 1490, 1492, 1500, 2414, 3101, 3102, 3104, 3108, 3311, 3331, 3332, 3335, 3336, 3338, 3356, 3372, 3533 to 3535, 3901 to 3914, 3931 to 3940, 4001, 4011 to 4027, 4041, 4051 to 4056, 4071, 4072, 4081 to 4084, 4101 to 4104, 4121 to 4127; 49 U.S.C. §§ 1603 to 1605, 1608.

Section provides flexibility in preventing default. - Default on bond payments can be prevented by use of the procedures contained in this section, which permits all the flexibility that should be needed and all that is permitted. 1971 Op. Att'y Gen. No. 71-48.

6-17-15. Refunding bonds; convertibility.

A. In addition to all other powers granted, any board of education or board of regents may issue bonds for the purpose of refunding, for not less than the principal amount of any bonds issued by it under Chapter 73, Article 29 NMSA 1953, or under any other law. The board may also issue bonds in part for the purpose of refunding the bonds and in part for the purpose of providing additional funds to acquire or construct any building, facility, improvement, alteration, addition or extension or any combination, including furnishings and equipment, for which bonds are authorized to be issued by the board. Except as provided in this section, the bonds shall mature, bear interest, have such details and be authorized and issued in the manner provided for the authorization and issuance of other bonds. Refunding bonds issued may carry forward for the benefit of the refunding bonds the security and sources of payment as were pledged to the payment of the bonds refunded, or may make changes in security and sources of payment deemed advisable by the board. There shall not be pledged to the payment of the bonds any source of revenue not authorized in Chapter 73, Article 29 NMSA 1953, to be pledged to the payment of bonds issued under that chapter.

B. Any bonds issued for refunding purposes may be delivered in exchange for the outstanding bonds authorized to be refunded, or sold at public or private sale for not less than the par value of the bonds, or sold in part and exchanged in part. If sold, the proceeds shall be immediately applied to the retirement of the bonds to be refunded, or

the proceeds, or the obligations in which they are invested as permitted by law, shall be placed in escrow to be held and applied to payment of the bonds to be refunded.

History: 1953 Comp., § 73-29-14.1, enacted by Laws 1957, ch. 245, § 3; 1963, ch. 297, § 2.

ANNOTATIONS

Compiler's note. - As to the translation of Chapter 73, Article 29 NMSA 1953, see compiler's notes to 6-17-14 NMSA 1978.

6-17-16. [Validation.]

That all bonds heretofore issued under authority of the act hereby amended, and the proceedings adopted for the authorization and issuance of such bonds, are hereby validated, ratified and confirmed, and all such bonds and proceedings are hereby found and declared to be fully valid, effective and enforceable in accordance with the terms thereof.

History: 1953 Comp., § 73-29-14.2, enacted by Laws 1957, ch. 245, § 4.

ANNOTATIONS

Meaning of "the act hereby amended". - "The act hereby amended" seemingly refers to Laws 1939, ch. 177, compiled as 6-17-1 to 6-17-13 NMSA 1978, except 6-17-1.1 NMSA 1978.

6-17-17. Refunding bonds.

A. No bonds may be refunded under Section 6-17-14 through 6-17-18 NMSA 1978, unless they mature or are callable for prior redemption under their terms within fifteen years from the date of issuance of the refunding bonds, or unless the holders voluntarily surrender them for exchange or payment.

B. Outstanding bonds of more than one issue may be refunded by bonds of one or more issues. Bonds for refunding and bonds for any other purposes authorized in Chapter 73, Article 29 NMSA 1953, may be issued separately or in combination in one series or more.

C. If any officer whose signature or facsimile signature appears on any bonds or coupons ceases to hold his office before delivery of the bonds, his signature or its facsimile is valid for all purposes as if he had remained in office until the delivery.

D. Where refunding bonds are sold, the net proceeds may, in the discretion of the issuing board, be invested in obligations of the United States or any of its agencies, or in obligations fully guaranteed by the United States, but the obligations purchased must

have maturities and bear rates of interest payable at times to ensure the existence of money sufficient to pay the bonds to be refunded when due or when redeemed pursuant to call for redemption, together with interest and redemption premiums, if any.

E. As used in this section, "net proceeds" means the gross proceeds of the bonds after deduction of all accrued interest and expenses incurred in connection with the authorization and issuance of the bonds and the refunding of the outstanding bonds, including fiscal agent fees and commissions and all discounts incurred in the resale of the refunding bonds by the original purchaser.

F. All obligations purchased with refunding bond proceeds shall be deposited in trust with a bank doing business in this state and a member of the federal deposit insurance corporation, to be held, liquidated and the proceeds of the liquidation paid out for payment of the bonds to be refunded, along with interest and redemption premiums, as the refunded bonds become due or subject to redemption under call for redemption previously made, or upon earlier voluntary surrender with the consent of the issuing board.

G. The determination of the board issuing refunding bonds that the conditions of Chapter 73, Article 29 NMSA 1953, upon the issuance of refunding bonds have been met is conclusive in the absence of fraud or arbitrary and gross abuse of discretion.

History: 1953 Comp., § 73-29-14.3, enacted by Laws 1963, ch. 297, § 3.

ANNOTATIONS

Compiler's note. - As to the translation of Chapter 73, Article 29 NMSA 1953, see compiler's notes to 6-17-14 NMSA 1978.

6-17-18. Exchange of bonds.

In authorizing bonds, including refunding bonds, under Chapter 73, Article 29 NMSA 1953, any board may provide for exchange of any bonds issued for bonds of larger or smaller denominations in the authorizing resolution. Bonds in changed denominations shall be exchanged for the original bonds in the same aggregate principal amounts and so that no overlapping interest is paid. Bonds in changed denominations shall bear interest at the same rates, mature on the same dates, be in the same form, except for an appropriate recital as to the exchange, and in all other respects, except as to denominations and numbers, be identical with the original bonds surrendered for exchange. Where any exchange is made under this section, the bonds surrendered by the holders at the time of the exchange shall be cancelled. The exchange shall be made only at the request of the holders of the bonds to be surrendered, and the board may require all expenses incurred in connection with the exchange, including those of authorization and issuance of the new bonds, to be paid by the holders.

History: 1953 Comp., § 73-29-14.4, enacted by Laws 1963, ch. 297, § 4.

ANNOTATIONS

Compiler's note. - As to the translation of Chapter 73, Article 29 NMSA 1953, see compiler's notes to 6-17-14 NMSA 1978.

6-17-19. Validation.

All bonds issued prior to the effective date of this section by any board of regents under authority of any law, and the proceedings for authorization and issuance of the bonds and the pledges made for their payment, are validated, ratified and confirmed. All such bonds and proceedings are declared fully valid, effective and enforceable in accordance with their terms.

History: 1953 Comp., § 73-29-14.5, enacted by Laws 1963, ch. 297, § 5.

ARTICLE 18 PUBLIC SECURITIES SHORT-TERM INTEREST RATES

6-18-1. Short title.

This act [6-18-1 to 6-18-16 NMSA 1978] may be cited as the "Public Securities Short-Term Interest Rate Act."

History: Laws 1983, ch. 161, § 1.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. - 64 Am. Jur. 2d Public Securities and Obligations §§ 193, 195, 197, 199, 441 to 445.

20 C.J.S. Counties §§ 222, 276; 64 C.J.S. Municipal Corporations §§ 1935 to 1941; 79 C.J.S. Schools and School Districts §§ 371, 374; 81A States §§ 255, 257, 261; 87 C.J.S. Towns §§ 149, 153.

6-18-2. Findings and declarations of necessity.

A. It is found and declared that there exists a substantial financial market for a public body's public securities structured for short-term interest rates which traditionally bear a lesser rate of interest than long-term public securities; that public bodies of this state have not been provided with statutory authority to take advantage of such lower interest rates which has resulted in public bodies paying higher interest rates on their public securities, exacting an unnecessary financial premium from the public bodies and the residents of this state, and impairing the public bodies' ability to obtain responsible, low cost financing for the promotion of the health, safety, security and general welfare of the citizens of the public bodies and of the peoples of the state of New Mexico; that it is a

matter of state policy and concern that public bodies shall not continue to pay interest on their public securities at rates higher than those available on bonds issued under the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978], and that unnecessary consumption of the public bodies' revenue be prevented.

B. It is a matter of state policy and concern that public bodies be provided flexibility in structuring their public securities to take advantage of lower interest rates offered in financial markets for all types and kinds of public securities; that public bodies be authorized and empowered to issue public securities which provide for short-term interest rates, variable interest rates, renewals and refundings of such securities, giving holders the right to put the public security for repurchase before maturity, with related accompanying provisions, and other features which will enhance the marketability of public securities and result in a lower interest cost to the public body.

C. The legislature finds that the ability to take advantage of lower interest rates accorded to public securities structured for short-term interest rates is appropriate for the public bodies of this state because of the size and magnitude of the financing required to support the public bodies. The legislature further finds and declares that the strategies and methods for solving the financing problems of public bodies differ from those in other counties, cities, towns and villages of the state, and it is necessary to authorize public bodies additional powers and flexibility because of the nature and size of their problems and because the governments and governing bodies of such public bodies have sufficient staff to meet and deal with those problems.

History: Laws 1983, ch. 161, § 2; 1986, ch. 60, § 2.

6-18-3. Legislative intent.

A. It is the intent of the legislature by the passage of the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978] to authorize public bodies to structure their public securities so as to take advantage of the lower interest rates accorded to public securities structured for short-term interest rates by providing for short-term maturities, variable interest rates, renewals and refundings of the public securities, giving holders the right to put the public securities for repurchase before maturity, and other features which will enhance the marketability of public securities and lower the interest cost; all of which will promote the health, safety, security and general welfare of the citizens thereof and of the people of the state of New Mexico.

B. It is the further intent of the legislature to vest public bodies with all powers that may be necessary to enable them to accomplish such purposes, which powers shall in all respects be exercised for the benefit of the inhabitants of this state and public bodies of this state for the promotion of their health, safety, security, welfare, convenience and prosperity.

C. It is the further intent of the legislature that the provisions of the Public Securities Short-Term Interest Rate Act be available for all bonds authorized to be issued pursuant

to any law of this state, including general obligation bonds, revenue bonds or any other bonds however secured.

History: Laws 1983, ch. 161, § 3; 1986, ch. 60, § 3.

6-18-4. Definitions.

As used in the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978], unless the context otherwise requires:

A. "bond" means any bond, debenture, note, refunding or renewal bond or note, warrant or other security evidencing an obligation authorized to be issued by a public body pursuant to any provision of law of this state, including the Public Securities Short-Term Interest Rate Act;

B. "governing body" means the city council or other body or officer of a public body in which the legislative powers are vested;

C. "indebtedness" means any debt evidenced by a bond issued by a public body pursuant to any law of this state that constitutes a debt for the purposes of Section 12 or 13 of Article 9 of the constitution of New Mexico and the issuance of which must be submitted to a vote of the qualified electors of the public body pursuant to those sections and any bond issued for the purpose of paying or refunding any such bond;

D. "bond legislation" means an ordinance or a resolution or other appropriate enactment adopted by a governing body of a public body providing for the authorization or sale of bonds and any trust agreement, credit agreement, letter of credit, reimbursement agreement or other credit facility, dealer agreement, issuing or paying agent agreement, purchase commitment agreement, escrow agreement, remarketing agreement, index agent agreement or other agreement with respect to the bonds to which the public body or trustee for the bonds is a party; and

E. "public body" means any municipality, any H class county located in New Mexico, the New Mexico hospital equipment loan council, state institutions enumerated in Section 6-13-2 NMSA 1978, the water quality control commission, the state board of finance, the New Mexico finance authority or the state.

History: Laws 1983, ch. 161, § 4; 1984, ch. 33, § 1; 1986, ch. 60, § 4; 1987, ch. 144, § 1; 1991, ch. 172, § 1; 1992, ch. 61, § 34.

ANNOTATIONS

Cross-references. - As to H class counties, see 4-44-3 NMSA 1978.

As to New Mexico hospital equipment loan council, see 58-23-5 NMSA 1978 et seq.

The 1987 amendment, effective June 19, 1987, in Subsection E, deleted "with a population in excess of twenty-five thousand according to the most recent federal decennial census, any home rule municipality" following "means any municipality" near the beginning of the subsection.

The 1991 amendment, effective April 4, 1991, in Subsection E, added "the water quality control commission, the state board of finance or the state" at the end, made a related stylistic change, and made a minor stylistic change in Subsection C.

The 1992 amendment, effective March 9, 1992, inserted "the New Mexico finance authority" in Subsection E.

6-18-5. Applicability.

Every public body authorized to issue any bonds under any of the laws of the state for any purpose may use the provisions of the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978] with respect to such bonds.

History: Laws 1983, ch. 161, § 5.

6-18-6. Short-term bonds.

A public body may authorize short-term bonds which provide for any or all of the following in or pursuant to the bond legislation:

A. principal maturities may be for any one or more periods of two years or less from the respective dates of issuance;

B. interest may be payable on any one or more dates, or at principal maturity;

C. interest may but need not be represented by coupons;

D. the bonds may be in coupon form, in form registered as to principal or registered as to both principal and interest, or in book entry form, and provision may be made for exchange of one form for another;

E. the bonds may be in form with stated interest or in discount form without stated interest, or a combination thereof;

F. the bond legislation may provide for the renewal or refunding of such bonds, at or before maturity, by the issuance or successive issuance of renewal or refunding bonds under that bond legislation without necessity for further act by the governing body, provided that the maturities of such renewal or refunding bonds shall not exceed two years from their respective dates of issuance and no bonds may be issued under authority of a bond legislation more than three years following action of the governing body on that bond legislation unless the governing body further acts to extend such

authorization within three years prior to the issuance of such renewal bonds. In the bond legislation approved by the governing body, the governing body may authorize or direct one or more officers of the public body to:

(1) fix the interest rate or rates for each issue of bonds and renewal or refunding issues, subject to a maximum rate or rates as a stated interest rate or net effective interest rate, which maximum shall be set forth in such bond legislation or determined from time to time in accordance with a formula, index, data or procedure as provided for in the bond legislation, provided that, whether or not such a formula, index, data or procedure is provided for, bond legislation with respect to indebtedness shall set forth stated maximums of net effective interest rates;

(2) determine the discount for bonds with stated interest and for bonds without stated interest, subject to any limitations thereon provided in the bond legislation;

(3) fix the date of such bonds, which may be stated in such bond legislation as the date or dates of issue and which may be a date on or before the respective date or dates of issuance;

(4) fix the maturity date or dates of such bonds, which shall be within minimum and maximum periods described in such bond legislation; and

(5) designate the denomination of such bonds, subject to minimums and integral multiples of stated amounts provided in such bond legislation;

G. the public body may contract with agents or trustees for services in connection with the issuance, transfer, exchange, registration, record keeping for and the payment of such bonds and matters incidental thereto, and the public body has authority to act under such contracts. Without limiting the generality of the preceding sentence, such contracts may provide:

(1) for the maintenance of a supply of bond forms with the agent or trustee, which forms bear the facsimile of all signatures of officers of the public body necessary for the purpose and, if applicable, the facsimile of the seal of the public body, contain blanks as to owner, date, maturity, denomination, interest rates and original issue discount as appropriate, and provide a form of authentication by the agent or trustee upon issuance;

(2) for the officer or officers of the public body, authorized by the governing body to do so, to direct the agent or trustee with respect to the completion of such blanks and the delivery of the bonds, by oral, electronic or written communication prior to the authentication and delivery of such bonds, and that any such oral or electronic communication thereafter shall be confirmed in writing; and

(3) for the establishment with the agent or trustee of funds, in trust, for payment of the principal of and interest on the bonds and for payments by and on behalf of the public

body into such funds, including payments thereto from the proceeds of renewal or refunding bonds;

H. the public body may contract with banks or investment bankers, or others with appropriate capabilities, to provide services, which may be on an exclusive basis, in the placement of the bonds with purchasers, or to purchase the bonds, or both, which contract may provide for all matters incidental thereto and may be a negotiated contract;

I. the public body may covenant, in the bond legislation, to the holders or owners of the bonds and to the trustee, if any, for the benefit of such holders and owners, that it will issue bonds to renew, or fund or refund, the bonds and any accrued interest thereon, at or before maturity to the extent not provided for from money otherwise available for the purpose. In addition to other reductions permitted in the levy of property taxes for principal or interest on indebtedness, reduction may be made to the extent that principal or interest thereon is to be covered by the proceeds of refunding or renewal bonds;

J. in addition to the authority to issue bonds for such purposes under the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978], the public body may, to the extent not prohibited by the bond legislation, retire or provide for the payment at any time of the bonds authorized under that act by the issuance of bonds under authority of any other law consistent with the maturities and other terms authorized by such laws and without impediment or other effect thereunder by reason of previously having issued the bonds under the Public Securities Short-Term Interest Rate Act, except as stated in Subsection B of Section 10 [6-18-10B NMSA 1978] of that act; and

K. the provisions of Section 7 [6-18-7 NMSA 1978] of the Public Securities Short-Term Interest Rate Act may be used with respect to any bonds issued pursuant to this section.

History: Laws 1983, ch. 161, § 6.

6-18-7. Variable rate demand bonds.

A public body may issue bonds with any of the following provisions:

A. the owners or holders of the bonds may be granted the right to demand payment of principal and accrued interest prior to the maturity of such bonds at a designated time or at designated times, or upon a specified period of notice by such owner or holder, at par or at such other amount as is provided for in or pursuant to the bond legislation;

B. the owners or holders of the bonds may be granted the right to deliver, or put, the bonds to the public body or to a designated party for purchase by the public body or such party at par and accrued interest or such other price as is provided for in or pursuant to the bond legislation;

C. the public body may contract with a bank, investment banker or other capable party for the remarketing of bonds as to which the owners or holders have exercised such demand or put rights;

D. the bond legislation may provide for variable interest rates to be paid on the bonds, changing from time to time in accordance with one or more formulas, indices, data or procedures as provided for in the bond legislation, provided that where variable interest rates are provided for with respect to indebtedness, the bond legislation shall also prescribe a stated maximum net effective interest rate or rates for different maturities and, if necessary, for credit facilities used pursuant to the authority granted by Section 8 [6-18-8 NMSA 1978] of the Public Securities Short-Term Interest Rate Act;

E. the public body may contract with a competent party to provide an index or indices in relation to which the interest rate of the bonds may be determined from time to time;

F. bonds with provisions under which the holders or owners may demand payment or put the bonds for purchase or repurchase at any time within one year from the date of such bonds, whether or not such rights may also be exercised after such period, may be sold by competitive or negotiated sale;

G. the public body may contract with others to provide to the public body or to the holders or owners of the bonds, or to a trustee or agent on their behalf, a standby or fixed commitment to purchase those bonds at prices provided in or pursuant to such contracts; and

H. the provisions of Subsections B, C, D, E, G, H, I and J of Section 6 [6-18-6 NMSA 1978] of the Public Securities Short-Term Interest Rate Act are applicable to bonds issued under this section, notwithstanding such bonds may have maturities in excess of two years.

History: Laws 1983, ch. 161, § 7.

6-18-8. Credit facilities.

With respect to any bonds issued under the provisions of Section 6 or 7 [6-18-6 or 6-18-7 NMSA 1978] of the Public Securities Short-Term Interest Rate Act, the public body may, by the use of credit facilities, provide for:

A. additional security for such bonds;

B. a primary or contingent source of payment of or reimbursement for the principal of, interest or any redemption premium on the bonds, or the purchase price upon a put or call, as the case may be, and related costs, with respect to such bonds; and

C. contracts for the purchase or repurchase of bonds.

In connection therewith, the public body may enter into reimbursement agreements, credit agreements, escrow agreements and such other contracts and agreements as are appropriate, pursuant to authorization by the governing body. The public body may do all things as are necessary or appropriate and permitted by law to carry out such agreements, arrangements and contracts, including the issuance of bonds under authority of law, including the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978], in consideration of advances made under such agreements, arrangements and contracts. The governing body may assign or direct the assignment of the right of the public body with respect to such credit facilities, and may authorize designated agents, or parties, or officers of the public body, to draw upon such credit facilities for the purposes stated in this section.

History: Laws 1983, ch. 161, § 8.

6-18-8.1. Contracts to exchange interest rates, cash flows or limit exposure.

A. A public body that has issued or proposes to issue bonds may enter into contracts authorized in this section if the governing body of that public issuer finds that such a contract would be in the best interests of that public body.

B. A public body may enter into any contract that the governing body determines to be necessary or appropriate regarding the bond obligations of the governing body, in whole or in part, on the interest rate, cash flow or other basis desired by the governing body, including, without limitation, contracts commonly known as interest rate swap contracts, forward payment conversion contracts, futures, or contracts providing for payments based on levels of or changes in interest rates, or contracts to exchange cash flows or a series of payments, or contracts including, without limitation, options, puts or calls to hedge payment, rate, price spread or similar exposure. A public body may also enter into any contract that provides collateral for securities. Contracts shall be governed by the terms and conditions established by the governing body, subject to the provisions of Subsection C of this section.

C. A public body may enter into a contract pursuant to this section only if:

(1) the long-term obligations of the person with whom the public body enters the contract are rated in one of the two top rating categories of a nationally recognized rating agency, without regard to any modification of the rating; or

(2) the obligations pursuant to the contract of the person with whom the municipality enters the contract are either:

(a) guaranteed by a person whose long-term debt obligations are rated in either of the two highest rating categories of the rating of a nationally recognized rating agency, without regard to any modification of the rating; or

(b) collateralized by obligations deposited with the public body or an agent of the public body that are rated in either of the two highest rating categories of a nationally recognized rating agency, without regard to any modification of the rating, and that have a market value at the time the contract is made of not less than one hundred percent of the principal amount upon which the exchange of interest rates or other contract permitted by this section is based.

D. A public body may agree, with respect to bonds that the public body has issued or proposes to issue bearing interest at a variable rate, to pay sums equal to interest at a fixed rate or rates or at a different variable rate determined pursuant to a formula set forth in the contract on an amount not to exceed the principal amount of the bonds with respect to which the contract is made, in exchange for a contract to pay sums equal to interest on the same principal amount at a variable rate determined pursuant to a formula set forth in the contract.

E. A public body may agree, with respect to bonds that the public body has issued or proposes to issue bearing interest at a fixed rate or rates, to pay sums equal to interest at a variable rate determined pursuant to a formula set forth in the contract on an amount not to exceed the outstanding principal amount of the bonds with respect to which the contract is made, in exchange for a contract to pay sums equal to interest on the same principal amount at a fixed rate or rates set forth in the contract.

F. The term of a contract shall not exceed the term of the bonds of the public body with respect to which the contract was made.

G. A contract entered into pursuant to this section is not an indebtedness of the public body except to the extent, if any, that the principal amount of any outstanding indebtedness of the public body is increased as a result of the contract.

H. The terms of Section 6-18-14 NMSA 1978 regarding limitations of interest rates and net effective interest rates are applicable to interest rates and net effective interest rates required to be paid by a public body entering into a contract.

I. A public body that has entered into a contract may treat the amount or rate of interest on those bonds as the amount or rate of interest payable after giving effect to the contract for the purpose of calculating:

(1) rates and charges of a revenue-producing enterprise whose revenues are pledged to or used to pay the bonds of the public body;

(2) statutory requirements concerning revenue coverage that are applicable to bonds of the public body;

(3) tax levies and collections to pay debt service on bonds of the public body; and

(4) any other amounts that are based upon the rate of interest of bonds of the public body.

J. Any payments required to be made by the public body under the contract may be made from money pledged to pay debt service on the bonds with respect to which the contract was made or from any other legally available source.

K. Any contract entered into by a public body pursuant to this section shall not impair the contract of that public body with, or impair adversely, the owners of bonds issued by that public body.

History: 1978 Comp., § 6-18-8.1, enacted by Laws 1992, ch. 96, § 1.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 96, § 2 makes the act effective immediately. Approved March 10, 1992.

6-18-9. Trust agreements.

The public body may, with respect to any bonds issued pursuant to the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978], enter into trust agreements for the better security of such bonds with any corporate trustee and provide therein for the rights and limitations on rights of the holders and owners of bonds.

History: Laws 1983, ch. 161, § 9.

6-18-10. General provisions.

A. The bond legislation for any bonds authorized under the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978] may make or authorize provision for any of the following:

(1) the call of the bonds for redemption prior to maturity at the option of the public body or at the option of the owner or holder, the redemption prices to be paid on stated dates of redemption, and other terms and conditions of redemption;

(2) the use of facsimiles of the signatures of all officers of the public body required or permitted or sign the bonds if authentication of the bonds, by manual signature, by a trustee or other agent is provided for as a condition of the validity of the bonds, and no such bonds shall be valid unless authenticated, and, if applicable, for the use of a facsimile of the seal of the public body;

(3) the manner of giving notice by publication or otherwise, and the time and effect thereof;

(4) designating agents for receipt of notice or service in other states;

(5) the filing and renewal of any financing statements in any jurisdiction under the Uniform Commercial Code [Chapter 55 NMSA 1978] or comparable law; and

(6) any matter related or incidental to authority elsewhere granted in the Public Securities Short-Term Interest Rate Act and deemed by the legislative body to be necessary or convenient to carry out the purpose of that act.

B. The issuance of the initial bonds under the Public Securities Short-Term Interest Rate Act within the time periods provided for in Section 6-15-9 or Subsection F [Subsection G] of Section 3-31-1 NMSA 1978 or in any other applicable law relating to time limitations on the issuance of bonds shall constitute compliance with any such law as to such bonds and any renewal, refunding or remarketing of such bonds or of such renewal or refunding bonds, notwithstanding that the renewal or refunding bonds are issued or the remarketing of such bonds occurs after such period.

C. Any maximum maturities for bonds provided for by law which otherwise would be applicable to bonds issued under the Public Securities Short-Term Interest Rate Act shall limit the maturities of bonds issued under that act.

D. The remarketing of indebtedness after a demand for payment or delivery or put for purchase or repurchase shall not be deemed to be a new issuance of the indebtedness but shall constitute a continuance of the original indebtedness.

History: Laws 1983, ch. 161, § 10.

ANNOTATIONS

Bracketed material. - The bracketed material in Subsection B was inserted by the compiler. Following the amendment of 3-31-1 NMSA by Laws 1983, Chapter 57, the reference to Subsection F of 3-31-1 NMSA 1978 should be to Subsection G of 3-31-1 NMSA 1978.

6-18-11. Costs.

The public body may pay the fees and expenses of, and costs for, agents, trustees, attorneys, credit facilities, placement and sale of bonds, and all other costs and expenses incurred in the authorization, issuance, sale, delivery, call, purchase, remarketing, registration, transfer, exchange, administration and payment of the bonds and interest thereon from the proceeds of the bonds, from sources lawfully available for payment of principal of and interest on the bonds, and from any other sources lawfully available for the purpose, subject to the provisions of the bond legislation and any applicable limitations on indebtedness.

History: Laws 1983, ch. 161, § 11.

6-18-12. Provisions for interest payments; tax levy.

A. Subject to any applicable limitations on indebtedness, with respect to refunding bonds, there may be included in the principal amount, and paid from the proceeds, of bonds issued pursuant to the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978] capitalized interest for three years or such longer period as may otherwise be authorized by law. The proceeds of any levy of property taxes to the extent levied for interest on indebtedness for any period of time covered by such capitalized interest may be used to reimburse the improvement fund for the previous payment of interest from such fund.

B. To the extent that bonds issued pursuant to the Public Securities Short-Term Interest Rate Act constitute indebtedness, the officials now or hereafter charged by law with the duty of levying general (ad valorem) taxes for the payment of bonds and interest shall, in the manner provided by law, make an annual levy sufficient to meet the payments of principal and interest on such bonds maturing. Nothing herein contained shall be so construed as to prevent the municipal corporation from applying any other funds that may be in the treasury or investment income actually received from sinking fund investments and available for that purpose, or the proceeds of renewal or refunding bonds or any other funds lawfully available therefor to the payment of the interest on or the principal of or any prior redemption premium in connection with such bonds as the same become due; and the levy or levies of taxes may be diminished to the extent such other revenues are or will be available for the payment of principal and interest of the bonds. Any levy of property taxes for interest on indebtedness for any year may be for the maximum interest that may be payable under the applicable bond legislation in the year in which such levy is collected. If, after provision for payment of interest in that year, there is any amount remaining from the collection of property taxes levied for such interest, it shall be used in succeeding years for the payment of interest on the bonds, and the levy for the succeeding years to provide money for the payment of principal of and interest on the bonds shall be reduced accordingly, except that any such remainder may be used at any time for payment of principal of the bonds if and to the extent permitted by the bond proceedings, provided that the bond legislation shall permit the eventual application of all money collected from such levies to the payment of principal of and interest on indebtedness.

History: Laws 1983, ch. 161, § 12.

6-18-13. Finding of necessity by local governments.

No public body shall exercise any of the powers conferred by the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978] or issue any bonds pursuant hereto until after its local governing body shall have adopted a resolution finding that:

A. the issuance of bonds under that act will result in a savings in interest cost to the public body; and

B. the issuance by the public body of bonds under that act is necessary in the interest of the public health, safety, morals or welfare of the residents of the public body.

History: Laws 1983, ch. 161, § 13.

6-18-14. Interest; refunding; approval by local government; additional findings.

Bonds issued under the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978] are not subject to any limitations on interest rates or net effective interest rates or interest rate approval requirements contained in any other laws of this state provided that:

A. the bond legislation shall contain findings by the governing body that any fixed rate or rates of interest or discount on the bonds, or in the case of a variable rate or rates of interest, that the maximum rate or method of determining the maximum rate, and that the maximum net effective interest rate on the bonds, are reasonable under existing or anticipated bond market conditions and necessary and advisable for the marketing and sale of the bonds. The bond legislation shall declare that the governing body has considered all relevant information and data in making its findings. The findings and declarations in the bond legislation shall constitute conclusive authority for the public body to issue the bonds within the interest rate limitations set forth herein and in the bond legislation; and

B. any bonds issued pursuant to the Public Securities Short-Term Interest Rate Act to renew, or fund or refund, any prior issue of bonds, in whole or in part, may be issued notwithstanding the provisions of any other laws of the state, provided that bond legislation pertinent to the bonds shall contain findings that the issuance of such bonds is necessary or advisable, and the amount of such bonds which it is deemed necessary and advisable to issue. The determination of necessity or advisability contained in the bond legislation shall constitute conclusive authority for the public body to issue any such renewal, funding or refunding bonds and no additional approval of any department, board or other officer of the state or any other official approval is required.

History: Laws 1983, ch. 161, § 14.

6-18-15. Liberal construction; alternative authority.

The authority granted by the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978] shall be liberally construed so that the purposes and powers provided for may be carried out in effective, efficient and convenient manners by public bodies. The authority granted by that act is supplemental to and provides alternatives for authority granted by other law, and a public body shall have the authority to exercise powers under that act notwithstanding inconsistent provisions of other laws, or may elect to use the authority of that act in part and the authority of other laws in part with respect to an issue of bonds. Home rule municipalities may, at their option, use the

provisions of that act for any bonds they are authorized to issue, but nothing herein shall be deemed to restrict their home rule powers.

History: Laws 1983, ch. 161, § 15.

6-18-16. No action maintainable.

No action or proceeding, at law or in equity, to review any bond legislation, or to question the validity or enjoin the performance of any bond legislation, bond or act, or the issuance of any bond authorized by the Public Securities Short-Term Interest Rate Act [6-18-1 to 6-18-16 NMSA 1978], or for any other relief against the public body, the owners or holders of bonds or any party to any bond legislation, or against any acts or proceedings done or had under that act, whether based upon irregularities or jurisdictional defects, shall be maintained, unless commenced within thirty days after the initial authorization by the governing body of the bonds, or else be thereafter perpetually barred.

History: Laws 1983, ch. 161, § 16.

ARTICLE 19 ECONOMIC ADVANCEMENT DISTRICTS

6-19-1. Short title.

This act [6-19-1 to 6-19-18 NMSA 1978] may be cited as the "Economic Advancement District Act".

History: Laws 1987, ch. 115, § 1.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 56 Am. Jur. 2d Municipal Corporations §§ 588, 589; 64 Am. Jur. 2d Public Securities and Obligations §§ 109, 110.

64 C.J.S. Municipal Corporations §§ 1907 to 1909; 81A C.J.S. States §§ 205, 208, 212.

6-19-2. Definitions.

As used in the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978]:

A. "board of trustees" means the governing board of the economic advancement district;

B. "district" means an economic advancement district which is composed of contiguous and compact areas whose boundaries coincide and are concurrent with the territorial areas of one or more school districts of the state lying wholly within any B or C class county;

C. "mortgage" means a mortgage or a mortgage and deed of trust or the pledge and hypothecation of any assets as collateral security;

D. "project" means any land and building or other improvements thereon, to be located within the district in whole or in part, and all real and personal properties deemed necessary in connection with a project, whether or not now in existence, which shall be suitable for use by the following or by any combination thereof:

(1) any industry for the manufacturing, processing or assembling of any agricultural or manufactured products;

(2) any commercial enterprise involved in storing, warehousing, distributing or selling products of agriculture, mining or industry, but which does not include facilities designed for the sale of goods or commodities at retail or distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;

(3) any business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but does not include establishments primarily engaged in the sale of goods or commodities at retail;

(4) any private institution of higher education or any nonprofit corporation engaged in health care services, including nursing homes; or

(5) any water distribution or irrigation system, including without limitation, pumps, distribution lines, transmission lines, towers, dams and similar facilities and equipment designed to provide water to any commercial agricultural activity;

E. "property" means any land, improvements thereon, buildings and any improvements thereto, machinery and equipment of any and all kinds necessary to the project; and

F. "qualified elector" means a natural person resident in a proposed or existing district who is registered to vote in state general elections.

History: Laws 1987, ch. 115, § 2; 1988, ch. 86, § 1.

ANNOTATIONS

The 1988 amendment, effective March 8, 1988, in Subsection B, substituted "within any B or C class county" for "within a B class county having a net taxable value in the 1986 property tax year or of any subsequent tax year of not less than one billion dollars

(\$1,000,000,000) nor more than one billion six hundred million dollars (\$1,600,000,000)"; deleted "economic advancement" preceding "district" in Subsection F; and made a minor stylistic change.

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-3. Legislative intent.

It is the intent of the legislature by passage of the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978] to authorize economic advancement districts to acquire, own, lease or sell projects for the purpose of promoting industry and trade, other than retail trade, for the enhancement of the economy of the area encompassed by the district and for the general economy of the state. It is the intent of the legislature that this be accomplished by the inducement of manufacturing, industrial and commercial enterprises to locate and expand in the district and in this state and by the promotion of agricultural products and natural resources of the district and the state.

History: Laws 1987, ch. 115, § 3.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-4. Creation of economic advancement districts.

A. There may be created economic advancement districts for the purposes of the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978].

B. Petitions for the organization of a district shall designate the name of the proposed district and with particularity the proposed territorial area to be included within the district. The proposed district shall comprise and be concurrent with the territorial areas of one or more existing public school districts in the county, other than that area comprising another district; provided, however, that the territorial area encompassed by any proposed district shall in all cases be contiguous.

C. The petition calling for the organization of a district shall be signed by qualified electors residing in each school district within the area of the proposed district in a number equal to or in excess of ten percent of the votes cast for governor in the last preceding general election in each school district within the area of the proposed district. For the purpose of determining the votes cast in such school districts for governor in the last preceding general election, any portion of a precinct within any affected school district shall be construed to be wholly within the proposed district.

D. Upon receipt of the county clerk's certification of receipt of a petition meeting the requirements of Subsection C of this section, the board of county commissioners shall issue a proclamation calling for an election to be held not less than sixty or more than one hundred twenty days from the date of the receipt of the county clerk's certification. The election shall be for the purpose of determining whether the district shall be created and for the establishment of a tax rate of two dollars (\$2.00) or any lower maximum amount required by operation of the rate limitation provisions of Section 7-37-7.1 NMSA 1978 on each one thousand dollars (\$1,000) of net taxable value as that term is defined in the Property Tax Code [Articles 35 to 38 of Chapter 7 NMSA 1978] for the funding of the district. The debt limitation specified in this section shall be in excess of other existing debt limitations provided by law. No more than ten percent of the funds produced by the imposition of the tax created shall be used for operations of the district. The balance shall be used for the purpose of paying the principal and interest on general obligation bonds authorized pursuant to the Economic Advancement District Act or any other activities authorized for districts. A separate election shall be called for the selection of members of the board of trustees.

E. Only qualified electors who reside in the territory of the proposed district may vote in the election.

F. The proclamation of the election shall be published by the county clerk once each week for four consecutive weeks in a newspaper of general circulation in the territory of the proposed district, the last notice being published not more than one week from the date of the election.

G. The election shall be conducted, counted and canvassed in substantially the same manner as school board elections are conducted, counted and canvassed.

H. A district shall be declared created by the board of county commissioners when a majority of the qualified electors voting on the issue in the area of each school district within the boundaries of the district are certified by the board of county commissioners to have voted in favor of establishing the district.

I. In the event a majority of the qualified electors voting on the issue in the area of a school district within the boundaries of the district shall not approve the creation of the district, the proposal shall fail as to the area of that school district, and no election upon the creation of a district encompassing the area of that school district shall be held within one year of such date.

J. The expense of calling and conducting the election shall be borne by the county in which an election is held; provided, if the election results in the creation of a district, the district shall reimburse the county for all expenditures made in the course of calling and conducting the election.

History: Laws 1987, ch. 115, § 4; 1988, ch. 86, § 2; 1989, ch. 268, § 1.

ANNOTATIONS

The 1988 amendment, effective March 8, 1988, deleted "advancement" preceding "district" throughout Subsection B; in Subsection C, substituted "residing in each school district within the area of the proposed district in a number equal to or in excess of ten percent of the qualified electors in each such school district" for the former provisions requiring signatures in a number equal or in excess of five percent of the votes cast for governor in the last preceding general election; deleted "economic advancement" preceding "district" or "districts" throughout Subsections D, H and I; deleted "wherein the voters did not approve such creation" preceding "shall be held" near the end of Subsection I; and made minor stylistic changes.

The 1989 amendment, effective June 16, 1989, in Subsection C substituted all of the present language of the first sentence beginning with "votes" for "qualified electors in each such school district", and added the second sentence.

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-5. Board of trustees; organization; terms; vacancies; removal.

A. If the required majority of votes were cast in favor of the organization of the district, then the county commission chairman shall declare the organization of the "....economic advancement district." The county commission shall call for an election of a board of trustees, within not less than sixty days or more than one hundred twenty days, one from each school district participating in the district in the event there are three or more such participating areas, which shall be held at a time and at sites within the district selected by the county commissioners. In the event there are less than three participating areas, there shall be, in the case of a district with two participating areas, two trustees elected from each school district participating and, in the case of a district with one participating area, three trustees elected from the district.

B. Board of trustees members shall be over twenty-one years of age, qualified electors and residents of the district.

C. Persons desiring to be a candidate for a position on the board of trustees shall file a declaration of candidacy for one of the positions on the board of trustees with the county clerk not later than 5:00 p.m. on the thirtieth day after the issuance of the proclamation by the board of county commissioners. The declaration of candidacy shall be an affidavit as to the qualifications required by law of the declarant for such office. The declaration of candidacy shall be on a form prescribed and furnished by the county clerk. The candidates shall file for and be elected to a particular position number. The candidate receiving the highest number of votes for a particular position shall be elected. To provide for staggered terms, either one-year and three-year terms or two-year and four-year terms shall be assigned by lot to the position numbers in such a manner that approximately half the terms expire in the first even-numbered year

following the initial election and the remainder in the next succeeding even-numbered year. Board members shall be elected for terms beginning April 1 succeeding their election. Trustees shall thereafter be elected for four-year terms at elections to be held on the first Tuesday of March of each even-numbered year. The elections required by this section shall be held, conducted and canvassed in the same manner as municipal elections, unless otherwise specifically provided in the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978]. All vacancies caused in any other manner than by expiration of the term of office shall be filled by appointment by the remaining members.

D. Immediately after the election of the members, the board of trustees shall select from its members a chairman and secretary-treasurer who shall serve in these offices until the next regular board of trustees election. After each board of trustees election, the members shall proceed to reorganize.

E. Members of the board of trustees shall be suspended or removed from office only as provided in Sections 10-4-1 through 10-4-29 NMSA 1978.

History: Laws 1987, ch. 115, § 5; 1988, ch. 86, § 3; 1989, ch. 268, § 2.

ANNOTATIONS

The 1988 amendment, effective March 8, 1988, deleted "economic advancement" preceding "district" in Subsections A and B; inserted "county" preceding "commission chairman" in the first sentence of Subsection A; inserted "of trustees" following "Board" in Subsection B; substituted the present sixth and seventh sentences in Subsection C for the former sixth sentence which read "Board members shall be elected for a term of four years from April 1 succeeding their election or until the next presidential election year, whichever last occurs"; substituted "even-numbered year" for "presidential election year" at the end of the eighth sentence of Subsection C; substituted "by this section" for "hereby" and deleted "school" preceding "elections" in the next-to-last sentence of Subsection C; and substituted "board of trustees" for "economic advancement board" throughout Subsection D.

The 1989 amendment, effective June 16, 1989, in Subsection A substituted all of the present language of the last sentence following "shall be" for "three trustees elected from the district at large".

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-6. Board of trustees; compensation; payment authority; bond.

A. Each member of the board of trustees shall receive no compensation for the performance of his duties but shall be paid per diem and mileage for attendance at meetings of the board as provided in the Per Diem and Mileage Act [10-8-1 to 10-8-8 NMSA 1978] for nonsalaried public officials.

B. Each member of the board of trustees shall furnish a corporate surety bond in the penal sum of ten thousand dollars (\$10,000) for the faithful performance of his duties and the accounting of all funds which shall come into his possession. The bond shall be paid for by and shall run to the benefit of the district.

C. All authorizations for the payment or expenditure of money in the possession of the district shall be signed by the chairman and the secretary-treasurer.

History: Laws 1987, ch. 115, § 6.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-7. Board of trustees; powers.

The board of trustees may:

A. perform all functions consistent and necessary to carry out the provisions and purposes of the Economic Advancement District Act [16-19-1 to 16-19-18 NMSA 1978];

B. receive and expend all funds accruing to the district pursuant to the provisions of the Economic Advancement District Act from the sale of bonds, the levy of taxes, the lease or sale of property, from any gift or bequest or from any federal, state or private grant;

C. enter into contracts;

D. adopt and use a seal to authenticate its official transactions;

E. sue and be sued;

F. adopt rules and regulations for the governing of the district;

G. issue bonds in the manner set forth by the provisions of the Economic Advancement District Act for the purpose of defraying the cost of acquiring, by construction and purchase, or either, any project and to secure the payment of such bonds as provided in the Economic Advancement District Act;

H. acquire, whether by construction, purchase, gift or lease, one or more projects which shall be located within the district or partially within or partially without the district; provided, no district shall operate any project as a business or in any manner except as lessor thereof;

I. sell or lease or otherwise dispose of any or all of its projects upon such terms and conditions as the board of trustees may deem advisable;

J. refinance one or more projects; and

K. make secured loans for projects as defined in the Economic Advancement District Act.

History: Laws 1987, ch. 115, § 7.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-8. Board of trustees; duties.

The board of trustees shall:

A. be the governing authority of the district;

B. comply with the provisions of law for local governments pertaining to the preparation and approval of budgets by the local government division of the department of finance and administration;

C. comply with the provisions of law pertaining to the audit of local governments by the state auditor; and

D. adopt rules and regulations for the operation of the district and comply with the provisions of the State Rules Act [14-3-24, 14-3-25, 14-4-1 to 14-4-9 NMSA 1978].

History: Laws 1987, ch. 115, § 8.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-9. General obligation bonds.

A. The board of trustees may issue general obligation bonds of the district for the purposes of:

(1) constructing, acquiring or purchasing property for a project;

(2) equipping, furnishing, remodeling or renovating property for a project;

(3) purchasing or acquiring real property deemed necessary for a project; and

(4) refunding outstanding general obligation bonded indebtedness.

B. The board of trustees shall comply with the requirements and procedures set forth in Section 6-15-1 NMSA 1978 with respect to the proposed issuance of general obligation bonds. The local government division of the department of finance and administration shall apply the procedures set forth in Section 6-15-2 NMSA 1978 to the proposed issuance of general obligation bonds by the district.

History: Laws 1987, ch. 115, § 9.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-10. General obligation bonds; interest; maturities.

A. General obligation bonds issued by a district shall mature not more than ten years from their date and be numbered from one upwards consecutively. Interest on all such bonds shall be payable either annually or semiannually as provided by resolution of the board of trustees; provided that the first installment of interest coming due may be for any period of time which shall not exceed one year from the date of the bonds.

B. The resolution authorizing the bonds may provide for the creation of a sinking fund to secure payment of principal and interest on the bonds and may provide for mandatory annual payments to be made to the sinking fund from the taxes levied and collected pursuant to the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978].

C. The board of trustees shall designate the maximum coupon rate of interest the general obligation bonds shall bear, which shall not be in excess of the maximum coupon rate which is permitted by the Public Securities Act, and shall designate the maximum net effective interest rate, which shall not exceed the maximum permitted by the Public Securities Act [6-14-1 to 6-14-3 NMSA 1978].

D. The procedure which shall be followed by the board of trustees for the sale of general obligation bonds shall be the same as that set forth in Section 6-15-5 NMSA 1978 for political subdivisions.

History: Laws 1987, ch. 115, § 10; 1988, ch. 86, § 4.

ANNOTATIONS

The 1988 amendment, effective March 8, 1988, substituted "ten years" for "twenty years" in the first sentence of Subsection A.

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-11. General obligation bonds; imposition of tax.

A. The officials now or hereafter charged by law with the duty of levying ad valorem taxes for the payment of bonds and interest shall, in the manner provided by law, make an annual levy sufficient to meet the annual or semiannual payments of principal and interest on the maturing general obligation bonds or the refunding bonds or the mandatory sinking fund payment, if such fund is created by the board of trustees from the revenues derived from the tax created upon the formation of the economic advancement district.

B. The provisions of Subsection A of this section shall not be construed as to prevent the district from applying any other funds that it may have, or investment income actually received from sinking fund investments and available for that purpose, to the payment of the interest and principal of or any prior redemption premium in connection with the bonds as they become due.

History: Laws 1987, ch. 115, § 11.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

Am. Jur. 2d, A.L.R. and C.J.S. references. - 71 Am. Jur. 2d State and Local Taxation §§ 59 to 61.

84 C.J.S. Taxation §§ 13 to 17.

6-19-12. Refunding bonds.

A. The board of trustees may issue bonds in the form determined by the board of trustees for the purpose of refunding any of the general obligation bonded indebtedness of the district which has or may hereafter become payable at the option of the district or by consent of the bondholder or by any lawful means.

B. The procedures set forth in Sections 6-15-11 through 6-15-22 NMSA 1978 shall govern the board of trustees with respect to the issuance, sale and payment of principal and interest on refunding bonds of the district.

History: Laws 1987, ch. 115, § 12.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-13. Revenue bonds.

A. The board of trustees may issue revenue bonds for the purpose of defraying the cost of acquiring, by construction and purchase, or either, any project and to secure the payment of the bonds as provided in Section 14 [6-19-14 NMSA 1978] of the Economic Advancement District Act.

B. Revenue bonds issued by a district shall not be the general obligation of the district within the meaning of Article 9, Sections 12 and 13 of the constitution of New Mexico. The bonds shall be payable solely out of the revenue derived from the projects for which the bonds are issued. Revenue bonds and interest coupons, if any, issued under authority of the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978] shall never constitute an indebtedness of the district within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the district or a charge against its general credit or taxing powers, and such fact shall be plainly stated on the face of each bond.

C. The board of trustees may, in respect to such revenue bonds, determine:

- (1) the time for execution and delivery of the bonds;
- (2) the form and denomination of the bonds;
- (3) the place or places where they are to be payable;
- (4) the manner in which they should be evidenced;
- (5) what provisions they shall contain, provided the provisions are not inconsistent with the Economic Advancement District Act; and
- (6) whether they shall be sold at public or private sale.

History: Laws 1987, ch. 115, § 13.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-14. Security for revenue bonds.

The principal or interest on any revenue bonds issued under authority of the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978] shall be secured by a pledge

of the revenues out of which such bonds shall be made payable, may be secured by a mortgage covering all or any part of the project from the revenues so pledged and may be derived and may be secured by a pledge of the lease of the project.

History: Laws 1987, ch. 115, § 14.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-15. Requirements respecting lease.

Prior to the leasing of any project, the board of trustees shall determine and find the following:

A. the amount necessary in each year to pay the principal of and the interest on the revenue bonds proposed to be issued to finance the project; and

B. the amount necessary to be paid each year into any reserve funds which the board of trustees may deem it advisable to establish in connection with the retirement of the proposed revenue bonds and the maintenance of the project and, unless the terms under which the project is to be leased provide that the lessee shall maintain the project and carry all proper insurance with respect thereto, the estimated cost of maintaining the project in good repair and keeping it properly insured. The determinations and findings of the board of trustees required by this section shall be set forth in the proceedings under which the proposed revenue bonds are to be issued, and prior to the issuance of the bonds, the district shall lease or sell the project to a lessee or purchaser under an agreement conditioned upon completion of the project and providing for payment to the district of such rentals or payments as, upon the basis of the determinations and findings, will be sufficient to:

(1) pay the principal of and interest on the revenue bonds issued to finance the project;

(2) build up and maintain any reserve deemed by the board of trustees to be advisable in connection with the project; and

(3) pay the costs of maintaining the project in good repair and keeping it properly insured, unless the agreement of lease obligates the lessee to pay for the maintenance and insurance of the project.

History: Laws 1987, ch. 115, § 15.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-16. Revenue bonds; refunding.

A. Any revenue bonds issued pursuant to the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978] and at any time outstanding may at any time be refunded by a district by the issuance of refunding bonds, in the amount as the board of trustees may determine, to refund the principal of the revenue bonds, all unpaid accrued and unaccrued interest on the revenue bonds to their normal maturity date or to selected prior redemption dates, any redemption premiums, any commission and all estimated costs incidental to their issuance and to such refunding as may be determined by the board of trustees. The principal amount of the refunding bonds may be equal to, less than or greater than the principal amount of the bonds to be so refunded. Refunding may be effected whether the bonds to be refunded shall have then matured or shall thereafter mature, either by sale of the refunding bonds and the application of the proceeds thereof for the payment of the bonds to be refunded thereby or by exchange of the refunding bonds for the bonds to be refunded thereby; provided, that the holders of any bonds so to be refunded shall not be compelled without their consent to surrender their bonds for payment or exchange prior to the date on which they are by terms subject to redemption. Any refunding bonds issued pursuant to this section shall be payable solely from the revenues out of which the bonds to be refunded may be payable or solely from those amounts derived from an escrow as provided in this section, including amounts derived from the investment of refunding bond proceeds and other legally available amounts or from any combination of the foregoing sources, and shall be secured in accordance with the provisions of the Economic Advancement District Act.

B. Proceeds of refunding bonds shall either be applied immediately to the retirement of the revenue bonds being refunded or be placed in escrow in a commercial bank or trust company which possesses and is exercising trust powers. Notwithstanding any provision to the contrary in any other statute, the escrowed proceeds may be invested in short-term securities, long-term securities or both.

History: Laws 1987, ch. 115, § 16.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-17. Nature of all bonds issued pursuant to act.

Bonds issued pursuant to the authority of the Economic Advancement District Act [6-19-1 to 6-19-18 NMSA 1978]:

A. shall be legal investments for savings banks and insurance companies organized under the laws of this state; and

B. shall be exempt from all taxation by the state or any political subdivision thereof.

History: Laws 1987, ch. 115, § 17.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

6-19-18. Dissolution of district.

A district shall be dissolved in the following manner:

A. there shall be submitted a petition for dissolution to the board of county commissioners signed by at least ten percent of the qualified electors residing within the district. Upon receipt of a proper petition, the board of county commissioners shall call a special election for the purpose of referring to the qualified electors residing in the district the question of dissolution and the board of trustees shall submit a plan for the dissolution of the district to the board of county commissioners for their approval;

B. if the board of county commissioners finds that a majority of the qualified electors voting on the issue of the special election have authorized the dissolution, the board of trustees shall proceed with the approved plan. Upon completion of the plan, the board of trustees shall submit a full report to the board of county commissioners; and

C. upon receipt of the final report of the board of trustees, the board of county commissioners shall examine the report to determine whether or not any outstanding obligations still exist and whether the terms of the approved plan have been accomplished. If, upon determination by the board of county commissioners, no obligations are yet outstanding and the provisions of the plan have been fulfilled, they shall formally declare the district dissolved.

History: Laws 1987, ch. 115, § 18.

ANNOTATIONS

Emergency clauses. - Laws 1987, ch. 115, § 19 makes the Economic Advancement District Act effective immediately. Approved April 7, 1987.

ARTICLE 20

PRIVATE ACTIVITY BONDS

6-20-1. Short title.

Sections 1 through 12 of this act may be cited as the "Private Activity Bond Act".

History: Laws 1988, ch. 46, § 1.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

Meaning of "this act". - The term "this act" refers to Laws 1988, ch. 46, §§ 1 to 12, the Private Activity Bond Act. Sections 1 to 11 appear as 6-20-1 to 6-20-11 NMSA 1978, and Section 12 is an uncodified provision making the act retroactive to January 1, 1988.

6-20-2. Definitions.

A. As used in the Private Activity Bond Act:

(1) "allocation" means an allocation of the state ceiling issued by the board to an issuing authority to issue private activity bonds;

(2) "allocation expiration date" means the expiration date for issuance of private activity bonds or making a mortgage credit certificate election set forth in the board allocation which shall be the earlier of one hundred twenty days from the date of issuance of the allocation or the bond issuance expiration date for the calendar year of the allocation; provided, however, that in the case of allocations issued pursuant to Subsection A or B of Section 3 [6-20-3 NMSA 1978] of the Private Activity Bond Act, "allocation expiration date" means July 1 of the calendar year of the allocation;

(3) "board" means the state board of finance;

(4) "bond counsel" means an attorney or a firm of attorneys listed in the most recently available "Directory of Municipal Bond Dealers of the United States", published by the Bond Buyer and commonly known as the "Red Book", in the section listing municipal bond attorneys of the United States or the successor publication thereto;

(5) "bond issuance expiration date" means the date not later than December 26 selected annually by the board upon which all unexpired allocations issued for the calendar year shall expire except to the extent that any unexpired allocation has been used by an issuing authority prior to such date to issue private activity bonds or make a mortgage credit certificate election;

(6) "carryforward election allocation" means an allocation of the state ceiling issued by the board pursuant to the Private Activity Bond Act which an issuing authority may elect to treat as a carryforward under Section 146 of the code;

(7) "carryforward purpose" means:

(a) the purpose of issuing exempt facility bonds;

(b) the purpose of issuing qualified mortgage bonds or mortgage credit certificates;

(c) the purpose of issuing qualified student loan bonds; and

(d) the purpose of issuing qualified redevelopment bonds;

(8) "code" means the Internal Revenue Code of 1986, as amended;

(9) "confirmation" means the confirmation of bond issuance furnished to the board;

(10) "inducement resolution" means a resolution expressing an intent to issue private activity bonds for a project;

(11) "issuing authority" means the state, state agencies, counties and incorporated municipalities;

(12) "mortgage credit certificate election" means an election pursuant to Section 25(c)(2)(A)(ii) of the code, by an issuing authority not to issue qualified mortgage bonds which the issuing authority is otherwise authorized to issue, in exchange for the authority under Section 25 of the code to issue mortgage credit certificates in connection with a qualified mortgage credit certificate within the meaning of Section 25(c)(2) of the code;

(13) "private activity bond" means:

(a) any bond or other obligation which is a qualified private activity bond under Section 141 of the code which is not excluded by Section 146(g), (h) and (i) of the code or a bond or other obligation issued under Section 1312 or 1313 of the Tax Reform Act of 1986; and

(b) the private activity portion of government use bonds allocated by an issuing authority to an issue under Section 141(b)(5) of the code;

(14) "project" means any facilities which can be financed with private activity bonds which are not qualified student loan bonds or qualified mortgage bonds;

(15) "qualified mortgage bond" means a bond or obligation which is issued as part of a qualified mortgage issue under Section 143 of the code;

(16) "qualified student loan bond" means any bond issued as part of an issue of which the applicable percentage or more of the net proceeds thereof are to be used directly or indirectly to make or finance student loans under programs identified by Section 144(b) of the code;

(17) "regulations" means the regulations promulgated by the internal revenue service under the code or under the Internal Revenue Code of 1954, as amended;

(18) "request for allocation" means the request of an issuing authority pursuant to the Private Activity Bond Act;

(19) "request for carryforward election allocation" means the request of an issuing authority pursuant to the Private Activity Bond Act;

(20) "state" means the state of New Mexico;

(21) "state agency" means the New Mexico industrial and agricultural finance authority, the New Mexico educational assistance foundation, the New Mexico mortgage finance authority and any other agency, authority, instrumentality, corporation or body, now existing or hereafter created, which under state law can issue private activity bonds on behalf of the state;

(22) "state ceiling" means, for any calendar year, the greater of an amount equal to fifty dollars (\$50.00) multiplied by the state population as shown by the most recent census estimate of the resident population of the state released by the United States bureau of census before the beginning of such calendar year, or one hundred fifty million dollars (\$150,000,000) or such different amount as may be provided by Section 146(d) of the code;

(23) "state private activity bond fund" means the fund into which the unallocated and unused state ceiling is set aside on July 1 in each calendar year and from which issuing authorities may receive carryforward election allocations and allocations to fund the issuance of private activity bonds and the making of mortgage credit certificate elections; and

(24) "user" means the user of proceeds of private activity bonds for a project.

B. The word "issue" or "issued" when used in the context of an issuing authority issuing a private activity bond means the physical delivery of the evidences of indebtedness in exchange for the amount of the purchase price.

C. References in the Private Activity Bond Act to particular sections of the code or the regulations shall be deemed also to refer to any successor or recodification sections.

History: Laws 1988, ch. 46, § 2.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

Private Activity Bond Act. - See 6-20-1 NMSA 1978 and notes thereto.

Internal Revenue Code of 1986. - For the Internal Revenue Code of 1986, see Title 26 of the United States Code. Sections 25, 141, 143, 144, and 146 of that code appear as 26 U.S.C. §§ 25, 141, 143, 144, and 146, respectively.

6-20-3. Allocation of state ceiling.

A. Until July 1 in any calendar year, forty percent of the state ceiling for the calendar year shall be allocated to state agencies as a group; provided, however, that such allocation shall be made in accordance with directives, rules or regulations governing the distribution of allocations to be established by the board.

B. Until July 1 in any calendar year, sixty percent of the state ceiling for the calendar year shall be allocated to issuing authorities that are not state agencies, as a group; provided, however, that such allocations shall be made in accordance with directives, rules or regulations governing the distribution of allocations to be established by the board.

C. On July 1 of each calendar year, the amount of any allocation issued by the board pursuant to Subsection A or B of Section 3 [this section] of the Private Activity Bond Act shall expire and shall be automatically set aside into the state private activity bond fund, except to the extent that an allocation has been used by an issuing authority prior to July 1 to issue private activity bonds or to make a mortgage credit certificate election.

D. From July 1 through December 31 in any calendar year the board shall prescribe the allocation of the state ceiling.

History: Laws 1988, ch. 46, § 3.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

6-20-4. Issuance of private activity bonds.

A. Except as otherwise provided in the Private Activity Bond Act, all private activity bonds issued by any issuing authority and all mortgage credit certificate elections made by an issuing authority on or after the effective date of the Private Activity Bond Act shall be issued or made pursuant to an unexpired allocation. An issuing authority may issue private activity bonds or make a mortgage credit certificate election using an allocation which has been carried forward from a prior year pursuant to Section 146(f) of the code without obtaining an allocation from the board; provided, however, that the issuing authority shall furnish the board with a confirmation stating that the private activity bonds were issued or the mortgage credit certificate election was made using volume cap which was carried forward from a prior year pursuant to Section 146(f) of the code.

B. At any time in any calendar year any issuing authority may submit to the board a request for allocation seeking an allocation from the state private activity bond fund with respect to a proposed issue of private activity bonds or a proposed mortgage credit certificate election.

History: Laws 1988, ch. 46, § 4.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

Private Activity Bond Act. - See 6-20-1 NMSA 1978 and notes thereto.

"Effective date of the Private Activity Bond Act". - The phrase "effective date of the Private Activity Bond Act" means March 4, 1988, the effective date of Laws 1988, Chapter 46.

"Section 146(f) of the code". - The phrase "Section 146(f) of the code" means 26 U.S.C. § 146(f) in the Internal Revenue Code of 1986.

6-20-5. Request for allocation.

A request for allocation may be submitted to the board at any time and shall consist of the following:

A. a letter from the issuing authority or, in the case of a project, a letter from bond counsel for the issuing authority or the user, stating the amount of the state ceiling requested in dollars;

B. in the case of a project, a copy of the inducement resolution, certified by an official of the issuing authority, and a statement of bond counsel for the issuing authority or the user that the bonds to be issued are private activity bonds;

C. with respect to a request submitted on or after July 1 in any calendar year, in the case of a project, a project plan containing the following, if applicable:

(1) a description of the project and its specific location;

(2) the estimated number of jobs, both construction and permanent, which can be filled by persons who are residents of the state at the time of submission of the request for allocation;

(3) the present use or conditions of the project site;

(4) the maximum amount of the bonds to be issued;

(5) a proposed starting date and estimated completion date of the construction project;

(6) information relating to the feasibility of the proposed project showing that the project will generate revenues and cash flow sufficient to make payments under the lease or installment sale agreement;

(7) the amount and source of private capital which will be used for the project in addition to bond financing;

(8) conceptual site plans for the project and a map locating the project area;

(9) in the case of qualified residential rental projects, so-called multifamily housing, an explanation of why the housing needs of individuals whose income will make them eligible under Section 142(d) of the code are not being met by existing multifamily housing;

(10) any other information which the user believes will aid the board in considering the request for allocation; and

(11) any other information specifically requested by the board;

D. in the case of a project, a commitment letter from the proposed purchaser or underwriter of the bonds; and

E. in the case of a mortgage credit certificate election, a letter from the issuing authority stating that a qualified mortgage credit certificate program has been adopted by the issuing authority.

History: Laws 1988, ch. 46, § 5.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

"Section 142(d) of the code". - The phrase "Section 142(d) of the code" means 26 U.S.C. § 142(d) in the Internal Revenue Code of 1986.

6-20-6. Allocation.

After considering a request for allocation, the board may within a reasonable time, as determined by the board, issue an allocation; provided, however, that an allocation requested by an issuing authority pursuant to Subsection A or B of Section 3 [6-20-3 NMSA 1978] of the Private Activity Bond Act shall be issued by the board within a reasonable time after a request for allocation is submitted to the board. An allocation shall state the amount, in dollars, of the state ceiling allocated, and shall state the allocation expiration date.

History: Laws 1988, ch. 46, § 6.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

6-20-7. Carryforward election allocations.

An issuing authority may submit to the board a request for carryforward election allocation with respect to private activity bonds proposed to be issued to finance bonds for a specified carryforward purpose. The date for submission of such requests shall be established by the board annually. A separate request must be submitted for each carryforward purpose, except that a request for carryforward election allocation with

respect to qualified student loan bonds or qualified mortgage bonds may cover all proposed issuances of student loan bonds and qualified mortgage bonds. Not later than December 26 of a calendar year or the next business day if December 26 is a holiday, the board shall issue carryforward election allocations in amounts determined by the board, to the extent that sufficient amounts are available in the state private activity bond fund and the requirements of the Private Activity Bond Act are satisfied. A request for carryforward election allocation shall contain the same information and materials required to be included in a request for allocation.

History: Laws 1988, ch. 46, § 7.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Authority Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

Private Activity Bond Act. - See 6-20-1 NMSA 1978 and notes thereto.

6-20-8. Confirmation of issuance of private activity bonds and mortgage credit certificate election.

Within seven business days after an issuing authority issues any private activity bonds or makes a mortgage credit certificate election, the issuing authority or, in the case of a project, bond counsel for the issuing authority or the user, shall advise the board by letter of the date the bonds were issued and the total aggregate amount of the issue or, in the case of a mortgage credit certificate election, the date and the amount of the election.

History: Laws 1988, ch. 46, § 8.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

6-20-9. Assignments of allocations and carryforward election allocations.

Allocations and carryforward election allocations are not assignable by an issuing authority.

History: Laws 1988, ch. 46, § 9.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

6-20-10. Extensions.

The allocation expiration date may be extended by the board for each allocation; provided, however, that the allocation expiration date for any allocation shall automatically be extended for thirty days with respect to that part of the allocation used by an issuing authority for private activity bonds which have been sold but not issued on or before the allocation expiration date.

History: Laws 1988, ch. 46, § 10.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

6-20-11. Administrative duties of the board.

The board shall maintain the official state records pertaining to the state ceiling, requests for allocation submitted, requests for carryforward election allocations submitted, allocations issued, carryforward election allocations issued, confirmations submitted and any other records required for administration of the Private Activity Bond Act. The board may issue, on behalf of the governor, any certification required by the code or the regulations setting forth information concerning the state ceiling and Section 146 of the code.

History: Laws 1988, ch. 46, § 11.

ANNOTATIONS

Emergency clauses. - Laws 1988, ch. 46, § 14 makes the Private Activity Bond Act effective immediately. Approved March 4, 1988.

Applicability. - Laws 1988, ch. 46, § 12, effective March 4, 1988, makes the Private Activity Bond Act effective retroactive to January 1, 1988, and applicable to all private activity bonds issued after that date.

Private Activity Bond Act. - See 6-20-1 NMSA 1978 and notes thereto.

"Section 146 of the code". - The phrase "Section 146 of the code" means 26 U.S.C. § 146 in the Internal Revenue Code of 1986.

ARTICLE 21

FINANCE AUTHORITY

6-21-1. Short title.

Sections 1 through 29 [6-21-1 to 6-21-29 NMSA 1978] of this act may be cited as the "New Mexico Finance Authority Act".

History: Laws 1992, ch. 61, § 1.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-2. Legislative findings; declaration of purpose.

A. The legislature finds that:

(1) there are necessary state and local capital improvement and infrastructure needs that cannot be met with existing capital financing methods and funding sources;

(2) there is no coordinating entity or process for accomplishing long-term state and local capital planning, needs assessment or inventory of needs; setting priorities; and making more effective use of existing capital financing methods and funding sources;

(3) the uncertain nature of revenues available from the proceeds of severance tax bonds and other state and local revenues have frustrated state and local government efforts to finance needed state and local capital projects; and

(4) in order to meet public capital and infrastructure needs, a central state mechanism to coordinate the planning and financing of public projects is necessary.

B. It is the purpose of the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] to create a governmental instrumentality to coordinate the planning and financing of state and local public projects, to provide for long-term planning and assessment of state and local capital needs and to improve cooperation among the executive and legislative branches of state government and local governments in financing public projects.

History: Laws 1992, ch. 61, § 2.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-3. Definitions.

As used in the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978]:

A. "authority" means the New Mexico finance authority;

B. "bond" means any bonds, notes or other obligation;

C. "bondholder" or "holder" means a person who is the owner of a bond, whether registered or not;

D. "public project" means the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature by a qualified entity, including but not limited to land; buildings; water, sewerage and waste disposal systems; streets; airports; municipal utilities; parking facilities; and machinery, furniture and equipment. "Public project" includes all proposed expenditures related to the entire undertaking;

E. "qualified entity" means the state or any agency or institution of the state or any county, municipality, school district or special district; and

F. "security" or "securities", unless the context indicates otherwise, means bonds, notes or other evidence of indebtedness issued by a qualified entity or leases or certificates or other evidence of participation in the lessor's interest in and rights under a lease with a qualified entity and that are payable from taxes, revenues, rates, charges, assessments or user fees, or from the proceeds of funding or refunding bonds, notes or other evidences of indebtedness of a qualified entity or from certificates or evidence of participation in a lease with a qualified entity.

History: Laws 1992, ch. 61, § 3.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-4. New Mexico finance authority created; membership; qualifications; quorum; meetings; compensation; bond.

A. There is created a public body politic and corporate constituting a governmental instrumentality to be known as the "New Mexico finance authority" for the performance of essential public functions.

B. The authority shall be composed of twelve members. The state investment officer, the secretary of finance and administration, the secretary of economic development, the secretary of energy, minerals and natural resources, the secretary of environment, the executive director of the New Mexico municipal league and the executive director of the New Mexico association of counties or their designees shall be ex-officio members of the authority with voting privileges. The governor, with the advice and consent of the senate, shall appoint to the authority the chief financial officer of a state higher educational institution and four members who are residents of the state. The appointed members shall serve at the pleasure of the governor.

C. The appointed members of the authority shall be appointed to four-year terms. The initial members shall be appointed to staggered terms of four years or less, so that the term of at least one member expires on January 1 of each year. Vacancies shall be filled by appointment by the governor for the remainder of the unexpired term. Any member of the authority shall be eligible for reappointment.

D. Each appointed member before entering upon his duty shall take an oath of office to administer the duties of his office faithfully and impartially. A record of the oath shall be filed in the office of the secretary of state.

E. The governor shall designate an appointed member of the authority to serve as chairman. The authority shall elect annually one of its members to serve as vice chairman. The authority shall appoint and prescribe the duties of such other officers, who need not be members, as the authority deems necessary or advisable, including an executive director and a secretary, who may be the same person. The authority may delegate to one or more of its members, officers, employees or agents such powers and duties as it may deem proper and consistent with the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978].

F. The executive director of the authority shall direct the affairs and business of the authority, subject to the policies, control and direction of the authority. The secretary of the authority shall keep a record of the proceedings of the authority and shall be custodian of all books, documents and papers filed with the authority, the minute book or journal of the authority and its official seal. The secretary shall make copies of all minutes and other records and documents of the authority and give certificates under

the official seal of the authority to the effect that the copies are true copies, and all persons dealing with the authority may rely upon the certificates.

G. Meetings of the authority shall be held at the call of the chairman or whenever three members shall so request in writing. A majority of members then serving constitutes a quorum for the transaction of any business. The affirmative vote of at least a majority of a quorum present shall be necessary for any action to be taken by the authority. An ex officio member may designate in writing another person to attend meetings of the authority and to the same extent and with the same effect act in his stead. No vacancy in the membership of the authority shall impair the right of a quorum to exercise all rights and perform all duties of the authority.

H. Each member of the authority shall give bond as provided in the Surety Bond Act [10-2-13 to 10-2-16 NMSA 1978]. All costs of the surety bonds shall be borne by the authority.

I. The authority is not created or organized, and its operations shall not be conducted, for the purpose of making a profit. No part of the revenues or assets of the authority shall benefit or be distributable to its members, officers or other private persons. The members of the authority shall receive no compensation for their services but shall be reimbursed for actual and necessary expenses at the same rate and on the same basis as provided for public officers in the Per Diem and Mileage Act [10-8-1 to 10-8-8 NMSA 1978].

J. The authority shall not be subject to the supervision or control of any other board, bureau, department or agency of the state except as specifically provided in the New Mexico Finance Authority Act. No use of the terms "state agency" or "instrumentality" in any other law of the state shall be deemed to refer to the authority unless the authority is specifically referred to in the law.

K. The authority is a governmental instrumentality for purposes of the Tort Claims Act [41-4-1 to 41-4-27 NMSA 1978].

History: Laws 1992, ch. 61, § 4.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

Appropriations. - Laws 1992, ch. 61, § 35, effective March 9, 1992, appropriates \$1,374,000 to the New Mexico finance authority from the following funds in the following amounts for expenditure in the eightieth and eighty-first fiscal years for one-time start-up expenses of the authority: (1) \$886,000 from the long-term lease guaranty fund, (2) \$169,000 from the mining royalty unclaimed suspense fund, and (3) \$319,000 from the business development corporation fund; and provides that any unexpended or

unencumbered balances remaining from the appropriation at the end of the eighty-first fiscal year shall be transferred to the public projects revolving fund to be used for financing public projects in accordance with the New Mexico Finance Authority Act.

6-21-5. Powers of the authority.

The authority is granted all powers necessary and appropriate to carry out and effectuate its public and corporate purposes, including but not limited to the following powers:

A. to sue or be sued;

B. to adopt and alter an official seal;

C. to make and alter bylaws for its organization and internal management and to adopt subject to the review and approval of the New Mexico finance authority oversight committee such regulations as are necessary and appropriate to implement the provisions of the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978];

D. to appoint officers, agents and employees, prescribe their duties and qualifications and fix their compensation;

E. to make, enter into and enforce all contracts, agreements and other instruments necessary, convenient or desirable in the exercise of the authority's powers and functions and for the purposes of the New Mexico Finance Authority Act;

F. to acquire, construct, hold, improve, mortgage, sell, lease, convey or dispose of real and personal property for its public purposes;

G. to make loans and purchase securities and contract to make loans and purchase securities;

H. to make grants to qualified entities to finance public projects;

I. to procure insurance to secure payment on any loan, lease or purchase payments owed to the authority by a qualified entity in such amounts and from such insurers, including the federal government, as it may deem necessary or desirable, and to pay any premiums for such insurance;

J. to fix, revise from time to time, charge and collect fees and other charges in connection with the making of loans and any other services rendered by the authority;

K. to accept, administer, hold and use all funds made available to the authority from any sources;

L. to borrow money and to issue bonds and provide for the rights of the holders of the bonds;

M. to establish and maintain reserve and sinking fund accounts to insure against and have funds available for maintenance of other debt service accounts;

N. to invest and reinvest its funds and to take and hold property as security for the investment of such funds as provided in the New Mexico Finance Authority Act;

O. to employ attorneys, accountants, underwriters, financial advisers, trustees, paying agents, architects, engineers, contractors and such other advisors, consultants and agents as may be necessary and to fix and pay their compensation;

P. to apply for and accept gifts or grants of property, funds, services or aid in any form from the United States, any unit of government or any person and to comply, subject to the provisions of the New Mexico Finance Authority Act, with the terms and conditions of the gifts or grants;

Q. to maintain an office at any place in the state it may determine;

R. subject to any agreement with bondholders, to:

(1) renegotiate any loan or agreement;

(2) consent to any modification of the terms of any loan or agreement; and

(3) purchase bonds, which may upon purchase be canceled; and

S. to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in the New Mexico Finance Authority Act.

History: Laws 1992, ch. 61, § 5.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-6. Public project revolving fund; purpose; administration.

A. The "public project revolving fund" is created within the authority. The fund shall be administered by the authority as a separate account, but may consist of such subaccounts as the authority deems necessary to carry out the purposes of the fund. The authority is authorized to establish procedures and adopt regulations as required to administer the fund in accordance with the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978].

B. Money from repayments of loans or payments on securities held by the authority for public projects authorized specifically by law shall be deposited in the public project revolving fund. The fund shall also consist of any other money appropriated, distributed or otherwise allocated to the fund for the purpose of financing public projects authorized specifically by law.

C. Money in the public project revolving fund is appropriated to the authority to make loans or grants and to purchase or sell securities to assist qualified entities in financing public projects in accordance with the New Mexico Finance Authority Act and pursuant to specific authorization by law for each project.

D. Money in the public project revolving fund not needed for immediate disbursement, including any funds held in reserve, may be deposited with the state treasurer for short-term investment pursuant to Section 6-10-10.1 NMSA 1978 or may be invested in direct and general obligations of or obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of this state or any political subdivision of the state or as otherwise provided by the trust indenture or bond resolution, if funds are pledged for or secure payment of bonds issued by the authority.

E. The authority shall establish fiscal controls and accounting procedures that are sufficient to assure proper accounting for fund payments, disbursements and balances.

History: Laws 1992, ch. 61, § 6.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-7. Public project finance program; duties of authority.

The authority has the following duties:

A. to develop and administer a program to assist qualified entities individually or jointly in financing public projects;

B. to establish a process and procedures for review and assessment of public project needs in the state and report to the New Mexico finance authority oversight committee, the legislature and the governor the authority's public project financing and repayment agreement recommendations; and

C. to cooperate with and exchange services and information with any federal, state or local governmental agency.

History: Laws 1992, ch. 61, § 7.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-8. Public project finance program; loans; purchase or sale of securities.

To implement a program to assist qualified entities in financing public projects, the authority, subject to specific authorization by law for projects financed with money in the public projects revolving fund, may:

A. make loans to qualified entities that establish one or more dedicated sources of revenue to repay the loan from the authority;

B. make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the authority or pertaining to:

(1) a loan to a qualified entity;

(2) a grant to a qualified entity;

(3) a purchase or sale of securities individually or on a pooled basis; or

(4) the performance of its duties and execution of any of its powers under the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978];

C. purchase or hold securities at prices and in a manner the authority considers advisable giving due consideration to the financial capability of the qualified entity and sell securities acquired or held by it at prices without relation to cost and in a manner the authority considers advisable;

D. prescribe the form of application or procedure required of a qualified entity for a loan or purchase of its securities, fix the terms and conditions of the loan or purchase and enter into agreements with qualified entities with respect to loans or purchases;

E. charge for its costs and services in review or consideration of a proposed loan to a qualified entity or purchase by the authority of securities, whether or not the loan is made or the securities purchased;

F. fix and establish terms and provisions with respect to:

(1) a purchase of securities by the authority, including date and maturities of the securities;

(2) redemption or payment before maturity; and

(3) any other matters that in connection with the purchase are necessary, desirable or advisable in the judgment of the authority;

G. to the extent permitted under its contracts with the holders of bonds of the authority, consent to modification of the rate of interest, time and payment of installment of principal or interest, security or any other term of a bond, contract or agreement of any kind to which the authority is a party;

H. in connection with the purchase of any securities, consider the ability of the qualified entity to secure financing from other sources and the costs of that financing and the particular public project or purpose to be financed or refinanced with the proceeds of the securities to be purchased by the authority;

I. acquire and hold title to or leasehold interest in real and personal property and to sell, convey or lease that property for the purpose of satisfying a default or enforcing the provisions of a loan agreement; and

J. in the event of default by a qualified entity, enforce its rights by suit or mandamus or may use all other available remedies under state law.

History: Laws 1992, ch. 61, § 8.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-9. Public project financing; powers of qualified entities.

A qualified entity may:

A. obligate itself to pay to the authority at periodic intervals a sum sufficient to pay all or part of debt service or other obligation including fees and other charges imposed by the authority with respect to bonds issued by the authority to fund a public project and to make such payments to the authority for deposit in the fund or account designated by the authority;

B. fulfill any obligation to pay the authority by the issuance of bonds in accordance with the laws authorizing such issuance by the qualified entity; provided that notwithstanding the provisions of any law to the contrary, such bonds may be sold at private sale to the authority at the price and upon the terms and conditions the qualified entity shall determine;

C. levy, collect and pay to the authority and obligate itself to continue to levy, collect and pay to the authority the proceeds from one or more sources of funds or revenues, including but not limited to charges, licenses, permits, taxes, user or other fees, special

assessments or other funds or revenue available to the qualified entity, in accordance with the laws authorizing imposition or levy thereof by the qualified entity;

D. undertake and obligate itself to pay its contractual obligation to the authority solely from the proceeds from any of the sources specified in Subsection C of this section or, in accordance with the laws authorizing issuance of bonds by a qualified entity, impose upon itself a general obligation to impose a property tax to pay bonds held by the authority which may be additionally secured by a pledge of any of the sources specified in Subsection C of this section; provided, however, that any general obligation involving property tax revenues is subject to applicable constitutional debt requirements; and

E. enter into agreements, perform acts and delegate functions and duties that the qualified entity determines are necessary or desirable to enable the authority to assist the qualified entity in financing a public project.

History: Laws 1992, ch. 61, § 9.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-10. Purchases in name of authority; documentation.

A. All securities purchased, held or owned at any time by the authority shall at all times be purchased and held in the name of the authority.

B. All securities purchased at any time by the authority, upon delivery to the authority, shall be accompanied by all documentation required by the authority and shall include an approving opinion of recognized bond counsel, certification and guarantee of signatures and certification as to no litigation pending as of the date of delivery of the securities challenging the validity or issuance of such securities.

History: Laws 1992, ch. 61, § 10.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-11. Bonds of the authority; use; security.

A. The authority may issue and sell bonds in principal amounts it considers necessary to provide sufficient funds for any purpose of the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978], including:

- (1) purchase of securities;
- (2) make loans through the purchase of securities;
- (3) make grants for public projects;
- (4) the construction of public projects;
- (5) the payment, funding or refunding of the principal of or interest or redemption premiums on bonds issued by the authority whether the bonds or interest to be paid, funded or refunded have or have not become due;
- (6) the establishment or increase of reserves or sinking funds to secure or to pay principal, premium, if any, or interest on bonds; and
- (7) all other costs or expenses of the authority incident to and necessary or convenient to carry out its corporate purposes and powers.

B. Except as otherwise provided in the New Mexico Finance Authority Act, all bonds or other obligations issued by the authority shall be obligations of the authority payable solely from the revenues, income, fees, charges or funds of the authority that may, pursuant to the provisions of the New Mexico Finance Authority Act, be pledged to the payment of such obligations, and the bonds or other obligations shall not create an obligation, debt or liability of the state. No breach of any pledge, obligation or agreement of the authority shall impose a pecuniary liability or a charge upon the general credit or taxing power of the state or any political subdivision of the state.

C. As security for the payment of the principal, interest or premium, if any, on bonds issued by the authority, the authority is authorized to pledge, transfer and assign:

- (1) any obligation of a qualified entity that is payable to the authority;
- (2) the security for the qualified entity's obligations;
- (3) money in the public project revolving fund or any subaccount of that fund subject to the provisions of Subsection C of Section 6 [6-21-6 NMSA 1978] of the New Mexico Finance Authority Act;
- (4) any grant, subsidy or contribution from the United States or any of its agencies or instrumentalities; or
- (5) any income, revenues, funds or other money of the authority from any other source authorized for such pledge, transfer or assignment other than from the public projects revolving fund under the New Mexico Finance Authority Act.

History: Laws 1992, ch. 61, § 11.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-12. Bonds; authorization for issuance; terms and conditions.

A. Bonds of the authority shall be authorized by resolution of the authority and may be issued in one or more series. The bonds shall bear the dates, be in the form, be issued in the denominations, have terms and maturities, bear interest at rates and be payable and evidenced in the manner and times as the resolution of the authority or the trust agreement securing the bonds provides. The bonds may be redeemed with or without premiums prior to maturity, may be ranked or assigned priority status and may contain provisions not inconsistent with this subsection.

B. The bonds issued by the authority may be sold at any time at private or public sale at prices agreed upon by the authority.

C. Bonds may be issued pursuant to the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] without obtaining the consent of any agency of the state and without any other proceeding or condition other than the proceedings or conditions specified in that act.

D. The bonds issued by the authority are negotiable instruments for all purposes of the Uniform Commercial Code [Chapter 55 NMSA 1978], subject only to the provisions of the bonds for registrations.

E. Any resolution for the issuance of bonds shall provide that each bond authorized shall recite that it is issued by the authority. The recital shall clearly state that the bonds are in full compliance with all of the provisions of the New Mexico Finance Authority Act.

History: Laws 1992, ch. 61, § 12.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-13. Bonds secured by trust indenture.

The bonds may be secured by a trust indenture between the authority and a corporate trustee which may be either a bank having trust powers or a trust company. The trust indenture may contain reasonable provisions for protecting and enforcing the rights and remedies of bondholders, including covenants setting forth the duties of the authority in relation to the exercise of its powers and the custody, use and investment of the money. The authority may provide by the trust indenture for the payment of the proceeds of the

bonds and the revenue to the trustee under the trust indenture or other depository for disbursement with such safeguards as the authority determines are necessary.

History: Laws 1992, ch. 61, § 13.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-14. Publication of notice; validation; limitation of action.

A. After adoption of a resolution authorizing issuance of bonds, the authority shall publish notice of the adoption of the resolution once in a newspaper of general statewide circulation.

B. After the passage of thirty days from the publication required by Subsection A of this section, any action attacking the validity of the proceedings had or taken by the authority preliminary to and in the authorization and issuance of the bonds described in the notice is perpetually barred.

History: Laws 1992, ch. 61, § 14.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-15. Refunding bonds.

The authority is authorized to issue its bonds for the purpose of refunding any bonds then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the date of redemption of the outstanding bonds. Until the proceeds of the bonds issued for the purpose of refunding outstanding bonds are applied to the purchase or retirement of the outstanding bonds or the redemption of the outstanding bonds, the proceeds may be placed in escrow and be invested and reinvested. The interest, income and profits, if any, earned or realized on any such investment may, in the discretion of the authority, also be applied to the payment of the outstanding bonds to be refunded by purchase, retirement or redemption, as the case may be. After the terms of the escrow have been fully satisfied and carried out, any balance of such proceeds and interest, if any, earned or realized on the investments thereof may be returned to the authority for use by it in any lawful manner. All such bonds shall be issued and secured and shall be subject to the provisions of the New Mexico Finance Authority Act in the same manner and to the same extent as any other bonds issued pursuant to the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978].

History: Laws 1992, ch. 61, § 15.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-16. Bond anticipation notes.

The authority is authorized to issue negotiable bond anticipation notes and may renew the same from time to time, but the maximum maturity of such notes, including renewals of such notes, shall not exceed ten years from the date of issue of the original notes. The notes shall be payable from any money of the authority available for them and not otherwise pledged or from the proceeds of sale of the bonds of the authority in anticipation of which such notes were issued. The notes may be issued for any purpose of the authority. All such notes shall be issued and secured and shall be subject to the provisions of the New Mexico Finance Authority Act in the same manner and to the same extent as bonds issued pursuant to the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978].

History: Laws 1992, ch. 61, § 16.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-17. Remedies of bondholders.

Any holder of bonds issued pursuant to the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] or a trustee under a trust indenture entered into pursuant to that act, except to the extent that his rights are restricted by any bond resolution or trust indenture authorized pursuant to the bond resolution, may protect and enforce, by any suitable form of legal proceedings, any rights under the laws of this state or granted by the bond resolution or trust indenture authorized pursuant to the bond resolution. Such rights include the right to compel the performance of all duties of the authority required by the New Mexico Finance Authority Act or the bond resolution and to enjoin unlawful activities.

History: Laws 1992, ch. 61, § 17.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-18. Agreement of the state.

The state does hereby pledge to and agree with the holders of any bonds or notes issued under the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] that the state will not limit or alter the rights hereby vested in the authority to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of those holders until the bonds or notes together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state in any agreement with the holders of the bonds or notes.

History: Laws 1992, ch. 61, § 18.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-19. Bonds; legal investments for public officers and fiduciaries.

The bonds issued under the authority of the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] shall be legal investments in which all insurance companies, banks and savings and loan associations organized under the laws of the state, public officers and public bodies and all administrators, guardians, executors, trustees and other fiduciaries may properly and legally invest funds.

History: Laws 1992, ch. 61, § 19.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-20. Tax exemption.

A. It is hereby determined that the creation of the authority is in all respects for the benefit of the people of the state, for the improvement of their health and welfare and for the promotion of proposed projects or facilities pursuant to the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978], and that these purposes are public purposes and the authority will be performing an essential governmental function in the exercise of the powers conferred upon it by the New Mexico Finance Authority Act. The state covenants with the purchasers and all subsequent holders and transferees of bonds issued by the authority, in consideration of the acceptance of and payment for

the bonds, that the bonds issued pursuant to that act and the income from the bonds shall at all times be free from taxation by the state, except for estate or gift taxes and taxes on transfers.

B. The property, income and operations of the authority shall be exempt from taxation of every kind and nature.

History: Laws 1992, ch. 61, § 20.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-21. Money of the authority; expenses; audit; annual report.

A. All money of the authority, except as otherwise authorized or provided in the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] or in a bond resolution, trust indenture or other instrument under which bonds are issued, shall be deposited as soon as practical in a separate account or accounts in banks or trust companies organized under the laws of this state. All deposits of money shall be secured, if required by the authority, in such a manner as the authority determines to be prudent. Banks or trust companies are authorized to give security for deposits of the authority.

B. Subject to the provisions of any contract with bondholders, the authority shall prescribe a system of accounts.

C. Money held by the authority that is not needed for immediate disbursement, including any funds held in reserve, may be deposited with the state treasurer for short-term investment pursuant to Section 6-10-10.1 NMSA 1978 or may be invested in direct and general obligations of or obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of this state or any political subdivision of the state or as otherwise provided by the trust indenture or bond resolution, if the funds are pledged for or secure payment of bonds issued by the authority.

D. The authority shall have an audit of its books and accounts made at least once each year by the state auditor or by a certified public accounting firm whose proposal has been reviewed and approved by the state auditor. The cost of the audit shall be an expense of the authority. Copies of the audit shall be submitted to the governor and the New Mexico finance authority oversight committee and made available to the public.

E. The authority shall submit a report of its activities to the governor and to the legislature not later than December 1 of each year. Each report shall set forth a complete operating and financial statement covering its operations for that year.

History: Laws 1992, ch. 61, § 21.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-22. Corporate existence.

The authority and its corporate existence shall continue until terminated by law, provided that no such law shall take effect so long as the authority has bonds or other obligations outstanding, unless adequate provision has been made for the payment of such obligations. Upon termination of the existence of the authority, all its rights and properties in excess of its obligations shall pass to and be vested in the state.

History: Laws 1992, ch. 61, § 22.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-23. Prohibited actions.

The authority shall not:

- A. lend money or make a grant other than to a qualified entity;
- B. purchase securities other than from a qualified entity or other than for investment as provided in the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978];
- C. lease a public project to any entity other than a qualified entity;
- D. deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States or of the state or of any other state or jurisdiction, domestic or foreign, except as authorized in the New Mexico Finance Authority Act;
- E. issue bills of credit or accept deposits of money for time on demand deposit or administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business, or act as a savings bank or savings and loan association, or any other kind of financial institution; or
- F. engage in any form of private or commercial banking business.

History: Laws 1992, ch. 61, § 23.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-24. Conflicts of interest; penalty.

A. If any member, officer or employee of the authority has an interest, either direct or indirect, in any contract to which the authority is or is to be a party, such interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member, officer or employee having such interest shall not participate in any action by the authority with respect to such contract.

B. Any person who has a conflict of interest as defined in this section and participates in any transaction involving such conflict of interest or fails to notify the authority of such conflict is guilty of a misdemeanor and upon conviction shall be sentenced to imprisonment in the county jail for a definite term of less than one year or to the payment of a fine of not more than one thousand dollars (\$1,000), or to both.

History: Laws 1992, ch. 61, § 24.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-25. Limitation of liability.

Neither any member of the authority nor any person acting in its behalf, while acting within the scope of his authority, shall be subject to any personal liability for any action taken or omitted within that scope of authority.

History: Laws 1992, ch. 61, § 25.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-26. Court proceedings; preference; venue.

Any action or proceeding to which the authority or the people of the state may be a party in which any question arises as to the validity of the New Mexico Finance Authority Act shall be preferred over all other civil cases in all courts of the state and shall be heard and determined in preference to all other civil business pending therein irrespective of position on the calendar. The same preference shall be granted upon

application of counsel to the authority in any action or proceeding questioning the validity of the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] in which he may be allowed to intervene. The venue of any such action or proceeding or any other action or proceeding against the authority shall be in the county in which the principal office of the authority is located.

History: Laws 1992, ch. 61, § 26.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-27. Cumulative authority.

The New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] shall be deemed to provide an additional and alternative method for the doing of things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing; provided that the issuance of bonds under the provisions of the New Mexico Finance Authority Act need not comply with the requirements of any other law applicable to the issuance of bonds.

History: Laws 1992, ch. 61, § 27.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-28. Liberal interpretation.

The New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978], being necessary for the welfare of the state and its inhabitants, shall be liberally construed to effect the purposes of that act.

History: Laws 1992, ch. 61, § 28.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-29. Severability.

If any part or application of the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] is held invalid, the remainder or its application to other situations shall not be affected.

History: Laws 1992, ch. 61, § 29.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-30. New Mexico finance authority oversight committee.

There is created a joint interim legislative committee that shall be known as the "New Mexico finance authority oversight committee". The legislative council shall determine the membership of the committee and shall appoint the members and designate the chairman and the vice chairman in accordance with legislative council policies. The staff for the committee shall be provided by the legislative council service.

History: Laws 1992, ch. 61, § 30.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

6-21-31. Powers and duties.

The New Mexico finance authority oversight committee shall:

- A. monitor and oversee the operation of the New Mexico finance authority;
- B. meet on a regular basis to receive and review reports from the authority on implementation of the provisions of the New Mexico Finance Authority Act [6-21-1 to 6-21-29 NMSA 1978] and to review and approve regulations proposed for adoption pursuant to that act;
- C. monitor and provide assistance and advice on the public project financing program of the New Mexico finance authority;
- D. oversee and monitor state and local government capital planning and financing and take testimony from state and local officials on state and local capital needs;
- E. provide advice and assistance to the New Mexico finance authority and cooperate with the executive branch of state government and local governments on planning, setting priorities for and financing of state and local capital projects;

F. undertake an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing state and local government capital financing in New Mexico; and

G. report its findings and recommendations, including recommended legislation or necessary changes, to the governor and to each session of the legislature. The report and proposed legislation shall be made available on or before December 15 each year.

History: Laws 1992, ch. 61, § 31.

ANNOTATIONS

Emergency clauses. - Laws 1992, ch. 61, § 36 makes the act effective immediately. Approved March 9, 1992.

ARTICLE 22 STATE AID INTERCEPTION

6-22-1. Short title.

Sections 1 through 3 [6-22-1 to 6-22-3 NMSA 1978] of this act may be cited as the "State Aid Intercept Act".

History: Laws 1992, ch. 105, § 1.

ANNOTATIONS

Effective dates. - Laws 1992, ch. 105 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 20, 1992.

6-22-2. Definitions.

As used in the State Aid Intercept Act [6-22-1 to 6-22-3 NMSA 1978]:

A. "default" means the actual nonpayment of principal or interest on a local revenue bond when payment is scheduled by the indenture relating the local revenue bond;

B. "local government" means a municipality or county;

C. "local revenue bond" means a bond issued after July 1, 1992 pursuant to Sections 3-33-1 through 3-33-43 NMSA 1978 or Chapter 4, Article 62 NMSA 1978;

D. "qualified local revenue bond" means a local revenue bond for which a state distributions intercept authorization has been granted pursuant to this section;

E. "secretary" means the secretary of finance and administration; and

F. "state distributions" means any or all of the funds distributed to local governments pursuant to Section 7-1-6.4, 7-1-6.9 and Subsection B of Section 7-1-6.11 NMSA 1978.

History: Laws 1992, ch. 105, § 2.

ANNOTATIONS

Effective dates. - Laws 1992, ch. 105 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 20, 1992.

6-22-3. Local revenue bonds; interception of state distributions to make debt service payments; notice.

A. A local government may receive a state distributions intercept authorization for any local revenue bond as provided in this section. If a local government provides notice prior to default on any interest or principal payment of a local revenue bond qualified for a state distributions intercept authorization, the payment necessary to prevent the default shall be paid from intercepted state distributions as provided in this section.

B. To receive a state distributions intercept authorization for a local revenue bond, the local government shall apply to the secretary for the authorization prior to the submission of preliminary and final documentation for the issuance of the bonds. In determining whether to grant a state distributions intercept authorization, the secretary shall consider such factors as the need for the bond-financed project, the proposed repayment schedule for the local revenue bonds and the general creditworthiness of the local government. Upon a grant of a state distributions intercept authorization by the secretary, the local revenue bonds shall be deemed to be qualified local revenue bonds pursuant to the provisions of this section.

C. Upon a finding by a local government treasurer or other officer designated by bond resolution that the local government will default on any interest or principal payment due on outstanding qualified local revenue bonds, the local government shall submit an affidavit to the secretary no later than sixty days before the payment due date. The affidavit shall be deemed actual notice to the secretary and shall report and verify calculations demonstrating that the local government will be unable or has reason to believe that it will be unable to make any scheduled payment of principal or interest when the payment is due on the qualified local revenue bonds.

D. Upon receipt of notice pursuant to this section, the secretary shall conduct an immediate investigation and review of the possible default. Upon verification of the facts in the affidavit and any other material elements of the notice, the secretary shall direct the secretary of taxation and revenue to intercept the state distributions to the local government that issued the qualified local revenue bonds and withhold the amount necessary to avoid the possible default by making the scheduled payment of interest or

principal due on the qualified local revenue bonds. The secretary of taxation and revenue shall transfer that amount to the local government treasurer or other person designated as responsible for payment of debt service on the qualified local revenue bonds.

E. Any local government granted a state distributions intercept authorization for local revenue bonds pursuant to this section shall covenant with the secretary to review its sinking fund balances at least ninety days prior to any scheduled payment date for the qualified local revenue bonds. The local government may include this covenant and the state distributions intercept authorization in any documents, publications or transcripts relating to the qualified local revenue bonds. The local government shall also report quarterly to the secretary the amounts held as debt service reserve funds for the qualified local revenue bonds and their usage, if any. The report shall also specify the amounts of each of its state distributions that are pledged to secure obligations of the local government.

History: Laws 1992, ch. 105, § 3.

ANNOTATIONS

Effective dates. - Laws 1992, ch. 105 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective on May 20, 1992.