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SENATE BILL 382

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY

George K. Munoz

AN ACT

RELATING TO PUBLIC MONEY; EXPANDING THE ALLOWABLE USE OF INCOME FROM CHARGES FOR LOCAL GOVERNMENT INVESTMENT POOL SERVICES BY THE OFFICE OF THE STATE TREASURER; PROVIDING THAT BALANCES FROM THOSE CHARGES DO NOT REVERT TO THE GENERAL FUND, ARE NOT USED TO OFFSET THE CHARGES FOR INVESTMENT POOL AND RELATED SERVICES AND MAY BE USED FOR THE OFFICE'S OPERATIONS; MAKING AN APPROPRIATION.

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

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

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

A. There is created in the state treasury the "local government investment pool". The fund shall consist of .205432.1SA

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1 all deposits from participating governments, including revenues
2 dedicated to repaying bonds, that are placed in the custody of
3 the state treasurer for investment purposes pursuant to this
4 section. The state treasurer shall maintain one or more
5 separate accounts for each participating government having
6 deposits in the local government investment pool and may divide
7 the fund into two or more subfunds, as the state treasurer
8 deems appropriate, for short-term and medium-term investment
9 purposes, including one or more subfunds for bond proceeds
10 deposited by participating governments.

11 B. If an eligible governing body is unable to
12 receive payment on public money at the rate of interest as set
13 forth in Section 6-10-36 NMSA 1978 from financial institutions
14 within the geographic boundaries of the eligible governing
15 body, or if the eligible governing body is not bound by the
16 terms of Section 6-10-36 NMSA 1978, the finance officer having
17 control of the money of that eligible governing body not
18 required for current expenditure may, with the consent of the
19 board of finance of the eligible governing body if consent is
20 required by the laws or rules of the eligible governing body,
21 remit some or all of the money to the state treasurer for
22 deposit for the purpose of investment as allowed by this
23 section.

24 C. Before funds are invested or reinvested pursuant
25 to this section, a finance officer shall notify and make the

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1 funds available for investment to banks, savings and loan
2 associations and credit unions located within the geographical
3 boundaries of the participating government or the eligible
4 governing body, subject to the limitation on credit union
5 accounts. To be eligible for deposit of the government funds,
6 the financial institution shall pay to the participating
7 government or eligible governing body the rate established by
8 the state treasurer pursuant to a policy adopted by the state
9 board of finance for the investments.

10 D. A finance officer shall specify the length of
11 time a deposit shall be in the local government investment
12 pool. The state treasurer through the use of the state fiscal
13 agent shall separately track each deposit and shall make
14 information regarding the deposit available to the public upon
15 written request.

16 E. The state treasurer shall invest the local
17 government investment pool as provided in Section 6-10-10 NMSA
18 1978 regarding the investment of state funds in investments
19 with a maturity at the time of purchase that does not exceed
20 three years. The state treasurer may elect to have the local
21 government investment pool consolidated for investment purposes
22 with the state funds under the control of the state treasurer;
23 provided that accurate and detailed accounting records are
24 maintained for the account of each participating government and
25 that a proportionate amount of interest earned is credited to

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1 each of the separate accounts of a participating government.
2 The fund shall be invested to achieve its objective, which is
3 to realize the maximum return consistent with safe and prudent
4 management.

5 F. At the end of each month, all net investment
6 income or losses from investment of the local government
7 investment pool shall be distributed by the state treasurer to
8 the accounts of participating governments in amounts directly
9 proportionate to the respective amounts deposited by them in
10 the local government investment pool and the length of time the
11 amounts in each account were invested.

12 G. The state treasurer shall charge participating
13 governments reasonable audit, administrative and investment
14 expenses and shall deduct those expenses directly from the net
15 investment income for the investment and administrative
16 services provided pursuant to this subsection. The amount of
17 the charges, the manner of the use by the state treasurer and
18 the nature of bond-related services to be offered shall be
19 established in rules adopted and promulgated by the state
20 treasurer subject to approval by the state board of finance.

21 H. Subject to appropriation by the legislature,
22 amounts deducted from the accounts of participating governments
23 for charges permitted pursuant to this section shall be
24 ~~[expended]~~ deposited in the state treasurer's operating account
25 for expenditure by the state treasurer ~~[in fiscal year 2008 and~~

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1 ~~in subsequent fiscal years]~~ for the administration and
2 management of the local government investment pool, services
3 provided to participating governments related to investment of
4 their money in that fund, ~~[and]~~ other services authorized by
5 this section and operations of the office of the state
6 treasurer. Balances remaining at the end of a fiscal year from
7 the amounts deducted pursuant to this section shall not revert.
8 ~~[to the general fund. Balances in the state treasurer's~~
9 ~~operating account resulting from deductions taken pursuant to~~
10 ~~this section in excess of the amount required to provide~~
11 ~~administration, management and related services required by~~
12 ~~this subsection or other services authorized by this section~~
13 ~~shall be offset by reductions in the charges made by the state~~
14 ~~treasurer to the accounts of participating governments in~~
15 ~~subsequent deductions from participating governments'~~
16 ~~accounts.]~~

17 I. Each fiscal year, the state treasurer shall
18 cause to have the short-term investment portion of the local
19 government investment pool rated by a nationally recognized
20 statistical rating organization. If the rating received by the
21 short-term investment portion of the fund is lower than "AA",
22 the state treasurer shall immediately submit a plan to the
23 state board of finance detailing the steps that will be taken
24 to obtain an "AA" or higher rating.

25 J. The state treasurer may offer to provide to

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1 participating governments services related to requirements of
2 the federal income tax laws applicable to the investment of
3 bond proceeds.

4 K. A tribe or quasi-governmental body created
5 pursuant to New Mexico statute may become a participating
6 government only if the governing authority of the tribe or
7 quasi-governmental body has adopted a resolution authorizing
8 the tribe or quasi-governmental body to remit money to the
9 state treasurer for investment in the local government
10 investment pool.

11 L. Deposits by the state treasurer on behalf of the
12 general fund and bond proceeds investment pools shall, in
13 aggregate, be no more than thirty-five percent of the total
14 amount in the local government investment pool at any time."

15 SECTION 2. EFFECTIVE DATE.--The effective date of the
16 provisions of this act is July 1, 2018.