

1 AN ACT

2 RELATING TO PUBLIC MONEY; EXPANDING THE ALLOWABLE USE OF
3 INCOME FROM CHARGES FOR LOCAL GOVERNMENT INVESTMENT POOL
4 SERVICES BY THE OFFICE OF THE STATE TREASURER; PROVIDING THAT
5 BALANCES FROM THOSE CHARGES ARE NOT USED TO OFFSET THE
6 CHARGES FOR INVESTMENT POOL AND RELATED SERVICES AND MAY BE
7 USED FOR THE OFFICE'S OPERATIONS; MAKING AN APPROPRIATION.

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

10 SECTION 1. Section 6-10-10.1 NMSA 1978 (being Laws
11 1988, Chapter 61, Section 2, as amended) is amended to read:

12 "6-10-10.1. LOCAL GOVERNMENT INVESTMENT POOL CREATED--
13 DISTRIBUTION OF EARNINGS--REPORT OF INVESTMENTS.--

14 A. There is created in the state treasury the
15 "local government investment pool". The fund shall consist
16 of all deposits from participating governments, including
17 revenues dedicated to repaying bonds, that are placed in the
18 custody of the state treasurer for investment purposes
19 pursuant to this section. The state treasurer shall maintain
20 one or more separate accounts for each participating
21 government having deposits in the local government investment
22 pool and may divide the fund into two or more subfunds, as
23 the state treasurer deems appropriate, for short-term and
24 medium-term investment purposes, including one or more
25 subfunds for bond proceeds deposited by participating

1 governments.

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

15 C. Before funds are invested or reinvested
16 pursuant to this section, a finance officer shall notify and
17 make the funds available for investment to banks, savings and
18 loan associations and credit unions located within the
19 geographical boundaries of the participating government or
20 the eligible governing body, subject to the limitation on
21 credit union accounts. To be eligible for deposit of the
22 government funds, the financial institution shall pay to the
23 participating government or eligible governing body the rate
24 established by the state treasurer pursuant to a policy
25 adopted by the state board of finance for the investments.

1 D. A finance officer shall specify the length of
2 time a deposit shall be in the local government investment
3 pool. The state treasurer through the use of the state
4 fiscal agent shall separately track each deposit and shall
5 make information regarding the deposit available to the
6 public upon written request.

7 E. The state treasurer shall invest the local
8 government investment pool as provided in Section 6-10-10
9 NMSA 1978 regarding the investment of state funds in
10 investments with a maturity at the time of purchase that does
11 not exceed three years. The state treasurer may elect to
12 have the local government investment pool consolidated for
13 investment purposes with the state funds under the control of
14 the state treasurer; provided that accurate and detailed
15 accounting records are maintained for the account of each
16 participating government and that a proportionate amount of
17 interest earned is credited to each of the separate accounts
18 of a participating government. The fund shall be invested to
19 achieve its objective, which is to realize the maximum return
20 consistent with safe and prudent management.

21 F. At the end of each month, all net investment
22 income or losses from investment of the local government
23 investment pool shall be distributed by the state treasurer
24 to the accounts of participating governments in amounts
25 directly proportionate to the respective amounts deposited by

1 them in the local government investment pool and the length
2 of time the amounts in each account were invested.

3 G. The state treasurer shall charge participating
4 governments reasonable audit, administrative and investment
5 expenses and shall deduct those expenses directly from the
6 net investment income for the investment and administrative
7 services provided pursuant to this subsection. The amount of
8 the charges, the manner of the use by the state treasurer and
9 the nature of bond-related services to be offered shall be
10 established in rules adopted and promulgated by the state
11 treasurer subject to approval by the state board of finance.

12 H. Amounts deducted from the accounts of
13 participating governments for charges permitted pursuant to
14 this section shall be deposited in the state treasurer's
15 operating account and are appropriated for expenditure by the
16 state treasurer for the administration and management of the
17 local government investment pool, services provided to
18 participating governments related to investment of their
19 money in that fund, other services authorized by this section
20 and operations of the office of the state treasurer.

21 Balances remaining at the end of a fiscal year from the
22 amounts deducted pursuant to this section shall revert.

23 I. Each fiscal year, the state treasurer shall
24 cause to have the short-term investment portion of the local
25 government investment pool rated by a nationally recognized

1 statistical rating organization. If the rating received by
2 the short-term investment portion of the fund is lower than
3 "AA", the state treasurer shall immediately submit a plan to
4 the state board of finance detailing the steps that will be
5 taken to obtain an "AA" or higher rating.

6 J. The state treasurer may offer to provide to
7 participating governments services related to requirements of
8 the federal income tax laws applicable to the investment of
9 bond proceeds.

10 K. A tribe or quasi-governmental body created
11 pursuant to New Mexico statute may become a participating
12 government only if the governing authority of the tribe or
13 quasi-governmental body has adopted a resolution authorizing
14 the tribe or quasi-governmental body to remit money to the
15 state treasurer for investment in the local government
16 investment pool.

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

21 SECTION 2. EFFECTIVE DATE.--The effective date of the
22 provisions of this act is July 1, 2018. _____

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