



The Legislature
of the
State of New Mexico

50th Legislature, 1st Session

LAWS 2011

CHAPTER _____

HOUSE BUSINESS AND INDUSTRY COMMITTEE SUBSTITUTE

FOR HOUSE BILL 415, as amended

with certificate of correction

Introduced by



VETOED



State of New Mexico
House of Representatives
OFFICE of the CHIEF CLERK
Santa Fé

STEPHEN RAY ARIAS
Chief Clerk 1983 -

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FIFTIETH LEGISLATURE
FIRST SESSION, 2011

March 19, 2011

CERTIFICATE OF CORRECTION

The following error was found in

HOUSE BILL 415, as amended

and has been corrected in enrolling and engrossing:

1. On House Taxation and Revenue Committee amendment number 3, "dollars" was inserted after "two million" to correct a drafting error. The correction appears on page 1, line 22 of the enrolled and engrossed bill.

A handwritten signature in black ink, appearing to be "Arias", written over a horizontal line.

Chairperson, Enrolling & Engrossing Committee

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AN ACT
RELATING TO THE MOTION PICTURE INDUSTRY; PROVIDING FOR
SEVERANCE TAX PERMANENT FUND INVESTMENT IN SMALL-BUDGET NEW
MEXICO FILMS.

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

SECTION 1. A new section of the Severance Tax Bonding
Act is enacted to read:

"INVESTMENT IN SMALL-BUDGET NEW MEXICO FILMS.--

A. From July 1, 2011 through June 30, 2016, as a
portion of the amount of severance tax permanent fund that may
be invested in a New Mexico film project pursuant to Section
7-27-5.26 NMSA 1978, and pursuant to the requirements of this
section, an investment loan may be made in a small-budget New
Mexico film project.

B. An investment made pursuant to this section
shall be for no less than one hundred fifty thousand dollars
(\$150,000) or no more than three million dollars (\$3,000,000)
in any one small-budget New Mexico film project, and
investments pursuant to this section in the aggregate in a
fiscal year shall not exceed seventeen million dollars
(\$17,000,000) with two million dollars (\$2,000,000) available
only to Native American filmmakers.

C. The state investment officer shall make
investments pursuant to this section only upon approval of the

1 council after a review by the private equity investment
2 advisory committee and a review and recommendation by the New
3 Mexico film division of the economic development department
4 with advice from New Mexico filmmakers. The state investment
5 officer may make debt or equity investments pursuant to this
6 section only in small-budget New Mexico films pursuant to the
7 following conditions:

8 (1) the film is filmed wholly or
9 substantially in New Mexico;

10 (2) the producer has agreed that, while
11 filming in New Mexico, no less than one-half of the production
12 crew payroll will be paid to New Mexico residents;

13 (3) the producer has posted a completion
14 bond that has been approved by the council; provided that a
15 completion bond shall not be required if the fund or project
16 is guaranteed pursuant to Paragraph (4) of this subsection;

17 (4) the producer obtained a full,
18 unconditional and irrevocable guarantee of repayment of the
19 invested amount in favor of the severance tax permanent fund:

20 (a) by providing a full, unconditional
21 and irrevocable letter of credit from a United States
22 chartered or New Mexico chartered bank; or

23 (b) from a substantial and solvent
24 entity as determined by the council in accordance with its
25 standards and practices;

1 (5) the producer has agreed to pay a
2 processing fee of no more than one and one-half percent of the
3 investment loan amount to the council or to a third-party fund
4 manager as directed by the council; and

5 (6) the investment loan shall be for a
6 period no longer than four years from the date that the loan
7 is funded and shall be repaid at an interest rate that is not
8 less than the prime rate as published in the *Wall Street*
9 *Journal* on the date of the loan plus three percent; provided
10 that the rate in this paragraph may be reduced by:

11 (a) one percent if the producer agrees
12 to film the majority of the small-budget New Mexico film in
13 counties with a population of less than one hundred thousand
14 according to the most recent federal decennial census;

15 (b) one percent if the producer pays a
16 payroll to a production crew and cast that together are
17 composed of at least eighty-five percent New Mexico residents;
18 and

19 (c) one percent if the cultural affairs
20 department or the tourism department certifies to the council
21 that the small-budget New Mexico film will be of significant
22 value in promoting cultural values or tourism in New Mexico.

23 D. As used in this section;

24 (1) "Native American filmmaker" means a
25 producer of a small-budget New Mexico film who is an enrolled

1 member of a federally recognized Indian nation, tribe or
2 pueblo located wholly or partly in New Mexico; and

3 (2) "small-budget New Mexico film" means a
4 single-medium or multimedia program, including advertising
5 messages, that is fixed on film, videotape, computer disc,
6 laser disc or other similar delivery medium from which the
7 program can be viewed or reproduced; that is intended to be
8 exhibited in theaters, licensed for exhibition by individual
9 television stations, groups of stations, networks, cable
10 television stations or other means or licensed for the home
11 viewing market; that is produced by a person who maintains a
12 legal domicile in New Mexico; and that has a budget of no less
13 than one hundred fifty thousand dollars (\$150,000) or no more
14 than three million dollars (\$3,000,000)."

S/ BEN LUJAN
BEN LUJAN, SPEAKER
HOUSE OF REPRESENTATIVES

S/ STEPHEN R. ARIAS
STEPHEN R. ARIAS, CHIEF CLERK
HOUSE OF REPRESENTATIVES

S/ JOHN A. SANCHEZ
JOHN A. SANCHEZ, PRESIDENT
SENATE

S/ LENORE M. NARANJO
LENORE M. NARANJO, CHIEF CLERK
SENATE

Approved by me this _____ day of _____, 2011

SUSANA MARTINEZ, GOVERNOR
STATE OF NEW MEXICO

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