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**COUNTY CORRECTIONS FACILITY**  
**GROSS RECEIPTS TAXES ACT**  
**SECTION 7-20F-1 through 7-20F-12 NMSA 1978**

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**7-20F-1. SHORT TITLE.--Sections 3 through 14 [7-20F-3 to 7-20F-12 NMSA 1978] of this act may be cited as the "County Correctional Facility Gross Receipts Tax Act".**  
**(Laws 1993, Chapter 303, Section 1)**

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**7-20F-2. DEFINITIONS.--As used in the County Correctional Facility Gross Receipts Tax Act:**

- A. "county" means a county of New Mexico;**
- B. "county board" means the board of county commissioners of a county;**
- C. "department" means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;**
- D. "judicial-correctional facility" means a facility for housing and use by judicial and corrections agencies, including housing for persons confined in county correctional facilities; however, none of the facilities are required to be located on the same or contiguous parcels of land;**
- E. "municipality" means any incorporated city, town or village, whether incorporated under general act, special act or special charter;**
- F. "person" means an individual or any other legal entity;**
- G. "pledged revenues" means the revenue, net income or net revenues authorized to be pledged to the payment of revenue bonds issued pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act;**
- H. "refunding bond" means a refunding revenue bond issued pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act to refund revenue bonds issued pursuant to the provisions of that act; and**
- I. "revenue bond" means a county correctional facility gross receipts tax revenue bond.**

**(Laws 1993, Chapter 303, Section 2; 1998, Chapter 65, Section 2; 2004, Chapter 110, Section 6)**

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**7-20F-3. COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS**

**TAX; AUTHORITY TO IMPOSE; RATE; ORDINANCE REQUIREMENTS; REFERENDUM.--**

**A. The majority of the members elected to the county board may enact an ordinance imposing on a countywide basis an excise tax not to exceed a rate of one-eighth percent of the gross receipts of any person engaging in business in the county, including all municipalities within the county.**

**B. The tax imposed pursuant to Subsection A of this section may be referred to as the "county correctional facility gross receipts tax".**

**C. Any ordinance imposing a county correctional facility gross receipts tax pursuant to this section shall:**

**(1) impose the tax in any number of increments of one-sixteenth percent not to exceed an aggregate amount of one-eighth percent;**

**(2) specify that the imposition of the tax will begin on either July 1 or January 1, whichever occurs first after the expiration of at least three months from the date that the department is notified personally or by mail by the county of adoption of the ordinance; and**

**(3) dedicate the revenue from the county correctional facility gross receipts tax:**

**(a) for the purpose of operating, maintaining, constructing, purchasing, furnishing, equipping, rehabilitating, expanding or improving a judicial-correctional or a county correctional facility or the grounds of a judicial-correctional or county correctional facility, including acquiring and improving parking lots, landscaping or any combination of the foregoing;**

**(b) for the purpose of transporting or extraditing prisoners; or**

**(c) to payment of principal and interest on revenue bonds or refunding bonds issued pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act [7-20F-1 NMSA 1978].**

**D. An ordinance imposing a county correctional facility gross receipts tax pursuant to this section shall be subject to optional referendum selection by the governing body, as provided in Subsection A of Section 7-20E-3 NMSA 1978.**

**E. If the county has pledged the revenue from imposition of the county correctional facilities gross receipts tax to the repayment of bonds or other indebtedness, revenue produced by the imposition of a county correctional facility gross receipts tax that is in excess of the annual principal and interest due on bonds secured by a pledge of the county correctional facility gross receipts tax may be accumulated in a debt service reserve account until an amount equal to the maximum amount permitted pursuant to the provisions of the United States treasury regulations is accumulated in the debt service reserve account. After the debt service reserve account requirements have been met, the excess revenue shall be accumulated in an**

extraordinary mandatory redemption fund and annually used to redeem the bonds prior to their stated maturity date.

F. If the county has pledged the revenue from imposition of the county correctional facilities gross receipts tax to the repayment of bonds or other indebtedness, when all outstanding bonds have been paid, whether from the debt service reserve, the redemption fund or maturity, the ordinance shall be repealed if the county correctional facility gross receipts tax revenue is no longer required for the purposes for which it may be used pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act [7-20F-1 NMSA 1978].

G. The repeal of an ordinance imposing a county correctional facility gross receipts tax shall state that the repeal shall be effective on January 1 or July 1, whichever occurs first following the date the department is notified personally or by mail by the county of the repeal.  
(Laws 2004, Chapter 110, Section 7)

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**7-20F-4. ORDINANCE SHALL CONFORM TO CERTAIN PROVISIONS OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT AND REQUIREMENTS OF THE DEPARTMENT.--**

A. Any ordinance imposing the county correctional facility gross receipts tax shall adopt by reference the same definitions and the same provisions relating to exemptions and deductions as are contained in the Gross Receipts and Compensating Tax Act [Chapter 7, Article 9 NMSA 1978] then in effect and as it may be amended from time to time.

B. The governing body of any county imposing the county correctional facility gross receipts tax shall adopt the model ordinances furnished to the county by the department.  
(Laws 1993, Chapter 303, Section 4)

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**7-20F-5. COLLECTION BY DEPARTMENT; TRANSFER OF PROCEEDS; DEDUCTIONS.--**

**A. The department shall collect the county correctional facility gross receipts tax in the same manner and at the same time it collects the state gross receipts tax.**

**B. The department shall remit to each county for which it is collecting a county correctional facility gross receipts tax the amount of the tax collected, less any disbursement for tax credits, refunds and the payment of interest applicable to the county correctional facility gross receipts tax. Transfer of the tax to a county shall be made within the month following the month in which the tax is collected.**

**(Laws 1993, Chapter 303, Section 5)**

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**7-20F-6. SPECIFIC EXEMPTIONS.-- No county correctional facility gross receipts tax shall be imposed on the gross receipts arising from transporting persons or property for hire by railroad, motor vehicle, air transportation or any other means from one point within the county to another point outside the county.**

**(Laws 1993, Chapter 303, Section 6; 1994, Chapter 101, Section 11)**

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**7-20F-7. REVENUE BONDS; AUTHORITY TO ISSUE; ORDINANCE AUTHORIZING ISSUE; PLEDGE OF REVENUE.--**

**A. In addition to any other law authorizing a county to issue revenue bonds, a county may issue revenue bonds pursuant to the County Correctional Facility Gross Receipts Tax Act [7-20F-3 to 7-20F-12 NMSA 1978], for the purposes specified in that act. Revenue bonds issued pursuant to the County Correctional Facility Gross Receipts Tax Act may be referred to as "county correctional facility gross receipts tax revenue bonds".** B. A county board, by majority vote, may adopt an ordinance providing for issuance of revenue bonds pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act, the principal and interest of which shall be paid from the revenue derived by the county from the county correctional facility gross receipts tax and any other revenue that the county may dedicate to the payment of the revenue bonds.

C. Revenue bonds or refunding revenue bonds issued as authorized pursuant to the County Correctional Facility Gross Receipts Tax Act [7-20F-3 to 7-20F-12 NMSA 1978] are:

- (1) not general obligations of the county; and**
  - (2) collectible only from the county correctional facility gross receipts tax and, if authorized, other properly pledged revenues, and each bond shall be payable solely from the properly pledged revenues and the bondholders shall not look to any other county fund for the payment of the interest and principal of the bonds.**
- (Laws 1993, Chapter 303, Section 7)**
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**7-20F-8. REVENUE BONDS; EXECUTION; NONREPEALABLE; ISSUANCE TIME LIMITATION.--**

A. The revenue bonds authorized pursuant to the County Correctional Facility Gross Receipts Tax Act [7-20F-3 to 7-20F-12 NMSA 1978] shall be executed by the chairman of the county board and either the county treasurer or the county clerk and may be authenticated by any public or private transfer agent or registrar, or its successor, named or otherwise designated by the governing body. The bonds may be executed as provided under the Uniform Facsimile Signature of Public Officials Act [6-9-1 to 6-9-6 NMSA 1978], and the coupons, if any, shall bear the facsimile signature of the county treasurer.

B. Any law that authorizes the pledge of any or all of the pledged revenues to the payment of any revenue bonds issued pursuant to the County Correctional Facility Gross Receipts Tax Act or that affects the pledged revenues, or any law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds, unless such outstanding revenue bonds have been discharged in full or provision for full discharge has been made.

C. Except for the purpose of refunding previous revenue bond issues, no county shall sell revenue bonds payable from pledged revenues after the expiration of two years from the date of the ordinance authorizing the issuance of the bonds. However, any period of time during which a particular revenue bond issue is in litigation shall not be counted in determining the expiration date of that issue.

(Laws 1993, Chapter 303, Section 8)

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**7-20F-9. REVENUE BONDS; PURPOSE OF ISSUE; USE OF PROCEEDS.-**

A. Revenue bonds may be issued pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act [7-20F-3 to 7-20F-12 NMSA 1978] for the purposes of constructing, purchasing, furnishing, equipping, rehabilitating, expanding or improving a judicial-correctional facility or the grounds of a judicial-correctional facility, including but not limited to acquiring and improving parking lots, landscaping or any combination of the foregoing.

B. No county shall divert, use or expend any money received from the issuance of bonds for any purpose other than the purpose for which the bonds were issued.

(Laws 1993, Chapter 303, Section 9)

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**7-20F-10. REVENUE BONDS; TERMS.--Revenue bonds issued pursuant to provisions of the County Correctional Facility Gross Receipts Tax Act [7-20F-1 NMSA 1978]:**

**A. may have interest, appreciated principal value or any part thereof payable at intervals or at maturity as may be determined by the county board in the ordinance;**

**B. shall be subject to a prior redemption at the county's option at such time or times and upon such terms and conditions without the payment of premiums;**

**C. may mature at any time or times not exceeding twenty-five years after the date of issuance;**

**D. may be serial in form and maturity or may consist of one bond payable at one time or in installments or may be in such other form as may be determined by the county board;**

**E. shall be sold for cash at above or below par and at a price that results in a net effective interest rate that does not exceed the maximum permitted by the Public Securities Act [6-14-1 NMSA 1978]; and**

**F. may be sold at public or negotiated sale.  
(Laws 2006, Chapter 66, Section 1)**

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**7-20F-11. REVENUE BONDS; REFUNDING AUTHORIZATION.--**

**A. Any county having issued revenue bonds as authorized in the County Correctional Facility Gross Receipts Tax Act [7-20F-3 to 7-20F-12 NMSA 1978] may issue refunding revenue bonds pursuant to an ordinance adopted by majority vote of the county board for the purpose of refinancing, paying and discharging all or any part of such outstanding revenue bonds of any one or more or all outstanding issues:**

**(1) for the acceleration, deceleration or other modification of the payment of such obligations, including without limitation any capitalization of any interest thereon in arrears or about to become due for any period not exceeding one year from the date of the refunding bonds;**

**(2) for the purpose of reducing interest costs or effecting other economies;**

**(3) for the purpose of modifying or eliminating restrictive contractual limitations pertaining to the issuance of additional bonds, otherwise concerning the outstanding bonds or to any facilities relating thereto; or**

**(4) for any combination of such purposes.**

**B. To pay the principal and interest on refunding bonds, the county may pledge irrevocably the pledged revenues from the revenue bonds originally issued pursuant to the County Correctional Facility Gross Receipts Tax Act [7-20F-3 to 7-20F-12 NMSA 1978].**

**C. Bonds for refunding and bonds for any purpose permitted by the County Correctional Facility Gross Receipts Tax Act may be issued separately or issued in combination in one series or more.**

**(Laws 1993, Chapter 303, Section 11)**

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**7-20F-12. REFUNDING BONDS; ESCROW; DETAIL.--**

**A. Refunding bonds issued pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act [7-20F-3 to 7-20F-12 NMSA 1978] shall be authorized by ordinance. Any revenue bonds that are refunded under the provisions of this section shall be paid at maturity or on any permitted prior redemption date in the amounts, at the time and places and, if called prior to maturity, in accordance with any applicable notice provisions, all as provided in the proceedings authorizing the issuance of the refunded bonds or otherwise appertaining thereto, except for any such bond that is voluntarily surrendered for exchange or payment by the holder or owner.**

**B. Provision shall be made for paying the bonds refunded at the time or times provided in Subsection A of this section. The principal amount of the refunding bonds may exceed the principal amount of the refunded bonds and may also be less than or the same as the principal amount of the bonds being refunded so long as provision is duly and sufficiently made for the payment of the refunded bonds.**

**C. The proceeds of refunding bonds, including any accrued interest and premium appertaining to the sale of refunding bonds, shall either be immediately applied to the retirement of the bonds being refunded or be placed in escrow in a commercial bank or trust company that possesses and is exercising trust powers and that is a member of the federal deposit insurance corporation, to be applied to the payment of the principal of, interest on and any prior redemption premium due in connection with the bonds being refunded; provided that such refunding bond proceeds including any accrued interest and any premium appertaining to a sale of refunding bonds may be applied to the establishment and maintenance of a reserve fund and to the payment of expenses incidental to the refunding and the issuance of the refunding bonds, the interest on the refunding bonds and the principal of the refunding bonds or both interest and principal as the county may determine. Nothing in this section requires the establishment of an escrow if the refunded bonds become due and payable within one year from the date of the refunding bonds and if the amounts necessary to retire the refunded bonds within that time are deposited with the paying agent for the refunded bonds. Any such escrow shall not necessarily be limited to proceeds of refunding bonds but may include other money available to retire the refunded bonds. Any proceeds in escrow pending such use may be invested or reinvested in bills, certificates of indebtedness, notes or bonds that are direct obligations of or the principal and interest of which obligations are unconditionally guaranteed by the United States of America or in certificates of deposit of banks that are members of the federal deposit insurance corporation, the par value of which certificates of deposit is collateralized by a pledge of obligations of or the payment of which is**

**unconditionally guaranteed by the United States of America, the par value of which obligations is at least seventy-five percent of the par value of the certificates of deposit. Such proceeds and investments in escrow together with any interest or other income to be derived from any such investment shall be in an amount at all times sufficient as to principal, interest, any prior redemption premium due and any charges of the escrow agent payable therefrom to pay the bonds being refunded as they become due at their respective maturities or due at any designated prior redemption date or dates in connection with which the county shall exercise a prior redemption option. Any purchaser of any refunding bond issued pursuant to the provisions of the County Correctional Facility Gross Receipts Tax Act [7-20F-3 to 7-20F-12 NMSA 1978] is in no manner responsible for the application of the proceeds thereof by the county or any of its officers, agents or employees.**

**D. Refunding bonds may be sold at a public or private sale and may bear such additional terms and provisions as may be determined by the county subject to the limitations in the County Correctional Facility Gross Receipts Tax Act. Refunding bonds are not subject to the provisions of any other statute.**

**(Laws 1993, Chapter 303, Section 12)**

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