

1 SENATE BILL 202

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Roberto "Bobby" J. Gonzales

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7
8 FOR THE LEGISLATIVE FINANCE COMMITTEE

9
10 AN ACT

11 RELATING TO PUBLIC FINANCE; STANDARDIZING LANGUAGE IN FUNDS
12 MANAGED BY THE STATE INVESTMENT OFFICER; INCLUDING ALL FUNDS
13 INVESTED BY THE STATE INVESTMENT OFFICER IN CHAPTER 6, ARTICLE
14 8 NMSA 1978; REMOVING THE STATE INVESTMENT OFFICER AS THE
15 INVESTMENT MANAGER IN CERTAIN FUNDS; MOVING THE CAPITAL
16 DEVELOPMENT PROGRAM FUND TO THE STATE TREASURY AND REDUCING THE
17 AMOUNT OF TIME THAT MONEY IN THE FUND WILL REVERT BY ONE YEAR;
18 REDUCING THE AMOUNT OF TIME THAT UNRESERVED AND UNDESIGNATED
19 FUNDS OF STATE AGENCIES WILL REVERT BY ONE MONTH; REQUIRING
20 THAT FEES COLLECTED BY THE CANNABIS CONTROL DIVISION OF THE
21 REGULATION AND LICENSING DEPARTMENT BE DEPOSITED IN THE
22 REGULATION AND LICENSING DEPARTMENT OPERATING FUND; REPEALING
23 AN OUTDATED SECTION OF CHAPTER 6, ARTICLE 8 NMSA 1978.

24
25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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1 SECTION 1. Section 6-4-9 NMSA 1978 (being Laws 1999,
2 Chapter 207, Section 1, as amended) is amended to read:

3 "6-4-9. TOBACCO SETTLEMENT PERMANENT FUND--INVESTMENT--
4 DISTRIBUTION.--

5 A. The "tobacco settlement permanent fund" is
6 created as a nonreverting fund in the state treasury. The fund
7 is not a reserve fund of the state. The fund shall consist of
8 money distributed to the state pursuant to the master
9 settlement agreement entered into between tobacco product
10 manufacturers and various states, including New Mexico, and
11 executed November 23, 1998 or any money released to the state
12 from a qualified escrow fund or otherwise paid to the state as
13 authorized by Section 6-4-13 NMSA 1978, enacted pursuant to the
14 master settlement agreement or as otherwise authorized by law.
15 Money in the fund shall be invested by the state investment
16 officer in accordance with the [~~limitations in Article 12,~~
17 ~~Section 7 of the constitution of New Mexico~~] prudent investor
18 rule as set forth in the Uniform Prudent Investor Act. Income
19 from investment of the fund shall be credited to the fund.
20 Money in the fund shall not be expended for any purpose, except
21 as provided in this section.

22 B. In each fiscal year, an annual distribution
23 shall be made from the tobacco settlement permanent fund to the
24 tobacco settlement program fund of an amount equal to four and
25 seven-tenths percent of the average of the year-end market

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1 values of the tobacco settlement permanent fund for the
2 immediately preceding five calendar years. In the event that
3 the actual amount distributed to the tobacco settlement program
4 fund in a fiscal year is insufficient to meet appropriations
5 from that fund for that fiscal year, the secretary of finance
6 and administration shall proportionately reduce each
7 appropriation accordingly.

8 C. Money in the tobacco settlement permanent fund
9 may be expended in the event that general fund balances,
10 including all authorized revenues and transfers to the general
11 fund and balances in the general fund operating reserve, the
12 appropriation contingency fund and the tax stabilization
13 reserve, will not meet the level of appropriations authorized
14 from the general fund for a fiscal year. In that event, in
15 order to avoid an unconstitutional deficit, the legislature may
16 authorize a transfer from the tobacco settlement permanent fund
17 to the general fund but only in an amount necessary to meet
18 general fund appropriations."

19 SECTION 2. Section 6-4-28 NMSA 1978 (being Laws 2023,
20 Chapter 166, Section 1) is amended to read:

21 "6-4-28. OPIOID SETTLEMENT RESTRICTED FUND CREATED--
22 ADMINISTRATION--INCOME TO THE FUND.--

23 A. The "opioid settlement restricted fund" is
24 created as a nonreverting fund in the state treasury, separate
25 and distinct from the general fund. The opioid settlement

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1 restricted fund consists of money, other than attorney fees and
2 costs, paid to the state pursuant to the New Mexico opioid
3 allocation agreement and pursuant to:

- 4 (1) the distributor settlement agreement; and
- 5 (2) opioid settlements.

6 B. The opioid settlement restricted fund also
7 consists of appropriations and donations. Money in the fund
8 shall be invested by the state investment officer in accordance
9 with ~~[law]~~ the prudent investor rule as set forth in the
10 Uniform Prudent Investor Act. Income from investment of the
11 fund shall be credited to the fund.

12 C. Opioid funds designated by the New Mexico opioid
13 allocation agreement to be distributed to local governments
14 shall not be deposited into the fund.

15 D. Appropriations from the opioid settlement
16 restricted fund shall only be made to the opioid crisis
17 recovery fund and shall not be made for any other purpose.

18 E. On July 1, 2024, a distribution shall be made
19 from the opioid settlement restricted fund to the opioid crisis
20 recovery fund in an amount equal to five percent of the year-
21 end market value of the opioid settlement restricted fund for
22 the immediately preceding fiscal year.

23 F. On July 1, 2025, a distribution shall be made
24 from the opioid settlement restricted fund to the opioid crisis
25 recovery fund in an amount equal to five percent of the average
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1 of the year-end market value of the opioid settlement
2 restricted fund for the immediately preceding two calendar
3 years.

4 G. On July 1, 2026, and on each July 1 thereafter,
5 a distribution shall be made from the opioid settlement
6 restricted fund to the opioid crisis recovery fund in an amount
7 equal to five percent of the average of the year-end market
8 values of the opioid settlement restricted fund for the
9 immediately preceding three calendar years.

10 H. For the purposes of this section:

11 (1) "distributor settlement agreement" means
12 the settlement agreement between the state and participating
13 political subdivisions and opioid distributors, including
14 McKesson corporation, Cardinal health and AmerisourceBergen
15 corporation, dated as of July 21, 2021 and any revision to the
16 agreement;

17 (2) "local government" means every litigating
18 county and municipality, each county regardless of population
19 and each municipality with a population exceeding ten thousand
20 according to the latest federal decennial census, any special
21 district identified in the distributor settlement agreement and
22 any local government identified in the New Mexico opioid
23 allocation agreement within the geographic boundaries of New
24 Mexico;

25 (3) "New Mexico opioid allocation agreement"

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1 means the agreement entered into between the state and various
2 local governments on March 7, 2022 that relates to the
3 allocation of opioid funds in New Mexico;

4 (4) "opioid funds" means money obtained
5 through judgments or settlements as arising from the liability
6 of distributors of opioids, manufacturers of opioids,
7 pharmacies for the selling of opioids or the consultants,
8 agents or associates of distributors, manufacturers or
9 pharmacies; and

10 (5) "opioid settlements" means judgments or
11 settlements arising from the liability of distributors of
12 opioids, manufacturers of opioids, pharmacies for the selling
13 of opioids or the consultants, agents or associates of
14 distributors, manufacturers or pharmacies."

15 SECTION 3. Section 6-4-32 NMSA 1978 (being Laws 2024,
16 Chapter 61, Section 1) is amended to read:

17 "6-4-32. HIGHER EDUCATION TRUST FUND.--

18 A. The "higher education trust fund" is created as
19 a nonreverting fund in the state treasury. The fund consists
20 of distributions, appropriations, gifts, grants and donations.
21 Income from investment of the fund shall be credited to the
22 fund. Money in the fund shall be expended only as provided in
23 this section.

24 B. The state investment officer, subject to the
25 approval of the state investment council, shall invest money in

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1 the fund:

2 (1) in accordance with the prudent investor
3 rule set forth in the Uniform Prudent Investor Act; and

4 (2) in consultation with the ~~[state treasurer]~~
5 secretary of higher education.

6 C. The state investment officer shall report
7 quarterly to the legislative finance committee and the state
8 investment council on the investments made pursuant to this
9 section. Annually, a report shall be submitted no later than
10 October 1 each year to the legislative finance committee, the
11 revenue stabilization and tax policy committee and any other
12 appropriate interim committees.

13 D. On July 1, 2024, a distribution shall be made
14 from the trust fund to the higher education program fund in an
15 amount equal to forty-seven million nine hundred fifty thousand
16 dollars (\$47,950,000).

17 E. On July 1, 2025 and each July 1 thereafter, a
18 distribution shall be made from the trust fund to the higher
19 education program fund in an amount equal to five percent of
20 the average of the year-end market values of the trust fund for
21 the immediately preceding three calendar years. If, on July 1
22 of a year, the trust fund has been in effect for less than
23 three calendar years, the distribution shall be in an amount
24 equal to five percent of the average of the year-end market
25 values of the trust fund for the immediately preceding number

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1 of calendar years that the trust fund has been in effect.

2 F. In addition to the distribution pursuant to
3 Subsections D and E of this section, money in the higher
4 education trust fund may be expended in the event that general
5 fund balances, including all authorized revenues and transfers
6 to the general fund and balances in the general fund operating
7 reserve, the appropriation contingency fund and the tax
8 stabilization reserve, will not meet the level of
9 appropriations authorized from the general fund for a fiscal
10 year. In that event, to avoid an unconstitutional deficit, the
11 legislature may appropriate from the trust fund to the general
12 fund only in the amount necessary to meet general fund
13 appropriations for that fiscal year and only if the legislature
14 has authorized transfers from the appropriation contingency
15 fund, the general fund operating reserve and the tax
16 stabilization reserve that exhaust those fund balances."

17 SECTION 4. Section 6-5-10 NMSA 1978 (being Laws 1994,
18 Chapter 11, Section 1, as amended) is amended to read:

19 "6-5-10. STATE AGENCY REVERSIONS--DIRECTOR POWERS--
20 COMPLIANCE WITH FEDERAL RULES.--

21 A. Except as provided in [~~Subsections B and C~~]
22 Subsection B of this section, all unreserved undesignated fund
23 balances in reverting funds and accounts as reflected in the
24 central financial reporting and accounting system as of June 30
25 shall revert by [~~September 30~~] August 31 to the general fund.

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1 The division may adjust the reversion within forty-five days of
2 release of the audit report for that fiscal year.

3 B. The director of the division may modify a
4 reversion required pursuant to Subsection A of this section if
5 the reversion would violate federal law or rules pertaining to
6 supplanting of state funds with federal funds or other
7 applicable federal provisions."

8 SECTION 5. Section 6-8-1 NMSA 1978 (being Laws 1957,
9 Chapter 179, Section 1, as amended) is amended to read:

10 "6-8-1. DEFINITIONS.--As used in Chapter 6, Article 8
11 NMSA 1978:

12 A. "council" means the state investment council;

13 B. "department" means the department of finance and
14 administration;

15 C. "investment fund" means any fund managed or
16 invested by the state investment officer or the state
17 investment council as required by law;

18 [~~C.~~] D. "land grant permanent funds" means the
19 permanent school fund established by Article 12, Section 2 of
20 the constitution of New Mexico and all other permanent funds
21 derived from lands granted or confirmed to the state by the act
22 of congress of June 20, 1910, entitled "An Act To enable the
23 people of New Mexico to form a constitution and state
24 government and be admitted into the Union on an equal footing
25 with the original States...";

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1 ~~[D. "permanent funds" means the land grant~~
2 ~~permanent funds, rural libraries endowment fund, severance tax~~
3 ~~permanent fund, tobacco settlement permanent fund, conservation~~
4 ~~legacy permanent fund and water trust fund;]~~

5 E. "secretary" means the secretary of finance and
6 administration;

7 F. "severance tax permanent fund" means the fund
8 established by Article 8, Section 10 of the constitution of New
9 Mexico;

10 G. "tobacco settlement permanent fund" means the
11 fund established by Section 6-4-9 NMSA 1978; and

12 H. "water trust fund" means the fund established by
13 Article 16, Section 6 of the constitution of New Mexico."

14 SECTION 6. Section 6-8-7 NMSA 1978 (being Laws 1957,
15 Chapter 179, Section 7, as amended) is amended to read:

16 "6-8-7. POWERS AND DUTIES OF THE STATE INVESTMENT COUNCIL
17 AND STATE INVESTMENT OFFICER--INVESTMENT POLICY--INVESTMENT
18 MANAGERS.--

19 A. Subject to the limitations, conditions and
20 restrictions contained in policymaking regulations or
21 resolutions adopted by the council, the council may make
22 purchases, sales, exchanges, investments and reinvestments of
23 the assets of all funds in accordance with the Uniform Prudent
24 Investor Act. The state investment officer and the council are
25 trustees of all funds under their control and shall see that

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1 money invested is at all times handled in the best interests of
2 the state. The council may delegate administrative and
3 investment-related functions to the state investment officer.

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

11 C. The council shall meet at least ten times per
12 year, and as often as exigencies may demand, to consult with
13 the state investment officer concerning the work of the
14 investment office. The council shall have access to all files
15 and records of the investment office and shall require the
16 state investment officer to report on and provide information
17 necessary to the performance of council functions. The council
18 may hire investment management or consulting firms to advise
19 the council with respect to the council's investment decisions
20 for the investment of funds managed by the investment office
21 and pay reasonable compensation for such management or
22 consulting services from the assets of the applicable funds,
23 subject to budgeting and appropriation by the legislature. The
24 terms of any such investment management or consulting services
25 contract shall incorporate the statutory requirements for

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1 investment of funds under the council's jurisdiction. Prior to
2 being hired, a prospective investment management, advisory or
3 consulting services firm shall submit to the council a
4 disclosure detailing all campaign contributions made within the
5 last two years by the firm or the principals of the firm to any
6 member of the council, or to a political committee or other
7 entity that is intended to aid or promote the nomination or
8 election of any council member to a political office.

9 D. The council shall provide an opportunity for
10 public comment at meetings of the council. Advance notice of
11 meetings shall be published on the council's web site and in a
12 newspaper of general circulation at least ten days in advance
13 of the meeting.

14 E. All funds invested or managed by the state
15 investment officer or the state investment council shall be
16 invested or managed in accordance with the Uniform Prudent
17 Investor Act. The council may form and use committees to study
18 and make recommendations to the council. Prior to commencing
19 work for the council, a committee member who is not a member of
20 the council shall submit to the council a disclosure detailing
21 all campaign contributions made within the last two years to
22 any member of the council or to a political committee or other
23 entity that is intended to aid or promote the nomination or
24 election of any council member to a political office.

25 F. Fiduciaries of the ~~[permanent]~~ investment funds

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1 are:

2 (1) the council;

3 (2) the state investment officer and
4 investment office staff;

5 (3) any person providing investment advice to
6 the council, the state investment officer or investment office
7 staff for an investment management, advisory or consulting
8 services fee; and

9 (4) all persons exercising discretionary
10 authority over or control of funds under the management of the
11 council.

12 G. The council may contract for legal services for
13 litigation on a contingent or partly contingent fee basis,
14 subject to an expedited solicitation process devised and
15 approved by the council; provided that:

16 (1) amounts recovered by the legal services
17 contractor shall be deposited in the state investment council
18 suspense fund;

19 (2) the council shall submit each proposed
20 contract to the attorney general and the department for review
21 of the contingency fee. The attorney general's and the
22 department's review shall take into account the complexity of
23 the factual and legal issues presented by the claims to be
24 pursued under the contract. If the attorney general or the
25 department advises the council that the proposed contingency

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1 fee is not reasonable, the council may nevertheless approve the
2 contract and the contingency fee by a majority vote of its
3 members; and

4 (3) each prospective legal services contractor
5 seeking to represent the council on a contingent or partly
6 contingent fee basis shall file with the council the disclosure
7 required by Section 13-1-191.1 NMSA 1978 disclosing all
8 campaign contributions made to the governor, attorney general,
9 state treasurer or any member of the council, or to a political
10 committee that is intended to aid or promote the nomination or
11 election of any candidate to a state office if the committee
12 is:

13 (a) established by any of the foregoing
14 persons or their agents;

15 (b) established in consultation with or
16 at the request of any of the foregoing persons or their agents;
17 or

18 (c) controlled by one of the foregoing
19 persons or their agents.

20 H. The council may select and contract for the
21 services of one or more custodian banks for all funds under the
22 council's management. For the purpose of this subsection,
23 "custodian bank" means a financial institution with the general
24 fiduciary duties to manage, control and collect the assets of
25 an investment fund, including receiving all deposits and paying

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1 all disbursements as directed by staff, safekeeping of assets,
2 coordination of asset transfers, timely settlement of
3 securities transactions and accurate and timely reporting of
4 the assets by individual account and in total.

5 I. For funds available for investment for more than
6 one year, the council may contract with any state agency to
7 provide investment advisory or investment management services,
8 separately or through a pooled investment fund; provided that
9 the state agency enters into a joint powers agreement with the
10 council and that the state agency pays at least the direct cost
11 of such services. Notwithstanding any statutory provision
12 governing state agency investments, the council may invest
13 funds available from a state agency pursuant to a joint powers
14 agreement in any type of investment permitted for the land
15 grant permanent funds under the prudent investor rule. In
16 performing investment services for a state agency, the council
17 and the state investment officer and investment office staff
18 are exempt from the New Mexico Uniform Securities Act. As used
19 in this subsection, "state agency" means any branch, agency,
20 department, board, instrumentality, institution or political
21 subdivision of the state, the New Mexico finance authority, the
22 New Mexico mortgage finance authority and any tax-exempt
23 private endowment entity whose sole beneficiary is a state
24 agency or whose beneficiaries are students attending a public
25 educational institution in the state.

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1 J. The state investment officer shall provide
2 quarterly performance reports to the legislative finance
3 committee. Annually, the state investment officer shall ratify
4 and provide written investment policies, including any
5 amendments, to the legislative finance committee.

6 K. Council members, the state investment officer
7 and investment office staff and committee members appointed by
8 the council, jointly and severally, shall be indemnified by the
9 state, out of the [~~permanent~~] investment funds, from all
10 claims, demands, suits, actions, damages, judgments, costs,
11 charges and expenses, including court costs and attorney fees,
12 against all claims, liability, losses or damages arising from
13 any decisions made or actions taken while acting within the
14 scope of duty and pursuant to law as a council member, the
15 state investment officer, investment office staff or a
16 committee member appointed by the council. Following
17 indemnification, if it is shown that the indemnified person
18 acted fraudulently or with intentional malice, the state shall
19 have the right to recover from the indemnified person any
20 amount expended under this subsection."

21 SECTION 7. Section 6-8-14 NMSA 1978 (being Laws 1957,
22 Chapter 179, Section 14, as amended) is amended to read:

23 "6-8-14. MONTHLY REPORTS.--No later than twenty days
24 after the end of each month, the state investment officer shall
25 submit to the council a report of the operations of the

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1 investment office during the past month. Each report shall
2 include a schedule of cumulative fiscal year actual and
3 budgeted expenditures and a monthly summary of contributions,
4 distributions, fees, income and net gains or losses for each
5 [~~permanent~~] investment fund and investment pool. The reports
6 shall be published on the [~~web-site~~] website of the council and
7 the sunshine portal and shall be open for inspection to the
8 public and the press in the investment office."

9 SECTION 8. Section 6-8-23 NMSA 1978 (being Laws 2011,
10 Chapter 9, Section 2) is amended to read:

11 "6-8-23. COMPENSATION UNDER CONTINGENT FEE CONTRACTS--
12 SUSPENSE FUND CREATED.--

13 A. For the purpose of making disbursements and
14 distributions pursuant to this section, the "state investment
15 council suspense fund" is created in the state treasury.

16 B. When pursuing a claim and utilizing legal
17 services on a contingent fee basis, all amounts received by the
18 legal services contractor as satisfaction of the claim shall be
19 transferred to the council and deposited into the state
20 investment council suspense fund to the credit of the council.
21 Upon the direction of the state investment officer, the
22 contingent attorney fees due to the legal services contractor
23 shall be disbursed from the suspense fund to the contractor.

24 C. After a disbursement to a contractor pursuant to
25 Subsection B of this section, the balance of the deposit into

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1 the state investment council suspense fund shall be distributed
2 to the appropriate [~~permanent~~] investment fund or other
3 appropriate fund from which the loss occurred that originated
4 the claim pursued by the legal services contractor."

5 SECTION 9. Section 6-30-7 NMSA 1978 (being Laws 2010,
6 Chapter 10, Section 7) is amended to read:

7 "6-30-7. COLONIAS INFRASTRUCTURE TRUST FUND--CREATED--
8 INVESTMENT--DISTRIBUTION.--

9 A. The "colonias infrastructure trust fund" is
10 created as a nonreverting fund in the state treasury. The
11 trust fund shall consist of money that is appropriated, donated
12 or otherwise allocated to it. Money in the trust fund shall be
13 invested by the state investment officer in [~~the manner that~~
14 ~~land grant permanent funds are invested pursuant to Chapter 6,~~
15 ~~Article 8 NMSA 1978]~~ accordance with the prudent investor rule
16 set forth in the Uniform Prudent Investor Act. Income from
17 investment of the trust fund shall be credited to the fund.
18 Money in the trust fund shall not be expended for any purpose,
19 but an annual distribution from the trust fund shall be made to
20 the project fund pursuant to this section.

21 B. On July 1 of each year in which adequate money
22 is available in the trust fund, an annual distribution shall be
23 made from the trust fund to the project fund in the amount of
24 ten million dollars (\$10,000,000) until the distribution is
25 less than an amount equal to four and seven-tenths percent of
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1 the average of the year-end market values of the trust fund for
2 the immediately preceding five calendar years. Thereafter, the
3 amount of the annual distribution shall be four and seven-
4 tenths percent of the average of the year-end market values of
5 the trust fund for the immediately preceding five calendar
6 years."

7 SECTION 10. Section 7-27-50 NMSA 1978 (being Laws 2024,
8 Chapter 56, Section 3) is amended to read:

9 "7-27-50. CAPITAL DEVELOPMENT AND RESERVE FUND.--

10 A. The "capital development and reserve fund" is
11 created as a nonreverting fund in the state treasury. The fund
12 consists of distributions, appropriations, gifts, grants and
13 donations. Income from investment of the fund shall be
14 credited to the fund. Money in the fund shall be expended only
15 as provided in Subsections E through F of this section. Money
16 in the fund shall not be pledged against any state debt.

17 B. The state investment officer, subject to the
18 approval of the council, shall invest money in the fund:

19 (1) in accordance with the prudent investor
20 rule set forth in the Uniform Prudent Investor Act; and

21 (2) in consultation with the [~~state treasurer~~]
22 director of the board of finance division of the department of
23 finance and administration.

24 C. The state investment officer shall report
25 quarterly to the legislative finance committee and the council

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1 on the investments made pursuant to this section. Annually, a
2 report shall be submitted no later than October 1 each year to
3 the legislative finance committee, the revenue stabilization
4 and tax policy committee and any other appropriate interim
5 committees.

6 D. On January 1 of each year, a distribution shall
7 be made from the capital development and reserve fund to the
8 capital development program fund in an amount equal to five
9 percent of the average of the fiscal year-end market values of
10 the capital development and reserve fund for the immediately
11 preceding three fiscal years. If, on January 1 of a year, the
12 capital development and reserve fund has been in effect for
13 less than three fiscal years, the distribution shall be in an
14 amount equal to five percent of the average of the fiscal year-
15 end market values of the capital development and reserve fund
16 for the immediately preceding number of fiscal years that the
17 fund has been in effect.

18 E. Money in the fund is subject to appropriation by
19 the legislature for capital projects or for transfer to the
20 severance tax permanent fund.

21 F. Money in the capital development and reserve
22 fund may be expended in the event that the balance of the
23 severance tax bonding fund is insufficient to meet principal
24 and interest payments on outstanding bonds. In that event, the
25 balance in the reserve fund shall be transferred to the

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1 severance tax bonding fund only in the amount necessary to meet
2 the principal and interest payments."

3 SECTION 11. Section 7-27-51 NMSA 1978 (being Laws 2024,
4 Chapter 56, Section 4) is amended to read:

5 "7-27-51. CAPITAL DEVELOPMENT PROGRAM FUND.--The "capital
6 development program fund" is created as a nonreverting fund [~~as~~
7 ~~a subaccount of the severance tax bonding fund~~] in the state
8 treasury. The fund consists of distributions, appropriations,
9 gifts, grants, donations and income from investment of the
10 fund. The department of finance and administration shall
11 administer the fund. Money in the fund is subject to
12 appropriation by the legislature to fund capital projects with
13 a total cost of less than five million dollars (\$5,000,000) and
14 only the planning and design of capital projects with a total
15 cost greater than that amount. Expenditures from the fund
16 shall be by warrant of the secretary of finance and
17 administration pursuant to vouchers signed by the secretary of
18 finance and administration or the secretary's authorized
19 representative. [~~Any unexpended or unencumbered balance of an~~
20 ~~appropriation for a capital project remaining after two years~~
21 ~~following the date of the appropriation] Any law making an
22 appropriation from the fund for a capital project shall provide
23 that any unexpended or unencumbered balance of the
24 appropriation at the end of the project shall revert to the
25 severance tax permanent fund."~~

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1 SECTION 12. Section 9-16-14 NMSA 1978 (being Laws 1987,
2 Chapter 298, Section 1, as amended) is amended to read:

3 "9-16-14. REGULATION AND LICENSING DEPARTMENT OPERATING
4 FUND.--

5 A. There is established in the state treasury the
6 "regulation and licensing department operating fund" to be
7 administered by the department.

8 B. All money received by the administrative
9 services division, the construction industries division, the
10 financial institutions division, the securities division, [~~and~~]
11 the manufactured housing division and the cannabis control
12 division, other than money earmarked for revolving funds, shall
13 be deposited with the state treasurer and held in a separate
14 suspense account for each division in the [~~seventy-sixth fiscal~~
15 ~~year, all money deposited in the suspense accounts shall be~~
16 ~~transferred monthly to the general fund until the sum of all~~
17 ~~money transferred to the general fund equals the total amount~~
18 ~~deposited and transferred to the general fund from those~~
19 ~~divisions in the seventy-fourth fiscal year. All additional~~
20 ~~money deposited in the divisions' suspense accounts during the~~
21 ~~seventy-sixth fiscal year shall be transferred to the~~
22 ~~regulation and licensing department operating fund on June 30,~~
23 ~~1988] regulation and licensing department operating fund.~~

24 C. [~~In the seventy-seventh fiscal year and each~~
25 ~~fiscal year thereafter]~~ On the last day of each month, the

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1 department shall transfer all money received during the month
2 from the divisions' suspense accounts to the general fund."

3 SECTION 13. Section 9-16-15 NMSA 1978 (being Laws 2009,
4 Chapter 122, Section 59) is amended to read:

5 "9-16-15. MORTGAGE REGULATORY FUND--CREATED--PURPOSE--
6 APPROPRIATION.--

7 A. The "mortgage regulatory fund" is created as a
8 nonreverting fund in the state treasury and shall be
9 administered by the financial institutions division of the
10 regulation and licensing department. The fund shall consist of
11 application, licensing, renewal, examination, investigation and
12 any other fees received that are associated with the costs of
13 administering the New Mexico Mortgage Loan Originator Licensing
14 Act, fees specified in Subsection E of Section 58-21-5 NMSA
15 1978 and any money that is appropriated or donated or that
16 otherwise accrues to the fund. [~~Money in the fund shall be
17 invested by the state investment officer in the manner that
18 land grant permanent funds are invested pursuant to Chapter 6,
19 Article 8 NMSA 1978. Income from investment of the fund shall
20 be credited to the fund.]~~

21 B. Money in the mortgage regulatory fund is
22 appropriated to the financial institutions division of the
23 regulation and licensing department to carry out the provisions
24 of the New Mexico Mortgage Loan Originator Licensing Act and
25 the Mortgage Loan Company Act.

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1 C. Money shall be disbursed from the mortgage
2 regulatory fund only on warrant of the secretary of finance and
3 administration upon vouchers signed by the director of the
4 financial institutions division or the director's authorized
5 representative. [~~Any unexpended or unencumbered balance~~
6 ~~remaining at the end of a fiscal year shall not revert to the~~
7 ~~general fund.~~]"

8 SECTION 14. Section 9-26-17 NMSA 1978 (being Laws 2024,
9 Chapter 5, Section 1) is amended to read:

10 "9-26-17. WORKFORCE DEVELOPMENT AND APPRENTICESHIP TRUST
11 FUND.--

12 A. The "workforce development and apprenticeship
13 trust fund" is created as a nonreverting fund within the state
14 treasury. The fund consists of distributions, appropriations,
15 gifts, grants and donations. Income from investment of the
16 fund shall be credited to the fund. Money in the fund shall be
17 expended only as provided in this section.

18 B. The state investment officer, subject to the
19 approval of the state investment council, shall invest money in
20 the workforce development and apprenticeship trust fund:

21 (1) in accordance with the prudent investor
22 rule set forth in the Uniform Prudent Investor Act; and

23 (2) in consultation with the [~~state treasurer~~]
24 secretary of workforce solutions.

25 C. The state investment officer shall report

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1 quarterly to the legislative finance committee and the state
2 investment council on the investments made pursuant to this
3 section. Annually, a report shall be submitted no later than
4 November 1 each year to the legislative finance committee, the
5 revenue stabilization and tax policy committee and any other
6 appropriate interim committees.

7 D. Subject to the availability of funds:

8 (1) on July 1, 2024 and July 1, 2025:

9 (a) two million five hundred thousand
10 dollars (\$2,500,000) shall be transferred to the public works
11 apprentice and training fund; and

12 (b) two million five hundred thousand
13 dollars (\$2,500,000) shall be appropriated to the workforce
14 solutions department to carry out the purposes of the
15 Apprenticeship Assistance Act; and

16 (2) on July 1 of each year thereafter:

17 (a) one million five hundred thousand
18 dollars (\$1,500,000) shall be transferred to the public works
19 apprentice and training fund; and

20 (b) one million five hundred thousand
21 dollars (\$1,500,000) shall be appropriated to the workforce
22 solutions department to carry out the purposes of the
23 Apprenticeship Assistance Act.

24 E. In addition to the transfers and appropriations
25 pursuant to Subsection D of this section, money in the

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1 workforce development and apprenticeship trust fund may be
2 expended in the event that general fund balances, including all
3 authorized revenues and transfers to the general fund and
4 balances in the general fund operating reserve, the
5 appropriation contingency fund, [~~the tobacco settlement~~
6 ~~permanent fund~~] the state-support reserve fund and the tax
7 stabilization reserve, will not meet the level of
8 appropriations authorized from the general fund for a fiscal
9 year. In that event, to avoid an unconstitutional deficit, the
10 legislature may appropriate from the workforce development and
11 apprenticeship trust fund to the general fund only in the
12 amount necessary to meet general fund appropriations for that
13 fiscal year and only if the legislature has authorized
14 transfers from the appropriation contingency fund, the general
15 fund operating reserve and the tax stabilization reserve [~~and~~
16 ~~the tobacco settlement permanent fund~~] that exhaust those fund
17 balances."

18 SECTION 15. Section 9-29A-1 NMSA 1978 (being Laws 2020,
19 Chapter 3, Section 1, as amended) is amended to read:

20 "9-29A-1. EARLY CHILDHOOD EDUCATION AND CARE FUND.--

21 A. The "early childhood education and care fund" is
22 created as a nonreverting fund within the state treasury. The
23 fund shall consist of distributions, appropriations, gifts,
24 grants and donations. Income from investment of the fund shall
25 be credited to the fund. Money in the fund shall be expended

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1 only as provided in this section.

2 B. The state investment officer, subject to the
3 approval of the state investment council, shall invest money in
4 the early childhood education and care fund:

5 (1) in accordance with the prudent investor
6 rule set forth in the Uniform Prudent Investor Act; and

7 (2) in consultation with the [~~state treasurer~~]
8 secretary of early childhood education and care.

9 C. The state investment officer shall report
10 quarterly to the legislative finance committee and the state
11 investment council on the investments made pursuant to this
12 section. Annually, a report shall be submitted no later than
13 October 1 each year to the legislative finance committee, the
14 revenue stabilization and tax policy committee and any other
15 appropriate interim committees.

16 D. On July 1 of each year, a distribution shall be
17 made from the early childhood education and care fund to the
18 early childhood education and care program fund in an amount
19 equal to the greater of five percent of the average of the
20 year-end market values of the fund for the immediately
21 preceding three calendar years or two hundred fifty million
22 dollars (\$250,000,000).

23 E. In addition to the distribution pursuant to
24 Subsection D of this section, money in the early childhood
25 education and care fund may be expended in the event that

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1 general fund balances, including all authorized revenues and
2 transfers to the general fund and balances in the general fund
3 operating reserve, the appropriation contingency fund, [~~the~~
4 ~~tobacco settlement permanent fund~~] the state-support reserve
5 fund and the tax stabilization reserve, will not meet the level
6 of appropriations authorized from the general fund for a fiscal
7 year. In that event, to avoid an unconstitutional deficit, the
8 legislature may appropriate from the early childhood education
9 and care fund to the general fund only in the amount necessary
10 to meet general fund appropriations for that fiscal year and
11 only if the legislature has authorized transfers from the
12 appropriation contingency fund, the general fund operating
13 reserve and the tax stabilization reserve [~~and the tobacco~~
14 ~~settlement permanent fund~~] that exhaust those fund balances."

15 SECTION 16. Section 18-18-1 NMSA 1978 (being Laws 2019,
16 Chapter 165, Section 1) is amended to read:

17 "18-18-1. RURAL LIBRARIES ENDOWMENT FUND--
18 DISTRIBUTIONS.--

19 A. The "rural libraries endowment fund" is created
20 as a nonreverting fund in the state treasury to support the
21 preservation, development and establishment of rural libraries
22 throughout the state by providing funding for rural libraries'
23 operational and capital needs and funding for the delivery of
24 specialized services to rural libraries.

25 B. The rural libraries endowment fund consists of

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1 appropriations and donations to the fund and all income from
2 investment of the fund. The state investment officer shall
3 invest money in the fund [~~as money in the fund described in~~
4 ~~Article 12, Section 7 of the constitution of New Mexico is~~
5 ~~invested~~] in accordance with the prudent investor rule as set
6 forth in the Uniform Prudent Investor Act.

7 C. [~~Distributions of money~~] A distribution from the
8 rural libraries endowment fund shall be

9 [~~(1)~~] ~~in the following gross amounts:~~

10 (a) ~~for fiscal year 2022 and each of the~~
11 ~~following five fiscal years, the difference, if positive,~~
12 ~~between all fund investment income yielded through the~~
13 ~~immediately preceding calendar year and all fund distributions,~~
14 ~~up to five percent of the year-end market value of the fund for~~
15 ~~the immediately preceding calendar year; and~~

16 (b) ~~for fiscal year 2028 and each~~
17 ~~subsequent fiscal year, the average of fund investment income~~
18 ~~yielded in the immediately preceding five calendar years, up to~~
19 ~~five percent of the year-end market value of the fund for the~~
20 ~~immediately preceding calendar year; and~~

21 (2) made to the following funds in an amount
22 equal to five percent of the average year-end market value of
23 the fund for the immediately preceding five calendar years in
24 the following proportions:

25 [(a)] (1) ninety-five percent [~~of the gross~~
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1 ~~distribution]~~ to the rural libraries program fund for grants
2 through the rural libraries grant program; and

3 [~~(b)~~] (2) five percent [~~of the gross~~
4 ~~distribution]~~ to the cultural affairs department for the
5 state's delivery of specialized services to rural libraries."

6 SECTION 17. Section 19-1-19 NMSA 1978 (being Laws 1966,
7 Chapter 4, Section 1, as amended) is amended to read:

8 "19-1-19. PUBLIC BUILDINGS AT CAPITAL PERMANENT FUND--
9 INVESTMENT.--

10 A. The state investment officer shall, in the same
11 manner [~~provided under Section 11-2-8.9 NMSA 1953 for other~~
12 ~~permanent]~~ as the land grant permanent funds, assume the
13 investment responsibility for the public buildings at capital
14 permanent fund created by Section [~~7-1-16 NMSA 1953]~~ 19-1-17
15 NMSA 1978.

16 B. As used in this section, "land grant permanent
17 funds" means the permanent school fund established by Article
18 12, Section 2 of the constitution of New Mexico and all other
19 permanent funds derived from lands granted or confirmed to the
20 state by the act of congress of June 20, 1910, entitled "An Act
21 To enable the people of New Mexico to form a constitution and
22 state government and be admitted into the Union on an equal
23 footing with the original States..."

24 SECTION 18. Section 24-5A-4 NMSA 1978 (being Laws 2015,
25 Chapter 5, Section 4) is amended to read:

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1 "24-5A-4. VACCINE PURCHASING FUND.--

2 A. The "vaccine purchasing fund" is created as a
3 nonreverting fund in the state treasury. The fund consists of
4 amounts reimbursed to the state by health insurers and group
5 health plans pursuant to the Vaccine Purchasing Act and of
6 appropriations from, and transfers made to, the fund. Income
7 from investment of the fund shall be credited to the fund.
8 Money in the fund shall be expended only for the purposes
9 specified in the Vaccine Purchasing Act, by warrant issued by
10 the secretary of finance and administration pursuant to
11 vouchers approved by the secretary of health.

12 B. Money from the fund may be appropriated to the
13 department to be expended only as authorized in Section [~~5 of~~
14 ~~the Vaccine Purchasing Act~~] 24-5A-5 NMSA 1978.

15 C. The fund shall be audited in the same manner as
16 other state funds are audited, and all records of payments made
17 from the fund shall be open to the public.

18 [~~D. Any balance remaining in the fund shall not~~
19 ~~revert or be transferred to any other fund at the end of a~~
20 ~~fiscal year.~~

21 [~~E. Money in the fund shall be invested by the state~~
22 ~~investment officer in accordance with the limitations in~~
23 ~~Article 12, Section 7 of the constitution of New Mexico.~~
24 ~~Income from investment of the fund shall be credited to the~~
25 ~~fund.]"~~

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1 SECTION 19. Section 58-32-1004 NMSA 1978 (being Laws
2 2016, Chapter 88, Section 1004) is amended to read:

3 "58-32-1004. MONEY SERVICES REGULATORY FUND--CREATED--
4 PURPOSE--APPROPRIATION.--

5 A. The "money services regulatory fund" is created
6 as a nonreverting fund in the state treasury and shall be
7 administered by the financial institutions division of the
8 regulation and licensing department. The fund shall consist of
9 application, licensing, renewal, investigation and any other
10 fees received that are associated with the costs of
11 administering the Uniform Money Services Act and any money that
12 is appropriated or donated or that otherwise accrues to the
13 fund. ~~[Money in the fund shall be invested by the state
14 investment officer in the manner that land grant permanent
15 funds are invested pursuant to Chapter 6, Article 8 NMSA 1978.
16 Income from investment of the fund shall be credited to the
17 fund.]~~

18 B. Money in the money services regulatory fund is
19 subject to appropriation by the legislature to the financial
20 institutions division of the regulation and licensing
21 department to carry out the provisions of the Uniform Money
22 Services Act.

23 C. Money shall be disbursed from the money services
24 regulatory fund only on warrant of the secretary of finance and
25 administration upon vouchers signed by the director of the

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1 financial institutions division or the director's authorized
2 representative. Any unexpended or unencumbered balance
3 remaining at the end of a fiscal year shall not revert to the
4 general fund."

5 SECTION 20. Section 72-4A-8 NMSA 1978 (being Laws 2001,
6 Chapter 164, Section 8) is amended to read:

7 "72-4A-8. WATER TRUST FUND--CREATED--INVESTMENT--
8 DISTRIBUTION.--

9 A. The "water trust fund" is created in the state
10 treasury. The fund shall consist of money appropriated,
11 donated or otherwise accrued to the fund. Money in the fund
12 shall be invested by the state investment officer [~~as land~~
13 ~~grant permanent funds are invested pursuant to Chapter 6,~~
14 ~~Article 8 NMSA 1978]~~ in accordance with the prudent investor
15 rule as set forth in the Uniform Prudent Investor Act.

16 Earnings from investment of the fund shall be credited to the
17 fund. Money in the fund shall not be expended for any purpose,
18 but an annual distribution shall be made to the water project
19 fund in accordance with Subsection B of this section.

20 B. On July 1 of [~~fiscal year 2003 and on July 1 of~~
21 ~~each fiscal year thereafter, an annual]~~ each year, a
22 distribution shall be made from the water trust fund to the
23 water project fund in the amount of four million dollars
24 (\$4,000,000) until that amount is less than an amount equal to
25 four and seven-tenths percent of the average of the year-end

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1 market values of the water trust fund for the immediately
2 preceding five calendar years. Thereafter, the amount of the
3 annual distribution shall be four and seven-tenths percent of
4 the average of the year-end market values of the water trust
5 fund for the immediately preceding five calendar years."

6 SECTION 21. Section 75-12-1 NMSA 1978 (being Laws 2023,
7 Chapter 26, Section 2) is amended to read:

8 "75-12-1. CONSERVATION LEGACY PERMANENT FUND--CREATED--
9 INVESTMENT--DISTRIBUTION.--

10 A. The "conservation legacy permanent fund" is
11 created as a nonreverting fund in the state treasury. The fund
12 consists of distributions, appropriations, gifts, grants,
13 donations and income from investment of the fund. Money in the
14 fund shall be invested by the state investment officer [with
15 ~~the same risk and return profile as land grant permanent funds~~
16 ~~are invested pursuant to Chapter 6, Article 8 NMSA 1978]~~ in
17 accordance with the prudent investor rule as set forth in the
18 Uniform Prudent Investor Act. Earnings from investment of the
19 fund shall be credited to the fund. Money in the fund shall be
20 expended only as provided by this section.

21 B. If, on July 1 of each year, the conservation
22 legacy permanent fund exceeds one hundred fifty million dollars
23 (\$150,000,000) and the investment income to the fund for the
24 previous fiscal year exceeded five million dollars
25 (\$5,000,000), any investment income to the fund from the

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1 previous fiscal year in excess of five million dollars
2 (\$5,000,000) shall be distributed to the land of enchantment
3 legacy fund."

4 SECTION 22. REPEAL.--Section 6-8-6 NMSA 1978 (being Laws
5 1957, Chapter 179, Section 6, as amended) is repealed.

6 SECTION 23. EFFECTIVE DATE.--The effective date of the
7 provisions of this act is July 1, 2025.