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HOUSE JOINT RESOLUTION 20
45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002
INTRODUCED BY
James G. Taylor

A JOINT RESOLUTION
PROPOSING TO AMEND THE CONSTITUTION OF NEW MEXICO TO INCREASE
THE DISTRIBUTIONS FROM THE PERMANENT SCHOOL FUND AND THE
SEVERANCE TAX PERMANENT FUND AND TO DEDICATE THE INCREASED
DISTRIBUTIONS TO THE PUBLIC SCHOOLS, THE LOCAL GOVERNMENTS FOR
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT AND TO THE OPERATING
RESERVE FUND OF THE STATE.

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

Section 1. It is proposed to amend Article 8, Section 10
of the constitution of New Mexico to read:

"A. There shall be deposited in a permanent trust
fund known as the "severance tax permanent fund" that part of
state revenue derived from excise taxes that have been or
shall be designated severance taxes imposed upon the severance
of natural resources within this state, in excess of that

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1 amount that has been or shall be reserved by statute for the
2 payment of principal and interest on outstanding bonds to
3 which severance tax revenue has been or shall be pledged.
4 Money in the severance tax permanent fund shall be invested as
5 provided by law. Distributions from the fund shall be
6 appropriated by the legislature as other general operating
7 revenue is appropriated for the benefit of the people of the
8 state.

9 B. All additions to the fund and all earnings,
10 including interest, dividends and capital gains from
11 investment of the fund shall be credited to the corpus of the
12 fund.

13 C. ~~[The annual distributions from the fund shall~~
14 ~~be one hundred two percent of the amount distributed in the~~
15 ~~immediately preceding fiscal year until the annual~~
16 ~~distributions equal four and seven-tenths percent of the~~
17 ~~average of the year-end market values of the fund for the~~
18 ~~immediately preceding five calendar years. Thereafter] In~~
19 addition to the distributions made pursuant to Subsections D
20 and E of this section, the amount of the annual distributions
21 shall be four and seven-tenths percent of the average of the
22 year-end market values of the fund for the immediately
23 preceding five calendar years.

24 D. An additional distribution equal to one and
25 fifteen hundredths percent of the average of the year-end

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1 values of the fund for the immediately preceding five calendar
2 years shall be made for the purpose of funding the local
3 infrastructure and economic development needs of county and
4 municipal governments. The legislature, by appropriation,
5 shall determine the amounts to be given to the county and
6 municipal governments.

7 E. An additional distribution equal to one and
8 fifteen hundredths percent of the average of the year-end
9 values of the fund for the immediately preceding five calendar
10 years shall be made to the operating reserve fund of the
11 state, subject to appropriation by the legislature when
12 appropriations from the state's general fund exceed the
13 available revenue in the general fund.

14 ~~[D.]~~ F. The frequency and the time of the
15 distributions made pursuant to ~~[Subsection C of]~~ this section
16 shall be as provided by law. "

17 Section 2. It is proposed to amend Article 12, Section 7
18 of the constitution of New Mexico read:

19 "A. As used in this section, "fund" means the
20 permanent school fund described in Section 2 of this article
21 and all other permanent funds derived from lands granted or
22 confirmed to the state by the act of congress of June 20,
23 1910, entitled "An act to enable the people of New Mexico to
24 form a constitution and state government and be admitted into
25 the union on an equal footing with the original states. "

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1 B. The fund shall be invested by the state
2 investment officer in accordance with policy regulations
3 promulgated by the state investment council.

4 C. In making investments, the state investment
5 officer, under the supervision of the state investment
6 council, shall exercise the judgment and care under the
7 circumstances then prevailing that businessmen of ordinary
8 prudence, discretion and intelligence exercise in the
9 management of their own affairs not in regard to speculation
10 but in regard to the permanent disposition of their funds,
11 considering the probable income as well as the probable safety
12 of their capital.

13 D. The legislature may establish criteria for
14 investing the fund if the criteria are enacted by a
15 three-fourths vote of the members elected to each house, but
16 investment of the fund is subject to the following
17 restrictions:

18 (1) not more than sixty-five percent of the
19 book value of the fund shall be invested at any given time in
20 corporate stocks;

21 (2) not more than ten percent of the voting
22 stock of a corporation shall be held;

23 (3) stocks eligible for purchase shall be
24 restricted to those stocks of businesses listed upon a
25 national stock exchange or included in a nationally recognized

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1 list of stocks; and

2 (4) not more than fifteen percent of the book
3 value of the fund may be invested in international securities
4 at any single time.

5 E. All additions to the fund and all earnings,
6 including interest, dividends and capital gains from
7 investment of the fund shall be credited to the fund.

8 F. Except as provided in Subsection G of this
9 section, the annual distributions from the fund shall be [one
10 hundred two percent of the amount distributed in the
11 immediately preceding fiscal year until the annual
12 distributions equal four and seven-tenths percent of the
13 average of the year-end market values of the fund for the
14 immediately preceding five calendar years. Thereafter, the
15 amount of the annual distributions shall be] four and
16 seven-tenths percent of the average of the year-end market
17 values of the fund for the immediately preceding five calendar
18 years.

19 G. The annual distributions from the permanent
20 school fund shall be seven percent of the average of the year-
21 end market values of the permanent school fund for the
22 immediately preceding five calendar years. "

23 Section 3. The amendments proposed by this resolution
24 shall be submitted to the people for their approval or
25 rejection at the next general election or at any special

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1 election prior to that date that may be called for that
2 purpose.

3 Section 4. The amendment proposed in Section 2 of this
4 resolution shall not become effective without the consent of
5 the United States congress.

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