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HOUSE JOINT RESOLUTION 12

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Sheryl Williams Stapleton

A JOINT RESOLUTION

PROPOSING TO AMEND THE CONSTITUTION OF NEW MEXICO TO PROVIDE MORE MONEY FOR PUBLIC SCHOOLS BY INCREASING THE DISTRIBUTION FROM THE PERMANENT SCHOOL FUND AND TO ENSURE THAT THE INCREASED DISTRIBUTION WILL ONLY BE USED TO SUPPLEMENT REVENUE OTHERWISE AVAILABLE FOR THE PUBLIC SCHOOLS.

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

Section 1. It is proposed to amend Article 12, Section 7 of the constitution of New Mexico to read:

"A. As used in this section, "fund" means the permanent school fund described in Section 2 of this article and all other permanent funds derived from lands granted or confirmed to the state by the act of congress of June 20, 1910, entitled "An act to enable the people of New Mexico to form a constitution and state government and be admitted into

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1 the union on an equal footing with the original states."

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

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

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

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

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

24 (3) stocks eligible for purchase shall be
25 restricted to those stocks of businesses listed upon a

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1 national stock exchange or included in a nationally recognized
2 list of stocks; and

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

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

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

20 G. In addition to the distributions from the fund
21 pursuant to Subsection F of this section, an additional
22 distribution from the permanent school fund, equal to eight-
23 tenths of one percent of the average of the year-end market
24 values of the permanent school fund for the immediately
25 preceding five calendar years, shall be made to the

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1 "supplemental school fund" hereby created in the state
2 treasury. The supplemental school fund may be appropriated by
3 the legislature only to supplement, but not replace, revenue
4 otherwise available for the public schools, and except to
5 maintain the level of previous appropriations from the fund,
6 balances in the supplemental school fund and appropriations
7 from that fund shall not in any way be considered or taken
8 into account when determining, by any equalization formula,
9 other arithmetic equation or any other decision-making
10 process, the operating revenue to be appropriated for public
11 schools."

12 Section 2. The amendment proposed by this resolution
13 shall be submitted to the people for their approval or
14 rejection at the next general election or at any special
15 election prior to that date that may be called for that
16 purpose.

17 Section 3. The amendment proposed in this resolution
18 shall not become effective without the consent of the United
19 States congress.