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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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