

1 SENATE JOINT RESOLUTION 5

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

3 INTRODUCED BY

4 Michael Padilla

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10 A JOINT RESOLUTION

11 PROPOSING AN AMENDMENT TO ARTICLE 12, SECTION 7 OF THE
12 CONSTITUTION OF NEW MEXICO TO EXTEND THE CURRENT ONE-HALF
13 PERCENT ADDITIONAL ANNUAL DISTRIBUTION BEYOND FISCAL YEAR 2016,
14 TO PROVIDE AN ADDITIONAL ANNUAL DISTRIBUTION FROM THE PERMANENT
15 SCHOOL FUND FOR EARLY CHILDHOOD NONSECTARIAN EDUCATION SERVICES
16 ADMINISTERED BY THE STATE AND TO INFLATION-ADJUST THE TEN-
17 BILLION-DOLLAR (\$10,000,000,000) MINIMUM BALANCE OF THE LAND
18 GRANT PERMANENT FUNDS REQUIRED FOR SUCH ADDITIONAL
19 DISTRIBUTIONS.

20
21 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

24 "A. As used in this section, "fund" means the
25 permanent school fund described in Article 12, Section 2 of

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1 this constitution and all other permanent funds derived from
2 lands granted or confirmed to the state by the act of congress
3 of June 20, 1910, entitled "An act to enable the people of New
4 Mexico to form a constitution and state government and be
5 admitted into the union on an equal footing with the original
6 states.".

7 B. The fund shall be invested by the state
8 investment officer in accordance with policy regulations
9 promulgated by the state investment council.

10 C. In making investments, the state investment
11 officer, under the supervision of the state investment council,
12 shall invest and manage the fund in accordance with the Uniform
13 Prudent Investor Act.

14 D. The legislature may establish criteria for
15 investing the fund if the criteria are enacted by a three-
16 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; and

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

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1 stock exchange or included in a nationally recognized list of
2 stocks.

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

6 F. Except as provided in Subsection G of this
7 section, the annual distributions from the fund shall be five
8 percent of the average of the year-end market values of the
9 fund for the immediately preceding five calendar years.

10 G. In addition to the annual distribution made
11 pursuant to Subsection F of this section, unless suspended
12 pursuant to Subsection [H] I of this section, [~~an~~] additional
13 annual [~~distribution~~] distributions shall be made pursuant to
14 the following schedule; provided that no distribution shall be
15 made pursuant to the provisions of this subsection in any
16 fiscal year if the average of the year-end market values of the
17 fund for the immediately preceding five calendar years is less
18 than ten billion dollars (\$10,000,000,000),

19 [~~(1) in fiscal years 2005 through 2012, an~~
20 ~~amount equal to eight-tenths percent of the average of the~~
21 ~~year-end market values of the fund for the immediately~~
22 ~~preceding five calendar years; provided that any additional~~
23 ~~distribution from the permanent school fund pursuant to this~~
24 ~~paragraph shall be used to implement and maintain educational~~
25 ~~reforms as provided by law; and~~

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1 ~~(2)~~] adjusted on July 1, 2016 and each July 1
2 thereafter for the percentage change in the consumer price
3 index for all urban consumers between the two calendar years
4 immediately preceding the adjustment date, as calculated by the
5 state investment officer and approved by the state investment
6 council:

7 (1) in fiscal years 2013 through 2016 and each
8 subsequent fiscal year, an amount equal to one-half percent of
9 the average of the year-end market values of the fund for the
10 immediately preceding five calendar years; provided that any
11 additional distribution from the permanent school fund pursuant
12 to this paragraph shall be used to implement and maintain
13 educational ~~[reforms]~~ programs as provided by law; and

14 ~~(3)~~] (2) in fiscal year 2017 and each
15 subsequent fiscal year, an amount equal to one and one-half
16 percent of the average of the year-end market values of the
17 fund for the immediately preceding five calendar years;
18 provided that the amount of the additional distribution derived
19 from the permanent school fund pursuant to this paragraph shall
20 be used for early childhood education nonsectarian services
21 administered by the state for the benefit of children before
22 they are eligible to attend kindergarten, as provided by law.

23 H. As used in this section, "early childhood
24 education nonsectarian services" means nonsectarian services
25 for children until eligible for kindergarten. Such services

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1 may be provided by a school district, a state contractor, an
2 entity of an Indian nation, tribe or pueblo, the New Mexico
3 school for the blind and visually impaired or the New Mexico
4 school for the deaf; provided that early childhood education
5 nonsectarian services available from the New Mexico school for
6 the blind and visually impaired or the New Mexico school for
7 the deaf shall not be delivered by a state contractor.

8 [H.] I. The legislature, by a three-fifths' vote of
9 the members elected to each house, may suspend any additional
10 distribution provided for in Subsection G of this section."

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

16 SECTION 3. CONTINGENT EFFECTIVE DATE.--The amendment
17 proposed by Section 1 of this resolution shall not become
18 effective without the consent of the United States congress.