

SENATE BILL 202

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

INTRODUCED BY

Roberto "Bobby" J. Gonzales

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO PUBLIC FINANCE; STANDARDIZING LANGUAGE IN FUNDS
MANAGED BY THE STATE INVESTMENT OFFICER; INCLUDING ALL FUNDS
INVESTED BY THE STATE INVESTMENT OFFICER IN CHAPTER 6, ARTICLE
8 NMSA 1978; REMOVING THE STATE INVESTMENT OFFICER AS THE
INVESTMENT MANAGER IN CERTAIN FUNDS; MOVING THE CAPITAL
DEVELOPMENT PROGRAM FUND TO THE STATE TREASURY AND REDUCING THE
AMOUNT OF TIME THAT MONEY IN THE FUND WILL REVERT BY ONE YEAR;
REDUCING THE AMOUNT OF TIME THAT UNRESERVED AND UNDESIGNATED

.228765.8AIC February 21, 2025 (8:47pm)

underscoring material = new
[bracketed material] = delete
Amendments: new = → bold, blue, highlight
delete = → bold, red, highlight, strikethrough

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

FUNDS OF STATE AGENCIES WILL REVERT BY ONE MONTH;

STBTC → ~~REQUIRING THAT FEES COLLECTED BY THE CANNABIS CONTROL DIVISION OF THE REGULATION AND LICENSING DEPARTMENT BE DEPOSITED IN THE REGULATION AND LICENSING DEPARTMENT OPERATING FUND;~~ ← STBTC REPEALING AN OUTDATED SECTION OF CHAPTER 6, ARTICLE 8 NMSA 1978.

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

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

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

A. The "tobacco settlement permanent fund" is created as a nonreverting fund in the state treasury. The fund is not a reserve fund of the state. The fund shall consist of money distributed to the state pursuant to the master settlement agreement entered into between tobacco product manufacturers and various states, including New Mexico, and executed November 23, 1998 or any money released to the state from a qualified escrow fund or otherwise paid to the state as authorized by Section 6-4-13 NMSA 1978, enacted pursuant to the master settlement agreement or as otherwise authorized by law. Money in the fund shall be invested by the state investment officer in accordance with the [~~limitations in Article 12, Section 7 of the constitution of New Mexico~~] prudent investor

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

rule as set forth in the Uniform Prudent Investor Act. Income from investment of the fund shall be credited to the fund. Money in the fund shall not be expended for any purpose, except as provided in this section.

B. In each fiscal year, an annual distribution shall be made from the tobacco settlement permanent fund to the tobacco settlement program fund of an amount equal to four and seven-tenths percent of the average of the year-end market values of the tobacco settlement permanent fund for the immediately preceding five calendar years. In the event that the actual amount distributed to the tobacco settlement program fund in a fiscal year is insufficient to meet appropriations from that fund for that fiscal year, the secretary of finance and administration shall proportionately reduce each appropriation accordingly.

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

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight↔
delete = →bold, red, highlight, strikethrough↔

general fund appropriations."

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

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

A. The "opioid settlement restricted fund" is created as a nonreverting fund in the state treasury, separate and distinct from the general fund. The opioid settlement restricted fund consists of money, other than attorney fees and costs, paid to the state pursuant to the New Mexico opioid allocation agreement and pursuant to:

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

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

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

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

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

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

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

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

H. For the purposes of this section:

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

(2) "local government" means every litigating

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

county and municipality, each county regardless of population and each municipality with a population exceeding ten thousand according to the latest federal decennial census, any special district identified in the distributor settlement agreement and any local government identified in the New Mexico opioid allocation agreement within the geographic boundaries of New Mexico;

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

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

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

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

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

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

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

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

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

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

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

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

E. On July 1, 2025 and each July 1 thereafter, a

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

distribution shall be made from the trust fund to the higher education program fund in an amount equal to five percent of the average of the year-end market values of the trust fund for the immediately preceding three calendar years. If, on July 1 of a year, the trust fund has been in effect for less than three calendar years, the distribution shall be in an amount equal to five percent of the average of the year-end market values of the trust fund for the immediately preceding number of calendar years that the trust fund has been in effect.

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

SECTION 4. Section 6-5-10 NMSA 1978 (being Laws 1994,

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight↔
delete = →bold, red, highlight, strikethrough↔

Chapter 11, Section 1, as amended) is amended to read:

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

A. Except as provided in [~~Subsections B and C~~]
Subsection B of this section, all unreserved undesignated fund
balances in reverting funds and accounts as reflected in the
central financial reporting and accounting system as of June 30
shall revert by [~~September 30~~] August 31 to the general fund.
The division may adjust the reversion within forty-five days of
release of the audit report for that fiscal year.

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

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

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

- A. "council" means the state investment council;
- B. "department" means the department of finance and
administration;
- C. "investment fund" means any fund managed or
invested by the state investment officer or the state
investment council as required by law;

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new

[bracketed material] = delete

Amendments: new = →bold, blue, highlight↔

delete = →bold, red, highlight, strikethrough↔

[~~G.~~] D. "land grant permanent funds" means the permanent school fund established by Article 12, Section 2 of the constitution of New Mexico 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 the Union on an equal footing with the original States...";

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

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

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

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

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

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

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

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

MANAGERS.--

A. Subject to the limitations, conditions and restrictions contained in policymaking regulations or resolutions adopted by the council, the council may make purchases, sales, exchanges, investments and reinvestments of the assets of all funds in accordance with the Uniform Prudent Investor Act. The state investment officer and the council are trustees of all funds under their control and shall see that money invested is at all times handled in the best interests of the state. The council may delegate administrative and investment-related functions to the state investment officer.

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

C. The council shall meet at least ten times per year, and as often as exigencies may demand, to consult with the state investment officer concerning the work of the investment office. The council shall have access to all files and records of the investment office and shall require the state investment officer to report on and provide information necessary to the performance of council functions. The council

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

may hire investment management or consulting firms to advise the council with respect to the council's investment decisions for the investment of funds managed by the investment office and pay reasonable compensation for such management or consulting services from the assets of the applicable funds, subject to budgeting and appropriation by the legislature. The terms of any such investment management or consulting services contract shall incorporate the statutory requirements for investment of funds under the council's jurisdiction. Prior to being hired, a prospective investment management, advisory or consulting services firm shall submit to the council a disclosure detailing all campaign contributions made within the last two years by the firm or the principals of the firm to any member of the council, or to a political committee or other entity that is intended to aid or promote the nomination or election of any council member to a political office.

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

E. All funds invested or managed by the state investment officer or the state investment council shall be invested or managed in accordance with the Uniform Prudent Investor Act. The council may form and use committees to study

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

and make recommendations to the council. Prior to commencing work for the council, a committee member who is not a member of the council shall submit to the council a disclosure detailing all campaign contributions made within the last two years to any member of the council or to a political committee or other entity that is intended to aid or promote the nomination or election of any council member to a political office.

F. Fiduciaries of the [~~permanent~~] investment funds are:

- (1) the council;
- (2) the state investment officer and investment office staff;
- (3) any person providing investment advice to the council, the state investment officer or investment office staff for an investment management, advisory or consulting services fee; and
- (4) all persons exercising discretionary authority over or control of funds under the management of the council.

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

- (1) amounts recovered by the legal services contractor shall be deposited in the state investment council

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight↔
delete = →bold, red, highlight, strikethrough↔

suspense fund;

(2) the council shall submit each proposed contract to the attorney general and the department for review of the contingency fee. The attorney general's and the department's review shall take into account the complexity of the factual and legal issues presented by the claims to be pursued under the contract. If the attorney general or the department advises the council that the proposed contingency fee is not reasonable, the council may nevertheless approve the contract and the contingency fee by a majority vote of its members; and

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

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

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

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

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

H. The council may select and contract for the services of one or more custodian banks for all funds under the council's management. For the purpose of this subsection, "custodian bank" means a financial institution with the general fiduciary duties to manage, control and collect the assets of an investment fund, including receiving all deposits and paying all disbursements as directed by staff, safekeeping of assets, coordination of asset transfers, timely settlement of securities transactions and accurate and timely reporting of the assets by individual account and in total.

I. For funds available for investment for more than one year, the council may contract with any state agency to provide investment advisory or investment management services, separately or through a pooled investment fund; provided that the state agency enters into a joint powers agreement with the council and that the state agency pays at least the direct cost of such services. Notwithstanding any statutory provision governing state agency investments, the council may invest funds available from a state agency pursuant to a joint powers agreement in any type of investment permitted for the land grant permanent funds under the prudent investor rule. In performing investment services for a state agency, the council and the state investment officer and investment office staff

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight↔
delete = →bold, red, highlight, strikethrough↔

are exempt from the New Mexico Uniform Securities Act. As used in this subsection, "state agency" means any branch, agency, department, board, instrumentality, institution or political subdivision of the state, the New Mexico finance authority, the New Mexico mortgage finance authority and any tax-exempt private endowment entity whose sole beneficiary is a state agency or whose beneficiaries are students attending a public educational institution in the state.

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

K. Council members, the state investment officer and investment office staff and committee members appointed by the council, jointly and severally, shall be indemnified by the state, out of the [~~permanent~~] investment funds, from all claims, demands, suits, actions, damages, judgments, costs, charges and expenses, including court costs and attorney fees, against all claims, liability, losses or damages arising from any decisions made or actions taken while acting within the scope of duty and pursuant to law as a council member, the state investment officer, investment office staff or a committee member appointed by the council. Following indemnification, if it is shown that the indemnified person

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight↔
delete = →bold, red, highlight, strikethrough↔

acted fraudulently or with intentional malice, the state shall have the right to recover from the indemnified person any amount expended under this subsection."

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

"6-8-14. MONTHLY REPORTS.--No later than twenty days after the end of each month, the state investment officer shall submit to the council a report of the operations of the investment office during the past month. Each report shall include a schedule of cumulative fiscal year actual and budgeted expenditures and a monthly summary of contributions, distributions, fees, income and net gains or losses for each [permanent] investment fund and investment pool. The reports shall be published on the [web-site] website of the council and the sunshine portal and shall be open for inspection to the public and the press in the investment office."

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

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

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

B. When pursuing a claim and utilizing legal services on a contingent fee basis, all amounts received by the

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

legal services contractor as satisfaction of the claim shall be transferred to the council and deposited into the state investment council suspense fund to the credit of the council. Upon the direction of the state investment officer, the contingent attorney fees due to the legal services contractor shall be disbursed from the suspense fund to the contractor.

C. After a disbursement to a contractor pursuant to Subsection B of this section, the balance of the deposit into the state investment council suspense fund shall be distributed to the appropriate [~~permanent~~] investment fund or other appropriate fund from which the loss occurred that originated the claim pursued by the legal services contractor."

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

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

A. The "colonias infrastructure trust fund" is created as a nonreverting fund in the state treasury. The trust fund shall consist of money that is appropriated, donated or otherwise allocated to it. Money in the trust fund shall be invested by the state investment officer in [~~the manner that land grant permanent funds are invested pursuant to Chapter 6, Article 8 NMSA 1978~~] accordance with the prudent investor rule set forth in the Uniform Prudent Investor Act. Income from investment of the trust fund shall be credited to the fund.

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

Money in the trust fund shall not be expended for any purpose, but an annual distribution from the trust fund shall be made to the project fund pursuant to this section.

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

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

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

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

B. The state investment officer, subject to the

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

approval of the council, shall invest money in the fund:

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

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

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

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

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight↔
delete = →bold, red, highlight, strikethrough↔

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

F. Money in the capital development and reserve fund may be expended in the event that the balance of the severance tax bonding fund is insufficient to meet principal and interest payments on outstanding bonds. In that event, the balance in the reserve fund shall be transferred to the severance tax bonding fund only in the amount necessary to meet the principal and interest payments."

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

"7-27-51. CAPITAL DEVELOPMENT PROGRAM FUND.--The "capital development program fund" is created as a nonreverting fund [~~as a subaccount of the severance tax bonding fund~~] in the state treasury. The fund consists of distributions, appropriations, gifts, grants, donations and income from investment of the fund. The department of finance and administration shall administer the fund. Money in the fund is subject to appropriation by the legislature to fund capital projects with a total cost of less than five million dollars (\$5,000,000) and only the planning and design of capital projects with a total cost greater than that amount. Expenditures from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary of

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

finance and administration or the secretary's authorized representative. ~~[Any unexpended or unencumbered balance of an appropriation for a capital project remaining after two years following the date of the appropriation]~~ Any law making an appropriation from the fund for a capital project shall provide that any unexpended or unencumbered balance of the appropriation at the end of the project shall revert to the severance tax permanent fund."

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

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

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

~~B. All money received by the administrative services division, the construction industries division, the financial institutions division, the securities division, [and] the manufactured housing division and the cannabis control division, other than money earmarked for revolving funds, shall be deposited with the state treasurer and held in a separate suspense account for each division in the [seventy-sixth fiscal year, all money deposited in the suspense accounts shall be transferred monthly to the general fund until the sum of all money transferred to the general fund equals the total amount~~

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

~~deposited and transferred to the general fund from those divisions in the seventy-fourth fiscal year. All additional money deposited in the divisions' suspense accounts during the seventy-sixth fiscal year shall be transferred to the regulation and licensing department operating fund on June 30, 1988] regulation and licensing department operating fund.~~

~~C. [In the seventy-seventh fiscal year and each fiscal year thereafter] On the last day of each month, the department shall transfer all money received during the month from the divisions' suspense accounts to the general fund."~~ ←STBTC

SECTION STBTC→13.←STBTC STBTC→12.←STBTC Section 9-16-15 NMSA 1978 (being Laws 2009, Chapter 122, Section 59) is amended to read:

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

A. The "mortgage regulatory fund" is created as a nonreverting fund in the state treasury and shall be administered by the financial institutions division of the regulation and licensing department. The fund shall consist of application, licensing, renewal, examination, investigation and any other fees received that are associated with the costs of administering the New Mexico Mortgage Loan Originator Licensing Act, fees specified in Subsection E of Section 58-21-5 NMSA 1978 and any money that is appropriated or donated or that

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

otherwise accrues to the fund. [~~Money in the fund shall be invested by the state investment officer in the manner that land grant permanent funds are invested pursuant to Chapter 6, Article 8 NMSA 1978. Income from investment of the fund shall be credited to the fund.~~]

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

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

SECTION STBTC→14.←STBTC STBTC→13.←STBTC Section 9-26-17 NMSA 1978 (being Laws 2024, Chapter 5, Section 1) is amended to read:

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

A. The "workforce development and apprenticeship trust fund" is created as a nonreverting fund within the state treasury. The fund consists of distributions, appropriations,

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

gifts, grants and donations. Income from investment of the fund shall be credited to the fund. Money in the fund shall be expended only as provided in this section.

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

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

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

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

D. Subject to the availability of funds:

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

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

(b) two million five hundred thousand dollars (\$2,500,000) shall be appropriated to the workforce solutions department to carry out the purposes of the

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight↔
delete = →bold, red, highlight, strikethrough↔

Apprenticeship Assistance Act; and

(2) on July 1 of each year thereafter:

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

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

E. In addition to the transfers and appropriations pursuant to Subsection D of this section, money in the workforce development and apprenticeship trust fund may be expended in the event that general fund balances, including all authorized revenues and transfers to the general fund and balances in the general fund operating reserve, the appropriation contingency fund, [~~the tobacco settlement permanent fund~~] the state-support reserve fund and the tax stabilization reserve, will not meet the level of appropriations authorized from the general fund for a fiscal year. In that event, to avoid an unconstitutional deficit, the legislature may appropriate from the workforce development and apprenticeship trust fund to the general fund only in the amount necessary to meet general fund appropriations for that fiscal year and only if the legislature has authorized transfers from the appropriation contingency fund, the general

underscored material = new
[bracketed material] = delete
Amendments: new = bold, blue, highlight
delete = bold, red, highlight, strikethrough

fund operating reserve and the tax stabilization reserve [~~and the tobacco settlement permanent fund~~] that exhaust those fund balances."

SECTION STBTC→15.←STBTC STBTC→14.←STBTC Section 9-29A-1 NMSA 1978 (being Laws 2020, Chapter 3, Section 1, as amended) is amended to read:

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

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

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

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

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

C. The state investment officer shall report quarterly to the legislative finance committee and the state investment council on the investments made pursuant to this section. Annually, a report shall be submitted no later than October 1 each year to the legislative finance committee, the

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight↔
delete = →bold, red, highlight, strikethrough↔

revenue stabilization and tax policy committee and any other appropriate interim committees.

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

E. In addition to the distribution pursuant to Subsection D of this section, money in the early childhood education and care fund may be expended in the event that general fund balances, including all authorized revenues and transfers to the general fund and balances in the general fund operating reserve, the appropriation contingency fund, [~~the tobacco settlement permanent fund~~] the state-support reserve fund and the tax stabilization reserve, will not meet the level of appropriations authorized from the general fund for a fiscal year. In that event, to avoid an unconstitutional deficit, the legislature may appropriate from the early childhood education and care fund to the general fund only in the amount necessary to meet general fund appropriations for that fiscal year and only if the legislature has authorized transfers from the appropriation contingency fund, the general fund operating reserve and the tax stabilization reserve [~~and the tobacco~~

underscoring material = new
[bracketed material] = delete
Amendments: new = bold, blue, highlight
delete = bold, red, highlight, strikethrough

~~settlement permanent fund~~] that exhaust those fund balances."

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

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

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

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

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

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

~~(a) for fiscal year 2022 and each of the
following five fiscal years, the difference, if positive,
between all fund investment income yielded through the~~

.228765.8AIC February 21, 2025 (8:47pm)

~~immediately preceding calendar year and all fund distributions, up to five percent of the year-end market value of the fund for the immediately preceding calendar year; and~~

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

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

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

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

SECTION STBTC→17.←STBTC STBTC→16.←STBTC Section 19-1-19 NMSA 1978 (being Laws 1966, Chapter 4, Section 1, as amended) is amended to read:

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

A. The state investment officer shall, in the same manner [~~provided under Section 11-2-8.9 NMSA 1953 for other~~

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

~~permanent~~] as the land grant permanent funds, assume the investment responsibility for the public buildings at capital permanent fund created by Section ~~[7-1-16 NMSA 1953]~~ 19-1-17 NMSA 1978.

B. As used in this section, "land grant permanent funds" means the permanent school fund established by Article 12, Section 2 of the constitution of New Mexico 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 the Union on an equal footing with the original States..."

SECTION STBTC→18.←STBTC STBTC→17.←STBTC Section 24-5A-4 NMSA 1978 (being Laws 2015, Chapter 5, Section 4) is amended to read:

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

A. The "vaccine purchasing fund" is created as a nonreverting fund in the state treasury. The fund consists of amounts reimbursed to the state by health insurers and group health plans pursuant to the Vaccine Purchasing Act and of appropriations from, and transfers made to, the fund. Income from investment of the fund shall be credited to the fund.

Money in the fund shall be expended only for the purposes specified in the Vaccine Purchasing Act, by warrant issued by the secretary of finance and administration pursuant to

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

vouchers approved by the secretary of health.

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

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

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

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

SECTION STBTC→19.←STBTC STBTC→18.←STBTC Section 58-32-1004 NMSA 1978 (being Laws 2016, Chapter 88, Section 1004) is amended to read:

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

A. The "money services regulatory fund" is created as a nonreverting fund in the state treasury and shall be administered by the financial institutions division of the regulation and licensing department. The fund shall consist of application, licensing, renewal, investigation and any other

undescored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

fees received that are associated with the costs of administering the Uniform Money Services Act and any money that is appropriated or donated or that otherwise accrues to the fund. [~~Money in the fund shall be invested by the state investment officer in the manner that land grant permanent funds are invested pursuant to Chapter 6, Article 8 NMSA 1978. Income from investment of the fund shall be credited to the fund.~~]

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

C. Money shall be disbursed from the money services regulatory fund only on warrant of the secretary of finance and administration upon vouchers signed by the director of the financial institutions division or the director's authorized representative. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund."

SECTION STBTC→20.←STBTC STBTC→19.←STBTC Section 72-4A-8 NMSA 1978 (being Laws 2001, Chapter 164, Section 8) is amended to read:

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

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

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

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

B. On July 1 of [~~fiscal year 2003 and on July 1 of each fiscal year thereafter, an annual~~] each year, a distribution shall be made from the water trust fund to the water project fund in the amount of four million dollars (\$4,000,000) until that amount is less than an amount equal to four and seven-tenths percent of the average of the year-end market values of the water trust fund for the immediately preceding five calendar years. Thereafter, the amount of the annual distribution shall be four and seven-tenths percent of the average of the year-end market values of the water trust fund for the immediately preceding five calendar years."

SECTION STBTC→21.←STBTC STBTC→20.←STBTC Section 75-12-1 NMSA 1978 (being Laws 2023, Chapter 26, Section 2) is amended to read:

.228765.8AIC February 21, 2025 (8:47pm)

underscored material = new

[bracketed material] = delete

Amendments: new = bold, blue, highlight

delete = bold, red, highlight, strikethrough

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

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

B. If, on July 1 of each year, the conservation legacy permanent fund exceeds one hundred fifty million dollars (\$150,000,000) and the investment income to the fund for the previous fiscal year exceeded five million dollars (\$5,000,000), any investment income to the fund from the previous fiscal year in excess of five million dollars (\$5,000,000) shall be distributed to the land of enchantment legacy fund."

SECTION STBTC→22.←STBTC STBTC→21.←STBTC REPEAL.--

Section 6-8-6 NMSA 1978 (being Laws 1957, Chapter 179, Section 6, as amended) is repealed.

SECTION STBTC→23.←STBTC STBTC→22.←STBTC EFFECTIVE

underscored material = new
[bracketed material] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

DATE.--The effective date of the provisions of this act is July
1, 2025.

- 36 -