

HOUSE BILL 7

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

INTRODUCED BY

Linda Serrato and Javier Martínez and Patricia Roybal Caballero

AN ACT

RELATING TO PUBLIC BENEFITS; ENACTING THE CHILDREN'S FUTURE ACT WITH THE INTENT TO PROVIDE, WITHOUT A GUARANTEE, A SHARE OF A TRUST FUND FOR EVERY ELIGIBLE PERSON BORN IN NEW MEXICO AFTER JANUARY 1, 2025 TO USE FOR PARTICULAR PURPOSES; CREATING THE CHILDREN'S FUTURE FUND; PROVIDING THAT BENEFITS SHALL NOT BE GUARANTEED AND A PROPERTY INTEREST SHALL NOT BE CREATED BY THE CHILDREN'S FUTURE ACT; CREATING THE CHILDREN'S FUTURE TASK FORCE; EXEMPTING MONEY SPENT FOR BENEFICIARIES PURSUANT TO THE CHILDREN'S FUTURE ACT FROM TAXATION; MAKING AN APPROPRIATION.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1 through 5 of this act may be cited as the "Children's Future Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the .228888.4

underscored material = new
[bracketed material] = delete

underscored material = new
~~[bracketed material]~~ = delete

1 Children's Future Act:

2 A. "beneficiary" means a person born in New Mexico
3 on or after January 1, 2025 and whose primary residence since
4 birth is continuously in New Mexico; and

5 B. "department" means the department of finance and
6 administration.

7 SECTION 3. [NEW MATERIAL] CHILDREN'S FUTURE FUND.--

8 A. The "children's future fund" is created as a
9 nonreverting fund in the state treasury. The purpose of the
10 fund is to assist beneficiaries who graduate from a high school
11 in New Mexico in pursuing education, housing, entrepreneurship,
12 retirement and investment opportunities. The fund consists of
13 distributions, transfers, appropriations, gifts, grants,
14 donations and income from investment of the fund. Money in the
15 fund shall be expended only as provided for in the Children's
16 Future Act.

17 B. In accordance with the prudent investor rule set
18 forth in the Uniform Prudent Investor Act and in consultation
19 with the secretary of finance and administration or the
20 secretary's designee, money in the children's future fund shall
21 be invested as follows:

22 (1) two-thirds of a transfer, distribution,
23 appropriation, gift, grant or donation to the children's future
24 fund shall be invested by the state investment officer for
25 eighteen years, and then that two-thirds and the associated

.228888.4

underscored material = new
[bracketed material] = delete

1 income from its investment shall be invested by the state
2 treasurer; and

3 (2) one-third of a transfer, distribution,
4 appropriation, gift, grant or donation shall be invested by the
5 state investment officer.

6 C. Money in the children's future fund is
7 appropriated to the department for the purposes specified in
8 the Children's Future Act. The department shall administer the
9 fund, and expenditures from the fund shall be by warrant of the
10 secretary of finance and administration pursuant to vouchers
11 signed by the secretary or the secretary's authorized
12 representative.

13 D. The department may expend no more than three
14 percent of the balance of the children's future fund at the end
15 of a fiscal year for the costs incurred to administer the
16 Children's Future Act.

17 SECTION 4. [NEW MATERIAL] NO GUARANTEE OF BENEFITS OR
18 ENFORCEABLE INTEREST.--The provisions of the Children's Future
19 Act do not guarantee any benefits and shall not be construed to
20 create an interest in property that:

21 A. does not otherwise exist; or

22 B. is enforceable under state law.

23 SECTION 5. [NEW MATERIAL] FIDUCIARY DUTY.--A person who
24 receives, collects, disburses, expends or invests money from
25 the children's future fund or for a beneficiary pursuant to the

.228888.4

underscoring material = new
[bracketed material] = delete

1 Children's Future Act shall be responsible for such money in a
2 fiduciary relationship to beneficiaries.

3 SECTION 6. A new section of the Income Tax Act is enacted
4 to read:

5 "[NEW MATERIAL] EXEMPTION--CHILDREN'S FUTURE ACT.--

6 A. Money transferred to or spent on behalf of a
7 beneficiary pursuant to the Children's Future Act is exempt
8 from state income taxation.

9 B. As used in this section, "beneficiary" means a
10 person born in New Mexico on or after January 1, 2025 and whose
11 primary residence is in and remains in New Mexico."

12 SECTION 7. TEMPORARY PROVISION--CHILDREN'S FUTURE TASK
13 FORCE--CREATION--MEMBERSHIP--DUTIES.--

14 A. The "children's future task force" is created to
15 study and provide recommendations on the optimal design and
16 administration of the Children's Future Act. The task force
17 shall function from the date of its appointment until December
18 31, 2025. Staff and administrative support for the task force
19 shall be provided by the state investment council. The task
20 force consists of:

21 (1) one representative from the state
22 investment council to serve as chair;

23 (2) one representative from the state
24 treasurer's office to serve as vice chair;

25 (3) one representative from the department of

.228888.4

1 finance and administration;

2 (4) one public member appointed by the
3 governor; and

4 (5) four public members, one appointed by each
5 of: the president pro tempore of the senate, the minority
6 floor leader of the senate, the speaker of the house of
7 representatives and the minority floor leader of the house of
8 representatives.

9 B. At least two appointed members shall have at a
10 minimum five years of professional investment or financial
11 experience, and at least two appointed members shall be
12 representatives of community-based organizations focused on
13 family financial and economic well-being.

14 C. Appointments to the children's future task force
15 shall be made by July 1, 2025. The task force shall meet not
16 less than once per month at the call of the chair or at the
17 request of two-fifths of its membership to carry out its
18 duties. A majority of the members constitutes a quorum for the
19 transaction of business, and the support of a majority of the
20 quorum is required for adoption of any action.

21 D. Appointed members of the children's future task
22 force are entitled to receive per diem and mileage as provided
23 in the Per Diem and Mileage Act and shall receive no other
24 compensation, perquisite or allowance.

25 E. The children's future task force shall research

.228888.4

underscoring material = new
~~[bracketed material] = delete~~

1 and produce a report with advice and recommendations on the
2 implementation of the Children's Future Act, including:

3 (1) optimal design and administration of the
4 program to implement the provisions of the Children's Future
5 Act;

6 (2) a financial plan for financing and
7 implementing the Children's Future Act within five years of its
8 effective date, including data on the efficacy of baby bonds;

9 (3) eligibility requirements for beneficiaries
10 to use money from the children's future fund;

11 (4) determination of eligibility, including
12 possible certification processes across multiple state
13 agencies;

14 (5) the application process and time periods
15 during which eligible beneficiaries may apply to use money from
16 the children's future fund;

17 (6) mechanisms for transferring and expending
18 money on behalf of beneficiaries;

19 (7) creation and administration of investment
20 and retirement accounts;

21 (8) conditions for and limitations on the use
22 of money in the children's future fund for an investment
23 account;

24 (9) third parties with whom to contract to
25 assist in the administration of the provisions of the

.228888.4

1 Children's Future Act and the responsibilities of those third
2 parties;

3 (10) measures for ensuring fairness and equity
4 for designated beneficiaries born in different years,
5 considering varying levels of income from investment of the
6 children's future fund;

7 (11) decisions of investment risk and asset
8 allocation of the children's future fund; and

9 (12) other matters as determined by the task
10 force.

11 F. The children's future task force shall, by
12 December 31, report its findings, recommendations and any
13 proposed legislation to the governor and the legislature.

14 G. As used in this section, "beneficiary" means a
15 person born in New Mexico on or after January 1, 2025 and whose
16 primary residence is in and remains in New Mexico.

17 **SECTION 8. APPROPRIATION.**--Five million dollars
18 (\$5,000,000) is appropriated from the general fund to the
19 children's future fund for expenditure in fiscal year 2026 and
20 subsequent fiscal years for the purposes of the children's
21 future fund. Any unexpended or unencumbered balance remaining
22 at the end of a fiscal year shall not revert to the general
23 fund.

24 - 7 -

25