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HOUSE JOINT MEMORIAL 3

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

RAYMOND G. SANCHEZ

FOR THE LEGISLATIVE FINANCE COMMITTEE AND THE
REVENUE STABILIZATION AND TAX POLICY COMMITTEE

A JOINT MEMORIAL

REQUESTING THE CONGRESS OF THE UNITED STATES TO CONSENT TO THE
AMENDMENT OF THE CONSTITUTION OF NEW MEXICO TO PERMIT GREATER
FLEXIBILITY IN THE INVESTMENT AND DISTRIBUTION OF LAND GRANT
PERMANENT FUNDS.

WHEREAS, the provisions of Sections 9 and 10 of the
Enabling Act for New Mexico, Act of June 20, 1910, as amended,
36 Statutes at Large 557, provided that lands granted by the
United States to New Mexico shall be held in trust for the land
grant beneficiaries and that any money derived from the sale of
these lands or their products shall likewise be held in trust;
and

WHEREAS, the constitution of New Mexico incorporates the
foregoing restrictions prohibiting expenditures from the
principal of the land grant permanent funds and limiting the

Underscored material = new
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1 source of distributions to "income" from the investment of the
2 permanent funds, thereby precluding the distributions to
3 beneficiaries of any capital gains; and

4 WHEREAS, the foregoing restrictions have resulted in the
5 investment of the land grant permanent funds primarily in fixed
6 income investments to maintain the flow of distributions to the
7 land grant beneficiaries, but such a policy does not protect the
8 land grant permanent funds from loss of value due to the effects
9 of inflation; and

10 WHEREAS, current investment theory and practice indicate
11 that it is preferable and prudent to have sufficient flexibility
12 in investing permanent funds to maintain appreciation of the
13 funds at a rate in excess of the rate of inflation, thus
14 ensuring the safety of the funds for the future; and

15 WHEREAS, to accomplish the foregoing investment objectives
16 and maintain adequate distributions to beneficiaries, it is also
17 necessary from time to time to distribute limited amounts of the
18 principal of the permanent funds;

19 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
20 STATE OF NEW MEXICO that the congress of the United States be
21 respectfully petitioned to consent to the amendment of the
22 constitution of New Mexico in order to permit more flexible
23 investment of its land grant permanent funds and distributions
24 of limited amounts of the principal of the funds, all as set
25 forth with particularity in a constitutional amendment proposed

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1 by a joint resolution of the legislature, entitled "A JOINT
2 RESOLUTION PROPOSING AMENDMENTS TO ARTICLE 8, SECTION 10 AND
3 ARTICLE 12, SECTIONS 2, 4 AND 7 OF THE CONSTITUTION OF NEW
4 MEXICO TO PROTECT THE STATE'S PERMANENT FUNDS AGAINST INFLATION
5 BY LIMITING DISTRIBUTIONS TO A PERCENTAGE OF EACH FUND'S MARKET
6 VALUE AND BY MODIFYING CERTAIN INVESTMENT RESTRICTIONS TO ALLOW
7 OPTIMAL DIVERSIFICATION OF INVESTMENTS."; and

8 BE IT FURTHER RESOLVED that copies of this memorial and the
9 referenced proposed constitutional amendment be sent to the
10 president of the United States senate, the speaker of the United
11 States house of representatives and the New Mexico congressional
12 delegation.

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State of New Mexico House of Representatives

FORTY- SECOND LEGISLATURE

SECOND SESSION, 1996

January 29, 1996

Mr. Speaker:

Your TAXATION AND REVENUE COMMITTEE, to whom has
been referred

HOUSE JOINT MEMORIAL 3

has had it under consideration and reports same with
recommendation that it DO PASS.

Respectfully submitted,

Jerry W. Sandel, Chairman

FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

HTRC/HJM 3

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Adopted _____ Not Adopted _____

(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 12 For 0 Against

Yes: 12

Excused: Gallegos

Absent: None

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FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

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FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

February 8, 1996

Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

HOUSE JOINT MEMORIAL 3

has had it under consideration and reports same with
recommendation that it DO PASS.

Respectfully submitted,

Ben D. Altamirano, Chairman

Adopted _____
(Chief Clerk)

Not Adopted _____
(Chief Clerk)

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FORTY- SECOND LEGISLATURE
SECOND SESSION, 1996

1 HTRC/HJM 3

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Date _____

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The roll call vote was 7 For 0 Against

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Yes: 7

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No: 0

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Excused: Aragon, Ingle, Jennings T., Kidd, Kysar, Sanchez

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Absent: None

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