

1 HOUSE JOINT RESOLUTION 1
2 42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
3 1996

4 INTRODUCED BY
5 RAYMOND G. SANCHEZ
6

7
8 FOR THE LEGISLATIVE FINANCE COMMITTEE AND THE REVENUE
9 STABILIZATION AND TAX POLICY COMMITTEE
10

11 A JOINT RESOLUTION
12 PROPOSING AMENDMENTS TO ARTICLE 8, SECTION 10 AND ARTICLE 12,
13 SECTIONS 2, 4 AND 7 OF THE CONSTITUTION OF NEW MEXICO TO PROTECT
14 THE STATE'S PERMANENT FUNDS AGAINST INFLATION BY LIMITING
15 DISTRIBUTIONS TO A PERCENTAGE OF EACH FUND'S MARKET VALUE AND BY
16 MODIFYING CERTAIN INVESTMENT RESTRICTIONS TO ALLOW OPTIMAL
17 DIVERSIFICATION OF INVESTMENTS.

18
19 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

20 Section 1. It is proposed to amend Article 8, Section 10
21 of the constitution of New Mexico to read:

22 "A. There shall be deposited in a permanent trust
23 fund known as the "severance tax permanent fund" that part of
24 state revenue derived from excise taxes [~~which~~] that have been
25 or shall be designated severance taxes imposed upon the
severance of natural resources within this state, in excess of

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2 that amount [~~which~~] that has been or shall be reserved by
3 statute for the payment of principal and interest on outstanding
4 bonds to which severance tax revenue has been or shall be
5 pledged. Money in the severance tax permanent fund [~~shall not~~
6 ~~be expended but~~] shall be invested as provided by law. [~~The~~
7 ~~income from investments~~] Distributions from the fund shall be
8 appropriated by the legislature as other general operating
9 revenue is appropriated for the benefit of the people of the
10 state.

11 [~~Money credited to the severance tax permanent fund at the~~
12 ~~time of the adoption of this amendment shall be credited to and~~
13 ~~become a part of the permanent trust fund known as the~~
14 ~~"severance tax permanent fund" hereby created.~~]

15 B. All additions to the fund and all earnings,
16 including interest, dividends and capital gains from investment
17 of the fund shall be credited to the corpus of the fund.

18 C. The annual distributions from the fund shall be
19 one hundred two percent of the amount distributed in the
20 immediately preceding fiscal year until the annual distributions
21 equal four and seven-tenths percent of the average of the year-
22 end market values of the fund for the immediately preceding five
23 calendar years. Thereafter, the amount of the annual
24 distributions shall be four and seven-tenths percent of the
25 average of the year-end market values of the fund for the
immediately preceding five calendar years.

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1 D. The frequency and the time of the distributions
2 made pursuant to Subsection C of this section shall be as
3 provided by law. "

4 Section 2. It is proposed to amend Article 12, Section 2
5 of the constitution of New Mexico to read:

6 "The permanent school fund of the state shall consist of
7 the proceeds of sales of Sections Two, Sixteen, Thirty-Two and
8 Thirty-Six in each township of the state, or the lands selected
9 in lieu thereof; the proceeds of sales of all lands that have
10 been or may hereafter be granted to the state not otherwise
11 appropriated by the terms and conditions of the grant; such
12 portion of the proceeds of sales of land of the United States
13 within the state as has been or may be granted by congress; all
14 earnings, including interest, dividends and capital gains from
15 investment of the permanent school fund; also all other grants,
16 gifts and devises made to the state, the purpose of which is not
17 otherwise specified. "

18 Section 3. It is proposed to amend Article 12, Section 4
19 of the constitution of New Mexico to read:

20 "All [~~forefeitures~~] forfeitures, unless otherwise provided
21 by law, and all fines collected under general laws; the net
22 proceeds of property that may come to the state by escheat; the
23 rentals of all school lands and other lands granted to the
24 state, the disposition of which is not otherwise provided for by
25 the terms of the grant or by act of congress [~~and the income~~

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1 ~~derived from the permanent school fund~~] shall constitute the
2 current school fund of the state."

3 Section 4. It is proposed to amend Article 12, Section 7
4 of the constitution of New Mexico to read:

5 "A. As used in this section, "fund" means the
6 permanent school fund described in Section 2 of this article and
7 all other permanent funds derived from lands granted or
8 confirmed to the state by the act of congress of June 20, 1910,
9 entitled "An act to enable the people of New Mexico to form a
10 constitution and state government and be admitted into the union
11 on an equal footing with the original states.

12 B. The ~~[principal of the permanent school]~~ fund ~~[and~~
13 ~~other permanent funds]~~ shall be invested by ~~[a]~~ the state
14 investment officer in accordance with policy regulations
15 promulgated by ~~[a]~~ the state investment council ~~[The legislature~~
16 ~~may by a three-fourths vote of the members elected to each house~~
17 ~~provide that said funds may be invested in interest bearing or~~
18 ~~other securities].~~

19 C. In making investments, the state investment
20 officer, under the supervision of the state investment council,
21 shall exercise the ~~[judgement]~~ judgment and care under the
22 circumstances then prevailing ~~[which]~~ that businessmen of
23 ordinary prudence, discretion and intelligence exercise in the
24 management of their own affairs not in regard to speculation but
25 in regard to the permanent disposition of their funds,

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1 considering the probable income as well as the probable safety
2 of their capital. [~~provided~~]

3 D. The legislature may establish criteria for
4 investing the fund if the criteria are enacted by a three-
5 fourths vote of the members elected to each house, but
6 investment of the fund is subject to the following restrictions:

7 (1) not more than [~~fifty~~] sixty-five percent of
8 the [~~permanent school fund or other permanent fund~~] book value
9 of the fund shall be invested at any given time in corporate
10 stocks [~~and bonds nor shall~~];

11 (2) not more than ten percent of the voting
12 stock of a corporation shall be held [~~and provided further~~];

13 (3) stocks eligible for purchase shall be
14 restricted to those stocks of businesses [~~incorporated within~~
15 ~~the United States which have paid dividends for ten consecutive~~
16 ~~years or longer immediately prior to the date of purchase and~~
17 ~~which are~~] listed upon a national stock exchange or included in
18 a nationally recognized list of stocks; and

19 (4) not more than fifteen percent of the book
20 value of the fund may be invested in international securities at
21 any single time.

22 E. All additions to the fund and all earnings,
23 including interest, dividends and capital gains from investment
24 of the fund shall be credited to the fund.

25 F. The annual distributions from the fund shall be

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1 one hundred two percent of the amount distributed in the
2 immediately preceding fiscal year until the annual distributions
3 equal four and seven-tenths percent of the average of the year-
4 end market values of the fund for the immediately preceding five
5 calendar years. Thereafter, the amount of the annual
6 distributions shall be four and seven-tenths percent of the
7 average of the year-end market values of the fund for the
8 immediately preceding five calendar years. "

9 Section 5. The amendments proposed by this resolution
10 shall be submitted to the people for their approval or rejection
11 at the next general election or at any special election prior to
12 that date which may be called for that purpose.

13 Section 6. The amendments proposed by Sections 2, 3 and 4
14 of this resolution shall not become effective without the
15 consent of the United States congress.

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 RESOLUTION 1

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

Respectfully submitted,

Jerry W. Sandel, Chairman

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FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

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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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SECOND SESSION, 1996

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FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

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February 7, 1996

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10 Mr. President:

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Your WAYS AND MEANS COMMITTEE, to whom has been
referred

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HOUSE JOINT RESOLUTION 1

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has had it under consideration and reports same with
recommendation that it DO PASS, and thence referred to the
FINANCE COMMITTEE.

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Respectfully submitted,

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TITO D. CHAVEZ, Chairman

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SECOND SESSION, 1996

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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 4 For 1 Against

Yes: 4

No: Rawson

Excused: Campos, Riley, Wiener

Absent: None

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SECOND SESSION, 1996

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FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

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February 8, 1996

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10 Mr. President:

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Your FINANCE COMMITTEE, to whom has been referred

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HOUSE JOINT RESOLUTION 1

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has had it under consideration and reports same with

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recommendation that it DO PASS.

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Respectfully submitted,

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Ben D. Altamirano, Chairman

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Adopted _____

Not Adopted _____

(Chief Clerk)

(Chief Clerk)

FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

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Date _____

The roll call vote was 8 For 0 Against

Yes: 8

No: 0

Excused: Aragon, Ingle, Kidd, Kysar, Sanchez

Absent: None

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