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HOUSE MEMORIAL 51

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

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A MEMORIAL

REQUESTING THE STATE INVESTMENT COUNCIL TO OFFER INFORMATION
AND IF REQUESTED, OPEN A DIALOGUE WITH MEMBERS OF OTHER STATES
AND THE FEDERAL GOVERNMENT RELATING TO NEW MEXICO'S SUCCESS IN
LONG-TERM INVESTMENT STRATEGIES.

WHEREAS, the congress of the United States transferred
thirteen million four hundred thousand acres to the territory
of New Mexico under the Fergusson Act of 1898 and the Federal
Enabling Act of 1910 in anticipation of statehood; and

WHEREAS, these lands are held in trust for the benefit of
the public schools and nineteen other specifically identified
state institutions; and

WHEREAS, the trust lands are administered by the state
land office, and the non-renewable revenues from the trust
lands have become the land grant permanent fund; and

underscored material = new
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underscored material = new
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1 WHEREAS, from the inception of the trust until 1976, the
2 royalties and land sales from the trust lands amassed over six
3 hundred fifty million dollars (\$650,000,000) in the land grant
4 permanent fund; and

5 WHEREAS, in 1976 the citizens of New Mexico dedicated
6 one-half of the state severance tax revenues to a severance
7 tax permanent fund, to be administered by the state investment
8 council; and

9 WHEREAS, the combined land grant and severance tax
10 permanent funds now total over eleven billion dollars
11 (\$11,000,000,000); and

12 WHEREAS, corporate stocks and bonds, mortgage-backed
13 securities and asset-backed securities have historically been
14 part of both funds's portfolios under cautious statutory
15 requirements; and

16 WHEREAS, in 1996 the citizens of New Mexico approved a
17 constitutional amendment that modernized the management
18 practices of the funds and allowed restructuring and
19 investment comparable to other professionally managed
20 endowment funds; and

21 WHEREAS, in fiscal year 1998, the total rate of return on
22 the permanent funds was twenty-one and five-tenths percent,
23 which increased the value of the funds by one billion seven
24 hundred million dollars (\$1,700,000,000); and

25 WHEREAS, over the last ten years, the permanent funds'

underscored material = new
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1 total return on equities was nineteen and three-tenths percent
2 per year and the total return on fixed income was nine and
3 six-tenths percent per year; and

4 WHEREAS, New Mexico's two permanent funds have become a
5 model for a number of other states with permanent funds that
6 are revising their constitutional and statutory restrictions
7 based on New Mexico's example; and

8 WHEREAS, the president of the United States and the
9 congress have expressed a desire to diversify the social
10 security trust fund and improve the rate of return through
11 expanded investment in the private sector; and

12 WHEREAS, New Mexico's experience and long-term investment
13 strategy may serve as a model for other states or the federal
14 government;

15 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF
16 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the state
17 investment council and staff offer information and if
18 requested open a dialogue on long-term investment strategy
19 with members of other states or members of the federal
20 government; and

21 BE IT FURTHER RESOLVED that copies of this memorial be
22 distributed to the members of the New Mexico congressional
23 delegation and to the state investment council.