

1 HOUSE JOINT MEMORIAL 27

2 47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

3 INTRODUCED BY

4 John A. Heaton

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8 FOR THE STATE PERMANENT FUND TASK FORCE

9
10 A JOINT MEMORIAL

11 REQUESTING THE LEGISLATURE TO REFRAIN FROM "SWEEPING" YEAR-END
12 SEVERANCE TAX REVENUES.

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14 WHEREAS, the severance taxes attributable to the
15 extraction of New Mexico's natural resources have been a
16 valuable revenue source for the creation and growth of the
17 severance tax permanent fund and for funding bonded
18 indebtedness for capital projects throughout the state; and

19 WHEREAS, the severance tax permanent fund is regarded as a
20 "rainy day" fund for the time when New Mexico's natural
21 resources are depleted and severance tax collections will
22 cease; and

23 WHEREAS, annual distributions from the severance tax
24 permanent fund to the general fund based on the value of the
25 severance tax permanent fund provide a significant revenue

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1 stream for funding state operations; and

2 WHEREAS, the continued growth of the severance tax
3 permanent fund is essential to the future welfare of the
4 residents of New Mexico; and

5 WHEREAS, the state permanent fund task force undertook a
6 thorough review of the severance tax permanent fund and the
7 associated contributions, investment performance and
8 distributions; and

9 WHEREAS, current law provides that up to ninety-five
10 percent of the prior year's severance tax revenues may be used
11 to finance bonded indebtedness and the remainder of the revenue
12 is to be deposited into the severance tax permanent fund; and

13 WHEREAS, beginning in 2003, notwithstanding the statutory
14 limitation, the legislature has annually authorized the
15 allocation of the remaining severance tax revenue for issuance
16 of additional supplemental severance tax bonds; and

17 WHEREAS, this practice, known as the "sweep" of year-end
18 revenues, has resulted in a cumulative diversion of more than
19 two hundred million dollars (\$200,000,000) from the severance
20 tax permanent fund;

21 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
22 STATE OF NEW MEXICO that it refrain from future authorizations
23 to "sweep" year-end severance tax revenues that would allow
24 bonded indebtedness in excess of ninety-five percent of prior
25 year revenues; and

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1 BE IT FURTHER RESOLVED that copies of this memorial be
2 transmitted to the president pro tempore of the senate and the
3 speaker of the house of representatives.

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