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AN ACT

RELATING TO THE INVESTMENT OF PUBLIC MONEY; ALLOWING
ADDITIONAL INVESTMENTS FOR CERTAIN LOCAL GOVERNMENT PERMANENT
FUNDS.

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

Section 1. Section 6-6-19 NMSA 1978 (being Laws 1989,
Chapter 276, Section 3, as amended) is amended to read:

"6-6-19. LOCAL GOVERNMENT PERMANENT FUND.--

A. The local governing body of a county or
municipality may by ordinance establish a local government
permanent fund and a local government income fund.

B. The local government permanent fund shall
constitute a fund in the treasury of the county or
municipality into which may be deposited at the end of a
fiscal year an amount of the unappropriated general fund
surplus. The amount that may be deposited into the local
government permanent fund is any portion of the
unappropriated general fund surplus that is in excess of
fifty percent of the prior fiscal year's budget of the county
or municipality. Money in the permanent fund may be
appropriated or expended only pursuant to approval of the
voters of the county or municipality as provided in
Subsection E of this section.

C. Money in the local government permanent fund

1 may be invested by the local board of finance for the county
2 or municipality in the types of investments specified in
3 Section 6-10-10 NMSA 1978 and as specified in Sections
4 6-10-36 and 6-10-44 NMSA 1978. Earnings from the investment
5 of the permanent fund shall be deposited in the local
6 government income fund in the treasury of the county or
7 municipality. Money in the income fund may be budgeted and
8 appropriated by the local governing body for expenditure for
9 any purpose of the county or municipality or may be deposited
10 in the permanent fund.

11 D. A local government permanent fund shall be
12 invested as follows:

13 (1) if the fund is less than forty million
14 dollars (\$40,000,000), it shall be invested as other funds of
15 the local government; and

16 (2) if the fund is forty million dollars
17 (\$40,000,000) or over, it may be invested as funds of class A
18 counties are invested and, if the fund is managed by an
19 investment advisor that is registered with the federal
20 securities and exchange commission and that currently manages
21 assets with a value of at least five hundred million dollars
22 (\$500,000,000), the fund may also be invested in the
23 following:

24 (a) corporate debt securities, provided
25 that: 1) the total amount invested in securities issued by

1 the same corporation or related corporate affiliates shall
2 not exceed five percent of the market value of the permanent
3 fund; 2) the securities shall be denominated in United States
4 currency; and 3) the securities shall be rated investment
5 grade AA or higher by a national rating service;

6 (b) asset-backed securities,
7 mortgage-backed securities, collateralized mortgage
8 obligations or commercial mortgage-backed securities,
9 provided that: 1) the total amount invested pursuant to this
10 subparagraph shall not exceed five percent of the market
11 value of the permanent fund; 2) the securities shall be
12 denominated in United States currency; and 3) the securities
13 shall be rated investment grade AA or higher by a national
14 rating service;

15 (c) corporate equities, provided that:
16 1) the total amount invested in the equities of any one
17 corporation shall not exceed five percent of the market value
18 of the permanent fund; 2) the total amount invested pursuant
19 to this subparagraph shall not exceed fifteen percent of the
20 market value of the permanent fund; and 3) the equities shall
21 be listed on a national stock exchange; or

22 (d) exchange traded funds and mutual
23 funds, provided that: 1) an investment shall not be made in
24 a fund of which more than five percent of its value is
25 invested in the equity or debt securities of any one issuer;

1 and 2) other than investments in funds wholly composed of
2 fixed income securities, the total amount invested pursuant
3 to this subparagraph shall not exceed fifteen percent of the
4 market value of the permanent fund.

5 E. The governing body of a county or municipality
6 may adopt a resolution calling for an election on the
7 question of expenditure of any amount of the local government
8 permanent fund for a specified county or municipal purpose.
9 The election shall be held within sixty days after the action
10 of the governing body. The election shall be called,
11 conducted, counted and canvassed substantially in the manner
12 provided by law for general elections within the county or
13 special municipal elections under the Municipal Election
14 Code. If a majority of the registered voters of the county
15 or municipality voting on the question votes for the
16 expenditure of a specified amount of the local government
17 permanent fund for a specified county or municipal purpose,
18 then that amount of money shall be available for
19 appropriation and expenditure by the county or municipality
20 for that purpose. If a majority of the registered voters of
21 the county or municipality voting on the question votes
22 against the expenditure of a specified amount of the local
23 government permanent fund for a specified county or municipal
24 purpose, then money in the local government permanent fund
25 shall not be expended or appropriated for that purpose.

1 Following an election at which the question was not approved,
2 the question shall not again be submitted to the voters of
3 that county or municipality within one year of the date of
4 that election."

5 Section 2. Section 6-10-61 NMSA 1978 (being Laws 1923,
6 Chapter 76, Section 32) is amended to read:

7 "6-10-61. PERMANENT FUND INVESTMENT LAWS NOT
8 AFFECTED.--Nothing in Chapter 6, Article 10 NMSA 1978 shall be
9 construed to prevent the investment in a manner as may be
10 provided by law of any permanent funds of the state or of any
11 county, city, town or board in control in the state."

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