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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/13
LAST UPDATED 02/14/13 **HB** 20/aHEC

SPONSOR Gonzales/Keller

SHORT TITLE Equity Investments for College Endowments **SB** _____

ANALYST Roberts

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
NFI	NFI	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 New Mexico State University (NMSU)
 Department of Finance and Administration (DFA)
 University of New Mexico Foundation

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendments to House Bill 20 are:

- On page 3, line 16 strike “including” and insert in lieu thereof: “which may include”, and
- On page 3, line 17, after “Mexico”, insert a period and strike the remainder of the line and strike line 18 “through Mexico”.

Synopsis of Original Bill

House Bill 20 would amend Section 22-1-38 NMSA 1978 to add in definitions, requirements for adoption of investment policy for investing endowment funds that would provide for equity investments of educational institutions’ endowment funds for economic development in New Mexico.

FISCAL IMPLICATIONS

No fiscal impact.

SIGNIFICANT ISSUES

The HED notes that this bill will expand the areas of investment allowed by the New Mexico Higher Education Institutions (HEIs) for their endowment funds and will also add the ability to invest endowment funds in equity investments opportunities and economic development in New Mexico.

The UNM cites that the institution’s foundation and board of regents already have a jointly approved endowment investment policy and experience investment committee. The current policy does not preclude ‘equity investment for economic development in New Mexico’, but does not specifically address that type of investment.

The bill does not address endowment funds held by institutional foundations, whose boards may not fall within the definition of 6-10-9 NMSA 1978. As noted by NMSU, such boards were formed under the I.R.C. 501(c) (3).

ADMINISTRATIVE IMPLICATIONS

The HED, as the state agency charged with financial oversight of institutions, will be responsible for overseeing whether boards have adopted policies consistent with the bill if enacted.

MIR/svb