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AN ACT

RELATING TO FINANCE; MAKING A DISTRIBUTION FROM THE TOBACCO SETTLEMENT PERMANENT FUND TO THE TOBACCO SETTLEMENT PROGRAM FUND.

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

SECTION 1. Section 6-4-9 NMSA 1978 (being Laws 1999, Chapter 207, Section 1, as amended) is amended to read:

"6-4-9. TOBACCO SETTLEMENT PERMANENT FUND--INVESTMENT--DISTRIBUTION.--

A. The "tobacco settlement permanent fund" is created in the state treasury. The fund shall consist of money distributed to the state pursuant to the master settlement agreement entered into between tobacco product manufacturers and various states, including New Mexico, and executed November 23, 1998 or any money released to the state from a qualified escrow fund or otherwise paid to the state as authorized by Sections 6-4-12 and 6-4-13 NMSA 1978, enacted pursuant to the master settlement agreement or as otherwise authorized by law. Money in the fund shall be invested by the state investment officer in accordance with the limitations in Article 12, Section 7 of the constitution of New Mexico. Income from investment of the fund shall be credited to the fund. Money in the fund shall not be expended for any purpose, except as provided in this section.

1           B. In fiscal year 2007 and in each fiscal year  
2 thereafter, an annual distribution shall be made from the  
3 tobacco settlement permanent fund to the tobacco settlement  
4 program fund of an amount equal to fifty percent of the total  
5 amount of money distributed to the tobacco settlement  
6 permanent fund in that fiscal year until that amount is less  
7 than an amount equal to four and seven-tenths percent of the  
8 average of the year-end market values of the tobacco  
9 settlement permanent fund for the immediately preceding five  
10 calendar years. Thereafter, the amount of the annual  
11 distribution shall be four and seven-tenths percent of the  
12 average of the year-end market values of the tobacco  
13 settlement permanent fund for the immediately preceding five  
14 calendar years. In the event that the actual amount  
15 distributed to the tobacco settlement program fund in a  
16 fiscal year is insufficient to meet appropriations from that  
17 fund for that fiscal year, the secretary of finance and  
18 administration shall proportionately reduce each  
19 appropriation accordingly.

20           C. In addition to the distribution made pursuant  
21 to Subsection B of this section, in fiscal years 2009 through  
22 2013 and 2016, the remaining fifty percent of the total  
23 amount of money distributed to the tobacco settlement  
24 permanent fund in that fiscal year shall be distributed from  
25 the tobacco settlement permanent fund to the tobacco

1 settlement program fund.

2 D. In addition to the distribution made pursuant  
3 to Subsections B and E of this section, in fiscal year 2014,  
4 twenty-five percent of the total amount of money distributed  
5 pursuant to the master settlement agreement to the tobacco  
6 settlement permanent fund in that fiscal year shall be  
7 distributed from the tobacco settlement permanent fund to the  
8 lottery tuition fund.

9 E. In addition to the distribution made pursuant  
10 to Subsections B and D of this section, in fiscal year 2014,  
11 twenty-five percent of the total amount of money distributed  
12 to the tobacco settlement permanent fund in that fiscal year  
13 shall be distributed from the tobacco settlement permanent  
14 fund to the tobacco settlement program fund for appropriation  
15 for direct services provided by early childhood care and  
16 education programs administered by the children, youth and  
17 families department.

18 F. The tobacco settlement permanent fund shall be  
19 considered a reserve fund of the state and, as a reserve  
20 fund, may be expended in the event that general fund  
21 balances, including all authorized revenues and transfers to  
22 the general fund and balances in the general fund operating  
23 reserve, the appropriation contingency fund and the tax  
24 stabilization reserve, will not meet the level of  
25 appropriations authorized from the general fund for a fiscal

1 year. In that event, in order to avoid an unconstitutional  
2 deficit, the legislature may authorize a transfer from the  
3 tobacco settlement permanent fund to the general fund but  
4 only in an amount necessary to meet general fund  
5 appropriations."

6 SECTION 2. EFFECTIVE DATE.--The effective date of the  
7 provisions of this act is July 1, 2015. \_\_\_\_\_

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