

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AN ACT

RELATING TO STATE RESERVE FUNDS; PROVIDING FOR THE TRANSFER OF A PORTION OF THE BALANCE IN THE TAX STABILIZATION RESERVE IF THE BALANCE IN THE GENERAL FUND OPERATING RESERVE IS LESS THAN ONE PERCENT OF AGGREGATE APPROPRIATIONS.

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

SECTION 1. Section 6-4-2.2 NMSA 1978 (being Laws 1987, Chapter 347, Section 3, as amended) is amended to read:

"6-4-2.2. GENERAL FUND TAX STABILIZATION RESERVE.--

A. The "tax stabilization reserve" is created within the state treasury as a reserve fund of the state.

B. The tax stabilization reserve consists of money directed or appropriated to it by law and all income from investment of the reserve. The state investment officer, subject to the approval of the state investment council, shall invest money in the reserve:

(1) in accordance with the prudent investor rule set forth in the Uniform Prudent Investor Act; and

(2) in consultation with the state treasurer.

C. The state investment officer shall report quarterly to the legislative finance committee and the state investment council on the investments made pursuant to this section. Annually, a report shall be submitted no later than

1 October 1 each year to the legislative finance committee, the
2 revenue stabilization and tax policy committee and any other
3 appropriate interim committees.

4 D. Except as otherwise provided in Subsection E of
5 this section and Subsection B of Section 6-4-4 NMSA 1978, any
6 balance of the tax stabilization reserve may be:

7 (1) appropriated only by a two-thirds'
8 majority vote of both houses of the legislature following
9 receipt by the legislature of a declaration of the governor
10 that such an appropriation is necessary for the public peace,
11 health and safety; or

12 (2) expended by the governor only:

13 (a) pursuant to an appropriation made
14 by a two-thirds' majority vote of both houses of the
15 legislature specifying the amount of the appropriation and
16 the purpose of the expenditure; and

17 (b) if the governor declares that the
18 expenditure is necessary for the public peace, health and
19 safety.

20 E. If general fund revenues, including all
21 transfers to the general fund authorized by law, are
22 projected by the governor to be insufficient either to meet
23 the level of appropriations authorized by law from the
24 general fund for the current fiscal year or to meet the level
25 of appropriations recommended in the budget and

1 appropriations bill submitted in accordance with Section
2 6-3-21 NMSA 1978 for the next fiscal year, the balance in the
3 tax stabilization reserve may be appropriated by the
4 legislature up to the amount of the projected insufficiency
5 for either or both fiscal years."

6 SECTION 2. Section 6-4-4 NMSA 1978 (being Laws 1987,
7 Chapter 347, Section 4, as amended) is amended to read:

8 "6-4-4. TRANSFERS BETWEEN GENERAL FUND RESERVES.--

9 A. For the seventy-seventh and subsequent fiscal
10 years, if the revenues of the general fund exceed the total
11 of appropriations from the general fund, the excess revenue
12 shall be transferred to the general fund operating reserve;
13 provided that if the sum of the excess revenue plus the
14 balance in the general fund operating reserve prior to the
15 transfer is greater than eight percent of the aggregate
16 recurring appropriations from the general fund for the
17 previous fiscal year, then an amount equal to the smaller of
18 either the amount of the excess revenue or the difference
19 between the sum and eight percent of the aggregate recurring
20 appropriations from the general fund for the previous fiscal
21 year shall be transferred to the tax stabilization reserve.

22 B. If the balance in the general fund operating
23 reserve as of the end of a fiscal year is less than one
24 percent of aggregate general fund appropriations for that
25 fiscal year, as determined by the department of finance and

1 administration, then an amount equal to the smaller of either
2 one percent of aggregate general fund appropriations for that
3 fiscal year or the amount necessary to bring the balance of
4 the general fund operating reserve to one percent of aggregate
5 general fund appropriations for that fiscal year shall be
6 transferred from the tax stabilization reserve to the general
7 fund operating reserve." _____

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25