

HOUSE BILL 341

**54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020**

INTRODUCED BY

Patricia A. Lundstrom and Joseph L. Sanchez and

Candie G. Sweetser

This document incorporates amendments that have been adopted during the current legislative session. The document is a tool to show the amendments in context and is not to be used for the purpose of amendments.

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.

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

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

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

(2) expended by the governor only:

(a) pursuant to an appropriation made by

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a two-thirds' majority vote of both houses of the legislature specifying the amount of the appropriation and the purpose of the expenditure; and

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

E. If general fund revenues, including all transfers to the general fund authorized by law, are projected by the governor to be insufficient either to meet the level of appropriations authorized by law from the general fund for the current fiscal year or to meet the level of appropriations recommended in the budget and appropriations bill submitted in accordance with Section 6-3-21 NMSA 1978 for the next fiscal year, the balance in the tax stabilization reserve may be appropriated by the legislature up to the amount of the projected insufficiency for either or both fiscal years."

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

"6-4-4. [~~RESERVATION OF EXCESS~~] TRANSFERS BETWEEN GENERAL FUND [REVENUES] RESERVES.--

A. For the seventy-seventh and subsequent fiscal years, if the revenues of the general fund exceed the total of appropriations from the general fund, the excess revenue shall be transferred to the general fund operating reserve; provided that if the sum of the excess revenue plus the balance in the

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general fund operating reserve prior to the transfer is greater than eight percent of the aggregate recurring appropriations from the general fund for the previous fiscal year, then an amount equal to the smaller of either the amount of the excess revenue or the difference between the sum and eight percent of the aggregate recurring appropriations from the general fund for the previous fiscal year shall be transferred to the tax stabilization reserve.

B. If the balance in the general fund operating reserve HTRC→at←HTRC HTRC→as of←HTRC the end of HTRC→the current←HTRC HTRC→a←HTRC fiscal year is less than one percent of aggregate general fund appropriations for HTRC→the current←HTRC HTRC→that←HTRC fiscal year, as determined by the department of finance and administration, then an amount equal to the smaller of either one percent of aggregate general fund appropriations for HTRC→the current←HTRC HTRC→that←HTRC fiscal year or the amount necessary to bring the balance of the general fund operating reserve to one percent of aggregate general fund appropriations for HTRC→the current←HTRC HTRC→that←HTRC fiscal year shall be transferred from the tax stabilization reserve to the general fund operating reserve."