

1 HOUSE BILL 341

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020**

3 INTRODUCED BY

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10 AN ACT

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

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

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

19 "6-4-2.2. GENERAL FUND TAX STABILIZATION RESERVE.--

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

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

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1 invest money in the reserve:

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

4 (2) in consultation with the state treasurer.

5 C. The state investment officer shall report
6 quarterly to the legislative finance committee and the state
7 investment council on the investments made pursuant to this
8 section. Annually, a report shall be submitted no later than
9 October 1 each year to the legislative finance committee, the
10 revenue stabilization and tax policy committee and any other
11 appropriate interim committees.

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

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

20 (2) expended by the governor only:

21 (a) pursuant to an appropriation made by
22 a two-thirds' majority vote of both houses of the legislature
23 specifying the amount of the appropriation and the purpose of
24 the expenditure; and

25 (b) if the governor declares that the

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1 expenditure is necessary for the public peace, health and
2 safety.

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

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

15 "6-4-4. [~~RESERVATION OF EXCESS~~] TRANSFERS BETWEEN GENERAL
16 FUND [REVENUES] RESERVES.--

17 A. For the seventy-seventh and subsequent fiscal
18 years, if the revenues of the general fund exceed the total of
19 appropriations from the general fund, the excess revenue shall
20 be transferred to the general fund operating reserve; provided
21 that if the sum of the excess revenue plus the balance in the
22 general fund operating reserve prior to the transfer is greater
23 than eight percent of the aggregate recurring appropriations
24 from the general fund for the previous fiscal year, then an
25 amount equal to the smaller of either the amount of the excess

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1 revenue or the difference between the sum and eight percent of
2 the aggregate recurring appropriations from the general fund
3 for the previous fiscal year shall be transferred to the tax
4 stabilization reserve.

5 B. If the balance in the general fund operating
6 reserve at the end of the current fiscal year is less than one
7 percent of aggregate general fund appropriations for the
8 current fiscal year, as determined by the department of finance
9 and administration, then an amount equal to the smaller of
10 either one percent of aggregate general fund appropriations for
11 the current fiscal year or the amount necessary to bring the
12 balance of the general fund operating reserve to one percent of
13 aggregate general fund appropriations for the current fiscal
14 year shall be transferred from the tax stabilization reserve to
15 the general fund operating reserve."

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