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F I S C A L I M P A C T R E P O R T

SPONSOR: McSorley DATE TYPED: 01/30/02 HB

SHORT TITLE: Increase Permanent School Fund Distribution SJM 30

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	**FY03**			
	$0.1	See Narrative	Recurring	Land Grant Permanent Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Companion to SJR 11
Relates to HJM 30, HJR 12, HJM 44, HJR 15

SOURCES OF INFORMATION

State Investment Council (SIC)
LFC files

SUMMARY

Synopsis of Bill

Senate Joint Memorial 30 requests the Congress of the United States to consent to the amendment of the New Mexico Constitution to increase the annual distribution from the Land Grant Permanent Fund (LGPF) from 4.7 percent to 6 percent. The land grants are held in trust for the beneficiaries and distributions from the fund are made as provided in Article 12 Section 7 of the New Mexico Constitution.

Significant Issues

The Enabling Act for New Mexico and Article 21, Section 9 and Article 19, Section 4 of the New Mexico Constitution requires the consent of the United States Congress for increased distributions from the LGPF.

FISCAL IMPLICATIONS

According to the SIC, it is highly probable that the extra distributions will not allow the LGPF to keep pace with inflation and the purchasing power of the LGPF will decrease over time. In addition, although the public schools will see increased distributions under the new formula versus the existing formula, the difference will decrease over time. In FY 2028 and future years, the difference in the two formulas will invert, i.e. the annual distributions will be less under the new formula than they would be under the current 4.7% formula. Also, the fund will lose value in real terms (i.e. adjusted for inflation).

SN/ar/njw