

HOUSE JOINT RESOLUTION 14

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

Keith J. Gardner

A JOINT RESOLUTION

PROPOSING TO AMEND ARTICLE 12, SECTION 7 OF THE CONSTITUTION OF
NEW MEXICO TO ELIMINATE THE ADDITIONAL DISTRIBUTION FROM THE
PERMANENT FUNDS TO THE BENEFICIARIES.

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

Section 1. It is proposed to amend Article 12, Section 7
of the constitution of New Mexico to read:

"A. As used in this section, "fund" means the
permanent school fund described in Section 2 of this article
and all other permanent funds derived from lands granted or
confirmed to the state by the act of congress of June 20, 1910,
entitled "An act to enable the people of New Mexico to form a
constitution and state government and be admitted into the
union on an equal footing with the original states."

B. The fund shall be invested by the state

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1 investment officer in accordance with policy regulations
2 promulgated by the state investment council.

3 C. In making investments, the state investment
4 officer, under the supervision of the state investment council,
5 shall exercise the judgment and care under the circumstances
6 then prevailing that businessmen of ordinary prudence,
7 discretion and intelligence exercise in the management of their
8 own affairs not in regard to speculation but in regard to the
9 permanent disposition of their funds, considering the probable
10 income as well as the probable safety of their capital.

11 D. The legislature may establish criteria for
12 investing the fund if the criteria are enacted by a
13 [~~three-fourths~~] three-fourths' vote of the members elected to
14 each house, but investment of the fund is subject to the
15 following restrictions:

16 (1) not more than sixty-five percent of the
17 book value of the fund shall be invested at any given time in
18 corporate stocks;

19 (2) not more than ten percent of the voting
20 stock of a corporation shall be held;

21 (3) stocks eligible for purchase shall be
22 restricted to those stocks of businesses listed upon a national
23 stock exchange or included in a nationally recognized list of
24 stocks; and

25 (4) not more than fifteen percent of the book

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1 value of the fund may be invested in international securities
2 at any single time.

3 E. All additions to the fund and all earnings,
4 including interest, dividends and capital gains from investment
5 of the fund, shall be credited to the fund.

6 F. ~~[Except as provided in Subsection G of this~~
7 ~~section]~~ The annual distributions from the fund shall be ~~[five]~~
8 four and seven-tenths percent of the average of the year-end
9 market values of the fund for the immediately preceding five
10 calendar years.

11 ~~[G. In addition to the annual distribution made~~
12 ~~pursuant to Subsection F of this section, unless suspended~~
13 ~~pursuant to Subsection H of this section, an additional annual~~
14 ~~distribution shall be made pursuant to the following schedule;~~
15 ~~provided that no distribution shall be made pursuant to the~~
16 ~~provisions of this subsection in any fiscal year if the average~~
17 ~~of the year-end market values of the fund for the immediately~~
18 ~~preceding five calendar years is less than five billion eight~~
19 ~~hundred million dollars (\$5,800,000,000):~~

20 ~~(1) in fiscal years 2005 through 2012, an~~
21 ~~amount equal to eight-tenths percent of the average of the~~
22 ~~year-end market values of the fund for the immediately~~
23 ~~preceding five calendar years; provided that any additional~~
24 ~~distribution from the permanent school fund pursuant to this~~
25 ~~paragraph shall be used to implement and maintain educational~~

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1 ~~reforms as provided by law; and~~

2 ~~(2) in fiscal years 2013 through 2016, an~~
3 ~~amount equal to one-half percent of the average of the year-end~~
4 ~~market values of the fund for the immediately preceding five~~
5 ~~calendar years; provided that any additional distribution from~~
6 ~~the permanent school fund pursuant to this paragraph shall be~~
7 ~~used to implement and maintain educational reforms as provided~~
8 ~~by law.~~

9 ~~H. The legislature, by a three-fifths' vote of the~~
10 ~~members elected to each house, may suspend any additional~~
11 ~~distribution provided for in Subsection G of this section.]"~~

12 Section 2. The amendment proposed by this resolution
13 shall be submitted to the people for their approval or
14 rejection at the next general election or at any special
15 election prior to that date that may be called for that
16 purpose.

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