

1 SENATE JOINT RESOLUTION 18

2 **48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008**

3 INTRODUCED BY

4 Cynthia Nava

5  
6  
7  
8  
9  
10 A JOINT RESOLUTION

11 PROPOSING AN AMENDMENT TO ARTICLE 12, SECTION 7 OF THE  
12 CONSTITUTION OF NEW MEXICO TO PROVIDE FOR A ONE-TIME  
13 DISTRIBUTION FROM THE PERMANENT SCHOOL FUND TO IMPLEMENT THE  
14 NEW PUBLIC SCHOOL FUNDING FORMULA.

15  
16 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

19 "A. As used in this section, "fund" means the  
20 permanent school fund described in Article 12, Section 2 of  
21 this [~~article~~] constitution and all other permanent funds  
22 derived from lands granted or confirmed to the state by the act  
23 of congress of June 20, 1910, entitled "An act to enable the  
24 people of New Mexico to form a constitution and state  
25 government and be admitted into the union on an equal footing

.172470.1

underscored material = new  
[bracketed material] = delete

underscored material = new  
[bracketed material] = delete

1 with the original states".

2 B. The fund shall be invested by the state  
3 investment officer in accordance with policy regulations  
4 promulgated by the state investment council.

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

14 D. The legislature may establish criteria for  
15 investing the fund if the criteria are enacted by a  
16 three-fourths vote of the members elected to each house, but  
17 investment of the fund is subject to the following  
18 restrictions:

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

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

24 (3) stocks eligible for purchase shall be  
25 restricted to those stocks of businesses listed upon a national

.172470.1

underscored material = new  
[bracketed material] = delete

1 stock exchange or included in a nationally recognized list of  
2 stocks; and

3 (4) not more than fifteen percent of the book  
4 value of the fund may be invested in international securities  
5 at any single time.

6 E. All additions to the fund and all earnings,  
7 including interest, dividends and capital gains from investment  
8 of the fund shall be credited to the fund.

9 F. Except as provided in [~~Subsection~~] Subsections G  
10 and H of this section, the annual distributions from the fund  
11 shall be five percent of the average of the year-end market  
12 values of the fund for the immediately preceding five calendar  
13 years.

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

23 (1) in fiscal years 2005 through 2012, an  
24 amount equal to eight-tenths percent of the average of the  
25 year-end market values of the fund for the immediately

.172470.1

underscored material = new  
[bracketed material] = delete

1 preceding five calendar years; provided that any additional  
2 distribution from the permanent school fund pursuant to this  
3 paragraph shall be used to implement and maintain educational  
4 reforms as provided by law; and

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

12 H. In addition to the annual distributions made in  
13 Subsections F and G of this section, an additional distribution  
14 of five hundred million dollars (\$500,000,000) from the fund  
15 shall be made in fiscal year 2009.

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

19 Section 2. The amendment proposed by this resolution  
20 shall be submitted to the people for their approval or  
21 rejection at the next general election or at any special  
22 election prior to that date that may be called for that  
23 purpose.