

1 SENATE BILL 367

2 **50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

3 INTRODUCED BY

4 Timothy Z. Jennings

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10 AN ACT

11 RELATING TO THE INVESTMENT OF PUBLIC MONEY; ALLOWING ADDITIONAL  
12 INVESTMENTS FOR CERTAIN LOCAL GOVERNMENT PERMANENT FUNDS.

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

15 SECTION 1. Section 6-6-19 NMSA 1978 (being Laws 1989,  
16 Chapter 276, Section 3, as amended) is amended to read:

17 "6-6-19. LOCAL GOVERNMENT PERMANENT FUND.--

18 A. The local governing body of a county or  
19 municipality may by ordinance establish a local government  
20 permanent fund and a local government income fund.

21 B. The local government permanent fund shall  
22 constitute a fund in the treasury of the county or municipality  
23 into which may be deposited at the end of a fiscal year an  
24 amount of the unappropriated general fund surplus. The amount  
25 that may be deposited into the local government permanent fund

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1 is any portion of the unappropriated general fund surplus that  
2 is in excess of fifty percent of the prior fiscal year's budget  
3 of the county or municipality. Money in the permanent fund may  
4 be appropriated or expended only pursuant to approval of the  
5 voters of the county or municipality as provided in Subsection  
6 E of this section.

7 C. Money in the local government permanent fund may  
8 be invested by the local board of finance for the county or  
9 municipality in the types of investments specified in Section  
10 6-10-10 NMSA 1978 and as specified in Sections 6-10-36 and  
11 6-10-44 NMSA 1978, except as provided in Paragraph (2) of  
12 Subsection D of this section. Earnings from the investment of  
13 the permanent fund shall be deposited in the local government  
14 income fund in the treasury of the county or municipality.  
15 Money in the income fund may be budgeted and appropriated by  
16 the local governing body for expenditure for any purpose of the  
17 county or municipality or may be deposited in the permanent  
18 fund.

19 D. Investment authority for a local government  
20 permanent fund shall be as follows:

21 (1) if the fund is less than [~~ten million~~  
22 ~~dollars (\$10,000,000)~~] forty million dollars (\$40,000,000), it  
23 shall be invested as other funds of the local government; and

24 (2) if the fund is [~~ten million dollars~~  
25 ~~(\$10,000,000)~~] forty million dollars (\$40,000,000) or over, it

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1 may be invested as funds of class A counties are invested and,  
2 if the fund is managed by an investment advisor that is  
3 registered with the federal securities and exchange commission  
4 and that currently manages assets with a value of at least five  
5 hundred million dollars (\$500,000,000), the fund may also be  
6 invested in the following:

7 (a) corporate debt securities, provided  
8 that: 1) the total amount invested in securities issued by the  
9 same corporation or related corporate affiliates shall not  
10 exceed five percent of the market value of the permanent fund;  
11 2) the securities shall be denominated in United States  
12 currency; 3) the securities shall be rated AA- or higher by a  
13 nationally recognized statistical rating organization; 4) the  
14 final maturity of the securities may not exceed five years; and  
15 5) the total amount invested pursuant to this subparagraph and  
16 Subparagraph (b) of this paragraph in the aggregate shall not  
17 exceed thirty percent of the market value of the permanent  
18 fund;

19 (b) commercial paper, provided that: 1)  
20 the total amount invested in securities issued by the same  
21 corporation or related corporate affiliates shall not exceed  
22 five percent of the market value of the permanent fund; 2) the  
23 securities shall be denominated in United States currency; 3)  
24 the securities shall be rated in the highest rating category by  
25 a nationally recognized statistical rating organization; 4) the

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1 final maturity of the securities may not exceed two hundred  
2 seventy days; and 5) the total amount invested pursuant to this  
3 subparagraph and Subparagraph (a) of this paragraph in the  
4 aggregate shall not exceed thirty percent of the market value  
5 of the permanent fund; and

6 (c) asset-backed securities, mortgage-  
7 backed securities, collateralized mortgage obligations or  
8 commercial mortgage-backed securities, provided that: 1) the  
9 total amount invested pursuant to this subparagraph shall not  
10 exceed five percent of the market value of the permanent fund;  
11 2) the securities shall be denominated in United States  
12 currency; 3) the securities shall be rated AAA by a nationally  
13 recognized statistical rating organization; and 4) the final  
14 stated maturity of the securities may not exceed ten years.

15 E. The governing body of a county or municipality  
16 may adopt a resolution calling for an election on the  
17 question of expenditure of any amount of the local government  
18 permanent fund for a specified county or municipal purpose.  
19 The election shall be held within sixty days after the action  
20 of the governing body. The election shall be called,  
21 conducted, counted and canvassed substantially in the manner  
22 provided by law for general elections within the county or  
23 special municipal elections under the Municipal Election  
24 Code. If a majority of the registered voters of the county  
25 or municipality voting on the question vote for the

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1 expenditure of a specified amount of the local government  
2 permanent fund for a specified county or municipal purpose,  
3 then that amount of money shall be available for  
4 appropriation and expenditure by the county or municipality  
5 for that purpose. If a majority of the registered voters of  
6 the county or municipality voting on the question vote  
7 against the expenditure of a specified amount of the local  
8 government permanent fund for a specified county or municipal  
9 purpose, then money in the local government permanent fund  
10 shall not be expended or appropriated for that purpose.  
11 Following an election at which the question was not approved,  
12 the question shall not again be submitted to the voters of  
13 that county or municipality within one year of the date of  
14 that election."

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