

HOUSE FLOOR SUBSTITUTE FOR
HOUSE JOINT RESOLUTION 1

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

A JOINT RESOLUTION

PROPOSING AN AMENDMENT TO ARTICLE 12, SECTION 7 OF THE
CONSTITUTION OF NEW MEXICO TO PROVIDE FOR AN ANNUAL
DISTRIBUTION FROM THE LAND GRANT PERMANENT FUNDS EQUAL TO FIVE
AND EIGHT-TENTHS PERCENT OF THE HISTORICAL AVERAGE OF THE VALUE
OF THE FUND AND THAT A PORTION OF THE AMOUNT DISTRIBUTED FROM
THE PERMANENT SCHOOL FUND WILL BE USED TO IMPLEMENT AND
MAINTAIN EDUCATION REFORMS AS PROVIDED BY LAW.

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 Article 12, Section 2 of
this ~~[article]~~ constitution and all other permanent funds
derived from lands granted or confirmed to the state by the act

.186510.2

underscored material = new
[bracketed material] = delete

1 of congress of June 20, 1910, entitled "An act to enable the
2 people of New Mexico to form a constitution and state
3 government and be admitted into the union on an equal footing
4 with the original states."

5 B. The fund shall be invested by the state
6 investment officer in accordance with policy regulations
7 promulgated by the state investment council.

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

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

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

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

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

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

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

11 F. Except as provided in Subsection G of this
12 section, the annual distributions from the fund shall be five
13 and eight-tenths percent of the average of the year-end market
14 values of the fund for the immediately preceding five calendar
15 years; provided that:

16 (1) if the average of the year-end market
17 values of the fund for the immediately preceding five calendar
18 years is less than five billion eight hundred million dollars
19 (\$5,800,000,000), the annual distributions from the fund during
20 the current calendar year shall be five percent of that
21 average; and

22 (2) except for calendar years in which there
23 is a five percent distribution pursuant to Paragraph (1) of
24 this subsection, an amount equal to eight-tenths percent of the
25 average of the year-end market values of the permanent school

.186510.2

1 fund for the immediately preceding five calendar years shall be
2 used to implement and maintain educational reforms as provided
3 by law.

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

13 ~~(1) in fiscal years 2005 through 2012, an~~
14 ~~amount equal to eight-tenths percent of the average of the~~
15 ~~year-end market values of the fund for the immediately~~
16 ~~preceding five calendar years; provided that any additional~~
17 ~~distribution from the permanent school fund pursuant to this~~
18 ~~paragraph shall be used to implement and maintain educational~~
19 ~~reforms as provided by law; and~~

20 ~~(2) in fiscal years 2013 through 2016, an~~
21 ~~amount equal to one-half percent of the average of the year-end~~
22 ~~market values of the fund for the immediately preceding five~~
23 ~~calendar years; provided that any additional distribution from~~
24 ~~the permanent school fund pursuant to this paragraph shall be~~
25 ~~used to implement and maintain educational reforms as provided~~

1 ~~by law.~~

2 ~~H.]~~ G. The legislature, by a three-fifths' vote of
3 the members elected to each house, may [~~suspend any additional~~]
4 reduce the distribution provided for in Subsection [~~G~~] F of
5 this section."

6 SECTION 2. The amendment proposed by this resolution
7 shall be submitted to the people for their approval or
8 rejection at the next general election or at any special
9 election prior to that date that may be called for that
10 purpose.

11 - 5 -

underscored material = new
[bracketed material] = delete