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SENATE JOINT RESOLUTION 10

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

INTRODUCED BY

Cynthia Nava

A JOINT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF NEW MEXICO TO
TEMPORARILY INCREASE THE DISTRIBUTION FROM THE LAND GRANT
PERMANENT FUNDS, TO REQUIRE A PORTION OF THE INCREASED
DISTRIBUTION FROM THE PERMANENT SCHOOL FUND TO BE USED FOR
EARLY CHILDHOOD EDUCATION PROGRAMS OPERATED BY THE PUBLIC
SCHOOLS OR PURSUANT TO CONTRACTS BETWEEN THE STATE AND PRIVATE
ENTITIES, TO INDEFINITELY EXTEND ANOTHER DISTRIBUTION, WITH THE
REQUIREMENT THAT THE PORTION OF THE DISTRIBUTION FROM THE
PERMANENT SCHOOL FUND BE USED TO IMPLEMENT AND MAINTAIN
EDUCATIONAL REFORMS AND TO SUSPEND THE DISTRIBUTIONS IF THE
AVERAGE VALUE OF THE FUNDS IS LESS THAN EIGHT BILLION DOLLARS
(\$8,000,000,000) OR IF THE LEGISLATURE, BY A VOTE OF THREE-
FIFTHS OF THE MEMBERS ELECTED TO EACH HOUSE, VOTES TO SUSPEND
THE DISTRIBUTION.

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

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

4 "A. As used in this section, "fund" means the
5 permanent school fund described in Article 12, Section 2 of
6 this [~~article~~] constitution and all other permanent funds
7 derived from lands granted or confirmed to the state by the act
8 of congress of June 20, 1910, entitled "An act to enable the
9 people of New Mexico to form a constitution and state
10 government and be admitted into the union on an equal footing
11 with the original states."

12 B. The fund shall be invested by the state
13 investment officer in accordance with policy regulations
14 promulgated by the state investment council.

15 C. In making investments, the state investment
16 officer, under the supervision of the state investment council,
17 shall exercise the judgment and care under the circumstances
18 then prevailing that businessmen of ordinary prudence,
19 discretion and intelligence exercise in the management of their
20 own affairs not in regard to speculation but in regard to the
21 permanent disposition of their funds, considering the probable
22 income as well as the probable safety of their capital.

23 D. The legislature may establish criteria for
24 investing the fund if the criteria are enacted by a
25 three-fourths' vote of the members elected to each house, but

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1 investment of the fund is subject to the following
2 restrictions:

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

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

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

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

15 E. All additions to the fund and all earnings,
16 including interest, dividends and capital gains from investment
17 of the fund shall be credited to the fund.

18 F. Except as provided in Subsection G of this
19 section, the annual distributions from the fund shall be five
20 percent of the average of the year-end market values of the
21 fund for the immediately preceding five calendar years.

22 G. In addition to the annual distribution made
23 pursuant to Subsection F of this section, unless suspended
24 pursuant to Subsection H of this section, [~~an~~] additional
25 annual [~~distribution~~] distributions shall be made pursuant to

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1 the following schedule; provided that no distribution shall be
2 made pursuant to the provisions of this subsection in any
3 fiscal year if the average of the year-end market values of the
4 fund for the immediately preceding five calendar years is less
5 than [~~five billion eight hundred million dollars~~
6 ~~(\$5,800,000,000)~~] eight billion dollars (\$8,000,000,000):

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

14 (2) in fiscal [~~years 2013 through 2016~~] year
15 2013 and each subsequent fiscal year, an amount equal to
16 one-half percent of the average of the year-end market values
17 of the fund for the immediately preceding five calendar years;
18 provided that any additional distribution from the permanent
19 school fund pursuant to this paragraph shall be used to
20 implement and maintain educational reforms as provided by law;
21 and

22 (3) in fiscal years 2014 through 2023, an
23 amount equal to one and one-half percent of the average of the
24 year-end market values of the fund for the immediately
25 preceding five calendar years; provided that:

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1 (a) in fiscal year 2014, one-third of
2 the distribution from the permanent school fund pursuant to
3 this paragraph shall be used for early childhood education
4 programs operated by the public schools or pursuant to
5 contracts between the state and private entities, as provided
6 by law;

7 (b) in fiscal year 2015, two-thirds of
8 the distribution from the permanent school fund pursuant to
9 this paragraph shall be used for early childhood education
10 programs operated by the public schools or pursuant to
11 contracts between the state and private entities, as provided
12 by law; and

13 (c) in fiscal years 2016 through 2023,
14 all of the distribution from the permanent school fund pursuant
15 to this paragraph shall be used for early childhood education
16 programs operated by the public schools or pursuant to
17 contracts between the state and private entities, as provided
18 by law.

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

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

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