

HOUSE JOINT RESOLUTION 15

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

Rick Miera

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 FOR THE BENEFIT OF NON-SCHOOL-AGE CHILDREN, 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, TO
PROVIDE AN ADDITIONAL DISTRIBUTION FOR THE SOLE BENEFIT OF THE
PUBLIC SCHOOLS 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

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1 THE DISTRIBUTION.

2

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

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

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

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

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

25 D. The legislature may establish criteria for

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1 investing the fund if the criteria are enacted by a
2 three-fourths' vote of the members elected to each house, but
3 investment of the fund is subject to the following
4 restrictions:

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

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

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

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

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

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

24 G. In addition to the annual distribution made
25 pursuant to Subsection F of this section, unless suspended

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

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

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

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

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1 preceding five calendar years; provided that:

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

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

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

20 (4) in fiscal year 2024 and each subsequent
21 fiscal year, an amount shall be distributed from only the
22 permanent school fund equal to three-tenths percent of the
23 average of the year-end market values of that fund for the
24 immediately preceding five calendar years.

25 H. The legislature, by a three-fifths' vote of the

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1 members elected to each house, may suspend any additional
2 distribution provided for in Subsection G of this section."

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