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AN ACT

RELATING TO PUBLIC MONEY; INCREASING DISTRIBUTIONS TO THE  
LOTTERY TUITION FUND; MAKING A DISTRIBUTION FROM THE TOBACCO  
SETTLEMENT PERMANENT FUND TO THE LOTTERY TUITION FUND; MAKING  
A DISTRIBUTION FROM THE TOBACCO SETTLEMENT PERMANENT FUND TO  
THE TOBACCO SETTLEMENT PROGRAM FUND FOR APPROPRIATION FOR  
EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS ADMINISTERED BY  
THE CHILDREN, YOUTH AND FAMILIES DEPARTMENT; RECONCILING  
MULTIPLE AMENDMENTS TO THE SAME SECTION OF LAW IN LAWS 2011;  
MAKING APPROPRIATIONS.

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

SECTION 1. Section 6-4-9 NMSA 1978 (being Laws 1999,  
Chapter 207, Section 1, as amended by Laws 2011, Chapter 3,  
Section 1 and by Laws 2011, Chapter 167, Section 1) is  
amended to read:

"6-4-9. TOBACCO SETTLEMENT PERMANENT FUND--INVESTMENT--  
DISTRIBUTION.--

A. The "tobacco settlement permanent fund" is  
created in the state treasury. The fund shall consist of  
money distributed to the state pursuant to the master  
settlement agreement entered into between tobacco product  
manufacturers and various states, including New Mexico, and  
executed November 23, 1998 or any money released to the state  
from a qualified escrow fund or otherwise paid to the state

1 as authorized by Sections 6-4-12 and 6-4-13 NMSA 1978,  
2 enacted pursuant to the master settlement agreement or as  
3 otherwise authorized by law. Money in the fund shall be  
4 invested by the state investment officer in accordance with  
5 the limitations in Article 12, Section 7 of the constitution  
6 of New Mexico. Income from investment of the fund shall be  
7 credited to the fund. Money in the fund shall not be  
8 expended for any purpose, except as provided in this section.

9 B. In fiscal year 2007 and in each fiscal year  
10 thereafter, an annual distribution shall be made from the  
11 tobacco settlement permanent fund to the tobacco settlement  
12 program fund of an amount equal to fifty percent of the total  
13 amount of money distributed to the tobacco settlement  
14 permanent fund in that fiscal year until that amount is less  
15 than an amount equal to four and seven-tenths percent of the  
16 average of the year-end market values of the tobacco  
17 settlement permanent fund for the immediately preceding five  
18 calendar years. Thereafter, the amount of the annual  
19 distribution shall be four and seven-tenths percent of the  
20 average of the year-end market values of the tobacco  
21 settlement permanent fund for the immediately preceding five  
22 calendar years. In the event that the actual amount  
23 distributed to the tobacco settlement program fund in a  
24 fiscal year is insufficient to meet appropriations from that  
25 fund for that fiscal year, the secretary of finance and

1 administration shall proportionately reduce each  
2 appropriation accordingly.

3 C. In addition to the distribution made pursuant  
4 to Subsection B of this section, in fiscal years 2009 through  
5 2013, the remaining fifty percent of the total amount of  
6 money distributed to the tobacco settlement permanent fund in  
7 that fiscal year shall be distributed from the tobacco  
8 settlement permanent fund to the tobacco settlement program  
9 fund.

10 D. In addition to the distribution made pursuant  
11 to Subsections B and E of this section, in fiscal year 2014,  
12 twenty-five percent of the total amount of money distributed  
13 pursuant to the master settlement agreement to the tobacco  
14 settlement permanent fund in that fiscal year shall be  
15 distributed from the tobacco settlement permanent fund to the  
16 lottery tuition fund.

17 E. In addition to the distribution made pursuant  
18 to Subsections B and D of this section, in fiscal year 2014,  
19 twenty-five percent of the total amount of money distributed  
20 to the tobacco settlement permanent fund in that fiscal year  
21 shall be distributed from the tobacco settlement permanent  
22 fund to the tobacco settlement program fund for appropriation  
23 for direct services provided by early childhood care and  
24 education programs administered by the children, youth and  
25 families department.

1 F. The tobacco settlement permanent fund shall be  
2 considered a reserve fund of the state and, as a reserve  
3 fund, may be expended in the event that general fund  
4 balances, including all authorized revenues and transfers to  
5 the general fund and balances in the general fund operating  
6 reserve, the appropriation contingency fund and the tax  
7 stabilization reserve, will not meet the level of  
8 appropriations authorized from the general fund for a fiscal  
9 year. In that event, in order to avoid an unconstitutional  
10 deficit, the legislature may authorize a transfer from the  
11 tobacco settlement permanent fund to the general fund but  
12 only in an amount necessary to meet general fund  
13 appropriations."

14 SECTION 2. APPROPRIATION.--

15 A. Nine million seven hundred fifty thousand  
16 dollars (\$9,750,000) is appropriated from the tobacco  
17 settlement program fund to the children, youth and families  
18 department for direct services provided by early childhood  
19 care and education programs that the department administers  
20 for expenditure in fiscal year 2014 to be allocated as  
21 follows:

22 (1) two million dollars (\$2,000,000) for  
23 reimbursement of licensed child care providers that the  
24 department has determined meet one of the top three levels of  
25 a tiered quality rating and improvement system that includes

1 educational components;

2 (2) five million seven hundred fifty  
3 thousand dollars (\$5,750,000) for pre-kindergarten; and

4 (3) two million dollars (\$2,000,000) for  
5 home visiting programs.

6 B. Any unexpended or unencumbered balance  
7 remaining at the end of fiscal year 2014 shall revert to the  
8 tobacco settlement program fund.

9 ~~SECTION 3. TEMPORARY PROVISION--TRANSFER OF FUNDS.--On~~  
10 ~~the effective date of this act, fifty million dollars~~  
11 ~~(\$50,000,000) is transferred from the general fund operating~~  
12 ~~reserve to the tobacco settlement permanent fund. This~~  
13 ~~transfer represents a restoration of funds diverted from the~~  
14 ~~tobacco settlement permanent fund to meet state fiscal~~  
15 ~~solvency requirements.~~

16 SECTION 4. EFFECTIVE DATE.--The effective date of the  
17 provisions of this act is July 1, 2013.

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