

1 SENATE JOINT RESOLUTION 12
2 **51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

3 INTRODUCED BY
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10 A JOINT RESOLUTION

11 PROPOSING AN AMENDMENT TO ARTICLE 12, SECTION 7 OF THE
12 CONSTITUTION OF NEW MEXICO TO ESTABLISH A MINIMUM BALANCE OF
13 THE LAND GRANT PERMANENT FUNDS TO BE MAINTAINED BEFORE ANY
14 ADDITIONAL DISTRIBUTIONS ARE PERMITTED; TO EXTEND THE CURRENT
15 ONE-HALF PERCENT ADDITIONAL ANNUAL DISTRIBUTION BEYOND FISCAL
16 YEAR 2016; AND TO PROVIDE A ONE AND ONE-HALF PERCENT ADDITIONAL
17 ANNUAL DISTRIBUTION FROM THE PERMANENT SCHOOL FUND, STARTING IN
18 FISCAL YEAR 2017, FOR NONSECTARIAN EARLY CHILDHOOD EDUCATION
19 PROGRAMS ADMINISTERED BY THE STATE FOR THE BENEFIT OF CHILDREN
20 BEFORE THEY ARE ELIGIBLE TO ATTEND KINDERGARTEN.
21

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

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

25 "A. As used in this section, "fund" means the

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

8 B. The fund shall be invested by the state
9 investment officer in accordance with policy regulations
10 promulgated by the state investment council.

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

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

25 (1) not more than sixty-five percent of the

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1 book value of the fund shall be invested at any given time in
2 corporate stocks;

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

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

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

12 E. All additions to the fund and all earnings,
13 including interest, dividends and capital gains from investment
14 of the fund, shall be credited to the fund.

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

19 G. In addition to the annual distribution made
20 pursuant to Subsection F of this section, unless suspended
21 pursuant to Subsection [H] J of this section, [~~an~~] additional
22 annual [~~distribution~~] distributions shall be made pursuant to
23 the following schedule; provided that no distribution shall be
24 made pursuant to the provisions of this subsection in any
25 fiscal year if the average of the year-end market values of the

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1 fund for the immediately preceding five calendar years is less
2 than five billion eight hundred million dollars
3 (\$5,800,000,000);

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

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

18 H. In addition to the annual distributions made
19 pursuant to Subsections F and G of this section, unless
20 suspended pursuant to Subsection J of this section, additional
21 annual distributions shall be made pursuant to the following
22 schedule; provided that no distribution shall be made pursuant
23 to the provisions of this subsection in any fiscal year if the
24 average of the year-end market values of the fund for the
25 immediately preceding five calendar years is less than ten

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1 billion dollars (\$10,000,000,000) adjusted on July 1, 2016 and
2 each July 1 thereafter for the percentage change in the
3 consumer price index for all urban consumers between the two
4 calendar years immediately preceding the adjustment date, as
5 calculated by the state investment officer and approved by the
6 state investment council:

7 (1) in fiscal year 2017 and each subsequent
8 fiscal year, an amount equal to one-half percent of the average
9 of the year-end market values of the fund for the immediately
10 preceding five calendar years; provided that the amount of any
11 additional distribution derived from the permanent school fund
12 pursuant to this paragraph shall be used to implement and
13 maintain educational programs as provided by law; and

14 (2) in fiscal year 2017 and each subsequent
15 fiscal year, an amount equal to one and one-half percent of the
16 average of the year-end market values of the fund for the
17 immediately preceding five calendar years; provided that the
18 amount of the additional distribution derived from the
19 permanent school fund pursuant to this paragraph shall be used
20 for nonsectarian early childhood education programs
21 administered by the state for the benefit of children before
22 they are eligible to attend kindergarten, as provided by law.

23 I. As used in this section, "nonsectarian early
24 childhood education programs" means nonsectarian services for
25 children until eligible for kindergarten. Such services may be

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1 provided by a school district, a state contractor, a pueblo or
2 tribal entity, the New Mexico school for the blind and visually
3 impaired or the New Mexico school for the deaf; provided that
4 nonsectarian early childhood education services available from
5 the New Mexico school for the blind and visually impaired or
6 the New Mexico school for the deaf shall not be delivered by a
7 state contractor.

8 [~~H.~~] J. The legislature, by a three-fifths' vote of
9 the members elected to each house, may suspend any additional
10 distribution provided for in [~~Subsection~~] Subsections G and H
11 of this section."

12 **SECTION 2.** The amendment proposed by this resolution
13 shall be submitted to the people for their approval or
14 rejection at the next general election or at any special
15 election prior to that date that may be called for that
16 purpose.

17 **SECTION 3. CONTINGENT EFFECTIVE DATE.**--The amendment
18 proposed by Section 1 of this resolution shall not become
19 effective without the consent of the United States congress.