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AN ACT

RELATING TO STATE RESERVES; PROVIDING THAT THE TOBACCO
SETTLEMENT PERMANENT FUND IS NOT A RESERVE FUND OF THE STATE.

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

1 B. In each fiscal year, an annual distribution
2 shall be made from the tobacco settlement permanent fund to
3 the tobacco settlement program fund of an amount equal to
4 fifty percent of the total amount of money distributed to the
5 tobacco settlement permanent fund in that fiscal year until
6 that amount is less than an amount equal to four and
7 seven-tenths percent of the average of the year-end market
8 values of the tobacco settlement permanent fund for the
9 immediately preceding five calendar years. Thereafter, the
10 amount of the annual distribution shall be four and
11 seven-tenths percent of the average of the year-end market
12 values of the tobacco settlement permanent fund for the
13 immediately preceding five calendar years. In the event that
14 the actual amount distributed to the tobacco settlement
15 program fund in a fiscal year is insufficient to meet
16 appropriations from that fund for that fiscal year, the
17 secretary of finance and administration shall proportionately
18 reduce each appropriation accordingly.

19 C. Money in the tobacco settlement permanent fund
20 may be expended in the event that general fund balances,
21 including all authorized revenues and transfers to the
22 general fund and balances in the general fund operating
23 reserve, the appropriation contingency fund and the tax
24 stabilization reserve, will not meet the level of
25 appropriations authorized from the general fund for a fiscal

1 year. In that event, in order to avoid an unconstitutional
2 deficit, the legislature may authorize a transfer from the
3 tobacco settlement permanent fund to the general fund but
4 only in an amount necessary to meet general fund
5 appropriations."

6 SECTION 2. EFFECTIVE DATE.--The effective date of the
7 provisions of this act is July 1, 2024. _____

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