

HOUSE BILL 7

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

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This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO PUBLIC BENEFITS; ENACTING THE CHILDREN'S FUTURE ACT WITH THE INTENT TO PROVIDE, WITHOUT A GUARANTEE, A SHARE OF A TRUST FUND FOR EVERY ELIGIBLE PERSON BORN IN NEW MEXICO AFTER JANUARY 1, 2025 TO USE FOR PARTICULAR PURPOSES; ~~HAFc~~→**PROVIDING MINIMUM ELIGIBILITY REQUIREMENTS**; ←HAFc CREATING THE CHILDREN'S FUTURE FUND; PROVIDING THAT BENEFITS SHALL NOT BE GUARANTEED AND A PROPERTY INTEREST SHALL NOT BE CREATED BY THE CHILDREN'S FUTURE ACT; CREATING THE CHILDREN'S FUTURE TASK FORCE;

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EXEMPTING MONEY SPENT FOR BENEFICIARIES PURSUANT TO THE CHILDREN'S FUTURE ACT FROM TAXATION; MAKING AN APPROPRIATION.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1 through HAFc→5←HAFc HAFc→6←HAFc of this act may be cited as the "Children's Future Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the Children's Future Act:

A. "beneficiary" means a person born in New Mexico on or after January 1, 2025 HAFc→and whose primary residence since birth is continuously in New Mexico←HAFc ; and

B. "department" means the department of finance and administration.

STBTC→HAFc→SECTION 3. [NEW MATERIAL] ELIGIBILITY REQUIREMENTS.--In addition to other requirements of the Children's Future Act, to be eligible, a beneficiary shall have:

A. continuously had a primary residence in New Mexico since birth;

B. successfully completed a financial literacy course approved by the department; and

C. obtained a high school equivalency credential.←HAFc←STBTC

STBTC→SECTION 3. [NEW MATERIAL] ELIGIBILITY

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REQUIREMENTS.--In addition to other requirements of the Children's Future Act, to be eligible, a beneficiary shall have:

- A. continuously had a primary residence in New Mexico since birth;
- B. successfully completed a financial literacy course approved by the department; and
- C. obtained a high school diploma or high school equivalency credential.←STBTC

SECTION STBTC→HAFc→3.←HAFc HAFc→4.←HAFc←STBTC STBTC→
STBTC→3.←STBTC←STBTC STBTC→4.←STBTC [NEW MATERIAL]

CHILDREN'S FUTURE FUND.--

A. The "children's future fund" is created as a nonreverting fund in the state treasury. The purpose of the fund is to assist beneficiaries who STBTC→HAFc→graduate from a high school←HAFc HAFc→obtain a high school equivalency credential←HAFc←STBTC STBTC→graduate from a high school←STBTC STBTC→or obtain a high school equivalency credential←STBTC in New Mexico in pursuing education, housing, entrepreneurship, retirement and investment opportunities. The fund consists of distributions, transfers, appropriations, gifts, grants, donations and income from investment of the fund. Money in the fund shall be expended only as provided for in the Children's Future Act.

B. In accordance with the prudent investor rule set

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forth in the Uniform Prudent Investor Act and in consultation with the secretary of finance and administration or the secretary's designee, money in the children's future fund shall be invested as follows:

(1) two-thirds of a transfer, distribution, appropriation, gift, grant or donation to the children's future fund shall be invested by the state investment officer for eighteen years, and then that two-thirds and the associated income from its investment shall be invested by the state treasurer; and

(2) one-third of a transfer, distribution, appropriation, gift, grant or donation shall be invested by the state investment officer.

C. Money in the children's future fund is appropriated to the department for the purposes specified in the Children's Future Act. The department shall administer the fund, and expenditures from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary or the secretary's authorized representative.

D. The department may expend no more than three percent of the balance of the children's future fund at the end of a fiscal year for the costs incurred to administer the Children's Future Act.

SECTION H AFC →4. ←H AFC H AFC →5. ←H AFC [NEW MATERIAL] NO

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GUARANTEE OF BENEFITS OR ENFORCEABLE INTEREST.--The provisions of the Children's Future Act do not guarantee any benefits and shall not be construed to create an interest in property that:

- A. does not otherwise exist; or
- B. is enforceable under state law.

SECTION H AFC→5.←H AFC H AFC→6.←H AFC [NEW MATERIAL]

FIDUCIARY DUTY.--A person who receives, collects, disburses, expends or invests money from the children's future fund or for a beneficiary pursuant to the Children's Future Act shall be responsible for such money in a fiduciary relationship to beneficiaries.

SECTION H AFC→6.←H AFC H AFC→7.←H AFC A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] EXEMPTION--CHILDREN'S FUTURE ACT.--

A. Money transferred to or spent on behalf of a beneficiary pursuant to the Children's Future Act is exempt from state income taxation.

B. As used in this section, "beneficiary" means a person born in New Mexico on or after January 1, 2025 and whose primary residence is in and remains in New Mexico."

SECTION H AFC→7.←H AFC H AFC→8.←H AFC TEMPORARY PROVISION--CHILDREN'S FUTURE TASK FORCE--CREATION--MEMBERSHIP--DUTIES.--

A. The "children's future task force" is created to study and provide recommendations on the optimal design and administration of the Children's Future Act. The task force

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shall function from the date of its appointment until December 31, 2025. Staff and administrative support for the task force shall be provided by the H AFC → ~~state investment council~~ ← H AFC H AFC → legislative finance committee ← H AFC . The task force consists of:

H AFC → ~~(1) one representative from the state investment council to serve as chair;~~ ← H AFC

H AFC → ~~(2)~~ ← H AFC H AFC → (1) ← H AFC one representative from the state treasurer's office H AFC → ~~to serve as vice chair~~ ← H AFC ;

H AFC → ~~(3)~~ ← H AFC H AFC → (2) ← H AFC one representative from the department of finance and administration;

H AFC → ~~(4)~~ ← H AFC H AFC → (3) ← H AFC one public member appointed by the governor; and

H AFC → ~~(5)~~ ← H AFC H AFC → (4) ← H AFC four public members, one appointed by each of: the president pro tempore of the senate, the minority floor leader of the senate, the speaker of the house of representatives and the minority floor leader of the house of representatives.

B. At least two appointed members shall have at a minimum five years of professional investment or financial experience, and at least two appointed members shall be representatives of community-based organizations focused on family financial and economic well-being.

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C. Appointments to the children's future task force shall be made by July 1, 2025. The task force HAFC→may elect a chair and vice chair from among its members and←HAFC shall meet not less than once per month at the call of the chair or at the request of two-fifths of its membership to carry out its duties. A majority of the members constitutes a quorum for the transaction of business, and the support of a majority of the quorum is required for adoption of any action.

D. Appointed members of the children's future task force are entitled to receive per diem and mileage as provided in the Per Diem and Mileage Act and shall receive no other compensation, perquisite or allowance.

E. The children's future task force shall research and produce a report with advice and recommendations on the implementation of the Children's Future Act, including:

(1) optimal design and administration of the program to implement the provisions of the Children's Future Act;

(2) a financial plan for financing and implementing the Children's Future Act within five years of its effective date, including data on the efficacy of baby bonds;

(3) eligibility requirements for beneficiaries to use money from the children's future fund;

(4) determination of eligibility, including possible certification processes across multiple state

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agencies;

H AFC→(5) additional guidance on eligibility requirements for beneficiaries, including any clarifications on residency requirements and possible processes across state agencies to meet the requirements;←H AFC

H AFC→(5)←H AFC H AFC→(6)←H AFC the application process and time periods during which eligible beneficiaries may apply to use money from the children's future fund;

H AFC→(6)←H AFC H AFC→(7)←H AFC mechanisms for transferring and expending money on behalf of beneficiaries;

H AFC→(7)←H AFC H AFC→(8)←H AFC creation and administration of investment and retirement accounts;

H AFC→(8)←H AFC H AFC→(9)←H AFC conditions for and limitations on the use of money in the children's future fund for an investment account;

H AFC→(9)←H AFC H AFC→(10)←H AFC third parties with whom to contract to assist in the administration of the provisions of the Children's Future Act and the responsibilities of those third parties;

H AFC→(10)←H AFC H AFC→(11)←H AFC measures for ensuring fairness and equity for designated beneficiaries born in different years, considering varying levels of income from investment of the children's future fund;

H AFC→(11)←H AFC H AFC→(12)←H AFC decisions of investment risk and asset allocation of the children's future

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fund; and

HAFc→(12)←HAFc HAFc→(13)←HAFc other matters as determined by the task force.

F. The children's future task force shall, by December 31, report its findings, recommendations and any proposed legislation to the governor and the legislature.

G. As used in this section, "beneficiary" means a person born in New Mexico on or after January 1, 2025 and whose primary residence is in and remains in New Mexico.

HAFc→SECTION HAFc→8.←HAFc HAFc→9.←HAFc APPROPRIATION.
~~--Five million dollars (\$5,000,000) is appropriated from the general fund to the children's future fund for expenditure in fiscal year 2026 and subsequent fiscal years for the purposes of the children's future fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.~~←HAFc