

HOUSE BILL 121

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

Sarah Silva

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO PUBLIC FINANCE; STANDARDIZING LANGUAGE IN FUNDS
MANAGED BY THE STATE INVESTMENT OFFICER; AMENDING DEFINITIONS
IN CHAPTER 6, ARTICLE 8 NMSA 1978; REMOVING THE STATE
INVESTMENT OFFICER AS THE INVESTMENT MANAGER IN CERTAIN FUNDS;
REMOVING THE TOBACCO SETTLEMENT PERMANENT FUND AND THE STATE-
SUPPORT RESERVE FUND FROM CALCULATIONS MADE IN CERTAIN FUNDS;
MOVING THE CAPITAL DEVELOPMENT PROGRAM FUND TO THE STATE
TREASURY, EXPANDING WHAT CAN BE FUNDED TO CERTAIN PHASES OF A
CAPITAL PROJECT, LOWERING THE CAP ON PLANNING AND DESIGN AND
REDUCING THE AMOUNT OF TIME THAT MONEY IN THE FUND WILL REVERT
BY ONE YEAR; REDUCING THE AMOUNT OF TIME THAT UNRESERVED AND
UNDESIGNATED FUNDS OF STATE AGENCIES WILL REVERT BY ONE MONTH;
CLARIFYING THE USE OF UNAPPROPRIATED MONEY IN CERTAIN FUNDS;
REPEALING AN OUTDATED SECTION OF CHAPTER 6, ARTICLE 8 NMSA
1978.

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

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

5 "6-4-9. TOBACCO SETTLEMENT PERMANENT FUND--INVESTMENT--
6 DISTRIBUTION.--

7 A. The "tobacco settlement permanent fund" is
8 created as a nonreverting fund in the state treasury. The fund
9 is not a reserve fund of the state. The fund shall consist of
10 money distributed to the state pursuant to the master
11 settlement agreement entered into between tobacco product
12 manufacturers and various states, including New Mexico, and
13 executed November 23, 1998 or any money released to the state
14 from a qualified escrow fund or otherwise paid to the state as
15 authorized by Section 6-4-13 NMSA 1978, enacted pursuant to the
16 master settlement agreement or as otherwise authorized by law.
17 Money in the fund shall be invested by the state investment
18 officer in accordance with the ~~limitations in Article 12,~~
19 ~~Section 7 of the constitution of New Mexico] prudent investor~~
20 ~~rule as set forth in the Uniform Prudent Investor Act.~~ Income
21 from investment of the fund shall be credited to the fund.
22 Money in the fund shall not be expended for any purpose, except
23 as provided in this section.

24 B. In each fiscal year, an annual distribution
25 shall be made from the tobacco settlement permanent fund to the

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1 tobacco settlement program fund of an amount equal to four and
2 seven-tenths percent of the average of the year-end market
3 values of the tobacco settlement permanent fund for the
4 immediately preceding five calendar years. In the event that
5 the actual amount distributed to the tobacco settlement program
6 fund in a fiscal year is insufficient to meet appropriations
7 from that fund for that fiscal year, the secretary of finance
8 and administration shall proportionately reduce each
9 appropriation accordingly.

10 C. Money in the tobacco settlement permanent fund
11 may be expended in the event that general fund balances,
12 including all authorized revenues and transfers to the general
13 fund and balances in the general fund operating reserve, the
14 appropriation contingency fund and the tax stabilization
15 reserve, will not meet the level of appropriations authorized
16 from the general fund for a fiscal year. In that event, in
17 order to avoid an unconstitutional deficit, the legislature may
18 authorize a transfer from the tobacco settlement permanent fund
19 to the general fund but only in an amount necessary to meet
20 general fund appropriations."

21 SECTION 2. Section 6-4-27 NMSA 1978 (being Laws 2020,
22 Chapter 3, Section 4, as amended) is amended to read:

23 "6-4-27. EXCESS EXTRACTION TAXES SUSPENSE FUND--TRANSFER
24 OF EXCESS OIL AND GAS EMERGENCY SCHOOL TAX REVENUE--TAX
25 STABILIZATION RESERVE--EARLY CHILDHOOD EDUCATION AND CARE

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1 FUND--BEHAVIORAL HEALTH TRUST FUND--SEVERANCE TAX PERMANENT
2 FUND.--

3 A. The "excess extraction taxes suspense fund" is
4 created as a nonreverting fund in the state treasury. Money in
5 the fund shall only be used to make transfers by the department
6 of finance and administration as required by this section.

7 B. At the end of each fiscal year, the department
8 of finance and administration shall calculate and transfer the
9 balance of the fund attributable to that fiscal year as
10 follows:

11 (1) if in the current fiscal year the total
12 net receipts attributable to the tax imposed pursuant to
13 Section 7-31-4 NMSA 1978 and distributed pursuant to Section
14 7-1-6.20 NMSA 1978 exceed the annual average amount, the
15 department shall distribute the excess amount above the annual
16 average amount as follows:

17 (a) to the tax stabilization reserve,
18 the amount necessary to bring the balance of state reserves to
19 a level equal to twenty-five percent of the aggregate recurring
20 appropriations for that fiscal year from the general fund, as
21 determined by the department; provided that, if the balance in
22 the excess extraction taxes suspense fund is not sufficient to
23 meet that level, the entire balance shall be transferred to the
24 tax stabilization reserve; and

25 (b) the balance of the excess amount

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above the annual average amount, if any, after the transfer is made pursuant to Subparagraph (a) of this paragraph shall be transferred as follows: 1) for fiscal years 2026 through 2028, fifty percent to the early childhood education and care fund and fifty percent to the behavioral health trust fund; provided that if, as of the end of one of those fiscal years, the balance of the early childhood education and care fund is less than the balance of that fund as of the end of fiscal year 2025, the transfer to the behavioral health trust fund made pursuant to this item shall be decreased by an amount equal to one-half of the difference between the balance of the early childhood education and care fund as of the end of fiscal year 2025 and the balance of that fund as of the end of that fiscal year; and 2) for fiscal year 2029 and each fiscal year thereafter, one hundred percent to the early childhood education and care fund; and

(2) the remaining balance of the fund, if any, shall be distributed to the severance tax permanent fund.

C. As used in this section:

(1) "annual average amount" means the total net receipts attributable to the tax imposed pursuant to Section 7-31-4 NMSA 1978 and distributed pursuant to Section 7-1-6.20 NMSA 1978 in the immediately preceding five fiscal years, divided by five; and

(2) "state reserves" means the general fund

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balances, as determined by the department of finance and administration, including all authorized revenues and transfers to the general fund and balances in the appropriation contingency fund, the general fund operating reserve [the state support reserve fund] and the tax stabilization reserve."

SECTION 3. Section 6-4-28 NMSA 1978 (being Laws 2023, Chapter 166, Section 1) is amended to read:

"6-4-28. OPIOID SETTLEMENT RESTRICTED FUND CREATED--ADMINISTRATION--INCOME TO THE FUND.--

A. The "opioid settlement restricted fund" is created as a nonreverting fund in the state treasury, separate and distinct from the general fund. The opioid settlement restricted fund consists of money, other than attorney fees and costs, paid to the state pursuant to the New Mexico opioid allocation agreement and pursuant to:

- (1) the distributor settlement agreement; and
- (2) opioid settlements.

B. The opioid settlement restricted fund also consists of appropriations and donations. Money in the fund shall be invested by the state investment officer in accordance with [law] the prudent investor rule as set forth in the Uniform Prudent Investor Act. Income from investment of the fund shall be credited to the fund.

C. Opioid funds designated by the New Mexico opioid allocation agreement to be distributed to local governments

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shall not be deposited into the fund.

D. Appropriations from the opioid settlement restricted fund shall only be made to the opioid crisis recovery fund and shall not be made for any other purpose.

E. On July 1, 2024, a distribution shall be made from the opioid settlement restricted fund to the opioid crisis recovery fund in an amount equal to five percent of the year-end market value of the opioid settlement restricted fund for the immediately preceding fiscal year.

F. On July 1, 2025, a distribution shall be made from the opioid settlement restricted fund to the opioid crisis recovery fund in an amount equal to five percent of the average of the year-end market value of the opioid settlement restricted fund for the immediately preceding two calendar years.

G. On July 1, 2026, and on each July 1 thereafter, a distribution shall be made from the opioid settlement restricted fund to the opioid crisis recovery fund in an amount equal to five percent of the average of the year-end market values of the opioid settlement restricted fund for the immediately preceding three calendar years.

H. For the purposes of this section:

(1) "distributor settlement agreement" means the settlement agreement between the state and participating political subdivisions and opioid distributors, including

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1 McKesson corporation, Cardinal health and AmerisourceBergen
2 corporation, dated as of July 21, 2021 and any revision to the
3 agreement;

4 (2) "local government" means every litigating
5 county and municipality, each county regardless of population
6 and each municipality with a population exceeding ten thousand
7 according to the latest federal decennial census, any special
8 district identified in the distributor settlement agreement and
9 any local government identified in the New Mexico opioid
10 allocation agreement within the geographic boundaries of New
11 Mexico;

12 (3) "New Mexico opioid allocation agreement"
13 means the agreement entered into between the state and various
14 local governments on March 7, 2022 that relates to the
15 allocation of opioid funds in New Mexico;

16 (4) "opioid funds" means money obtained
17 through judgments or settlements as arising from the liability
18 of distributors of opioids, manufacturers of opioids,
19 pharmacies for the selling of opioids or the consultants,
20 agents or associates of distributors, manufacturers or
21 pharmacies; and

22 (5) "opioid settlements" means judgments or
23 settlements arising from the liability of distributors of
24 opioids, manufacturers of opioids, pharmacies for the selling
25 of opioids or the consultants, agents or associates of

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1 distributors, manufacturers or pharmacies."

2 **SECTION 4.** Section 6-4-32 NMSA 1978 (being Laws 2024,
3 Chapter 61, Section 1) is amended to read:

4 **"6-4-32. HIGHER EDUCATION TRUST FUND.--**

5 A. The "higher education trust fund" is created as
6 a nonreverting fund in the state treasury. The fund consists
7 of distributions, appropriations, gifts, grants and donations.
8 Income from investment of the fund shall be credited to the
9 fund. Money in the fund shall be expended only as provided in
10 this section.

11 B. The state investment officer, subject to the
12 approval of the state investment council, shall invest money in
13 the fund:

14 (1) in accordance with the prudent investor
15 rule set forth in the Uniform Prudent Investor Act; and
16 (2) in consultation with the ~~state treasurer~~
17 secretary of higher education.

18 C. The state investment officer shall report
19 quarterly to the legislative finance committee and the state
20 investment council on the investments made pursuant to this
21 section. Annually, a report shall be submitted no later than
22 October 1 each year to the legislative finance committee, the
23 revenue stabilization and tax policy committee and any other
24 appropriate interim committees.

25 D. On July 1, 2024, a distribution shall be made

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from the trust fund to the higher education program fund in an amount equal to forty-seven million nine hundred fifty thousand dollars (\$47,950,000).

E. On July 1, 2025 and each July 1 thereafter, a distribution shall be made from the trust fund to the higher education program fund in an amount equal to five percent of the average of the year-end market values of the trust fund for the immediately preceding three calendar years. If, on July 1 of a year, the trust fund has been in effect for less than three calendar years, the distribution shall be in an amount equal to five percent of the average of the year-end market values of the trust fund for the immediately preceding number of calendar years that the trust fund has been in effect.

F. In addition to the distribution pursuant to Subsections D and E of this section, money in the higher education trust fund may be expended in the event that general fund balances, including all authorized revenues and transfers to the general fund and balances in the general fund operating reserve, the appropriation contingency fund and the tax stabilization reserve, will not meet the level of appropriations authorized from the general fund for a fiscal year. In that event, to avoid an unconstitutional deficit, the legislature may appropriate from the trust fund to the general fund only in the amount necessary to meet general fund appropriations for that fiscal year and only if the legislature

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1 has authorized transfers from the appropriation contingency
2 fund, the general fund operating reserve and the tax
3 stabilization reserve that exhaust those fund balances."

4 SECTION 5. Section 6-5-10 NMSA 1978 (being Laws 1994,
5 Chapter 11, Section 1, as amended) is amended to read:

6 "6-5-10. STATE AGENCY REVERSIONS--DIRECTOR POWERS--
7 COMPLIANCE WITH FEDERAL RULES--TRANSFER OF REVERSIONS IN
8 GENERAL FUND TO THE MEDICAID TRUST FUND--

9 A. Except as provided in Subsection B of this
10 section, all unreserved undesignated fund balances in reverting
11 funds and accounts as reflected in the central financial
12 reporting and accounting system as of June 30 shall revert by
13 [September 30] August 31 to the general fund. The division may
14 adjust the reversion within forty-five days of release of the
15 audit report for that fiscal year.

16 B. By October 1 of each year, the balance of the
17 reversions in excess of one hundred ten million dollars
18 (\$110,000,000) for the previous fiscal year shall be
19 transferred to the medicaid trust fund until the balance of the
20 medicaid trust fund reaches two billion dollars
21 (\$2,000,000,000) as of the end of a fiscal year.

22 C. The director of the division may modify a
23 reversion required pursuant to Subsection A of this section or
24 a transfer made pursuant to Subsection B of this section if the
25 reversion made pursuant to Subsection A of this section would

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1 violate federal law or rules pertaining to supplanting of state
2 funds with federal funds or other applicable federal
3 provisions."

4 SECTION 6. Section 6-8-1 NMSA 1978 (being Laws 1957,
5 Chapter 179, Section 1, as amended) is amended to read:

6 "6-8-1. DEFINITIONS.--As used in Chapter 6, Article 8
7 NMSA 1978:

8 A. "council" means the state investment council;

9 B. "department" means the department of finance and
10 administration;

11 C. "investment fund" means any fund managed or
12 invested by the state investment officer or the council as
13 required by law;

14 [C.] D. "land grant permanent funds" means the
15 permanent school fund established by Article 12, Section 2 of
16 the constitution of New Mexico and all other permanent funds
17 derived from lands granted or confirmed to the state by the act
18 of congress of June 20, 1910, entitled "An Act To enable the
19 people of New Mexico to form a constitution and state
20 government and be admitted into the Union on an equal footing
21 with the original States...";

22 [D. "permanent funds" means the land grant
23 permanent funds, rural libraries endowment fund, severance tax
24 permanent fund, tobacco settlement permanent fund, conservation
25 legacy permanent fund and water trust fund,]

1 E. "secretary" means the secretary of finance and
2 administration;

3 F. "severance tax permanent fund" means the fund
4 established by Article 8, Section 10 of the constitution of New
5 Mexico;

6 G. "tobacco settlement permanent fund" means the
7 fund established by Section 6-4-9 NMSA 1978; and

8 H. "water trust fund" means the fund established by
9 Article 16, Section 6 of the constitution of New Mexico."

10 **SECTION 7.** Section 6-8-7 NMSA 1978 (being Laws 1957,
11 Chapter 179, Section 7, as amended) is amended to read:

12 **"6-8-7. POWERS AND DUTIES OF THE STATE INVESTMENT COUNCIL
13 AND STATE INVESTMENT OFFICER--INVESTMENT POLICY--INVESTMENT
14 MANAGERS.--**

15 A. Subject to the limitations, conditions and
16 restrictions contained in policymaking regulations or
17 resolutions adopted by the council, the council may make
18 purchases, sales, exchanges, investments and reinvestments of
19 the assets of all funds in accordance with the Uniform Prudent
20 Investor Act. The state investment officer and the council are
21 trustees of all funds under their control and shall see that
22 money invested is at all times handled in the best interests of
23 the state. The council may delegate administrative and
24 investment-related functions to the state investment officer.

25 B. The state investment officer shall formulate and

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1 recommend to the council for approval investment regulations or
2 resolutions pertaining to the kind or nature of investments and
3 limitations, conditions and restrictions upon the methods,
4 practices or procedures for investment, reinvestment, purchase,
5 sale or exchange transactions that should govern the activities
6 of the investment office.

7 C. The council shall meet at least ten times per
8 year, and as often as exigencies may demand, to consult with
9 the state investment officer concerning the work of the
10 investment office. The council shall have access to all files
11 and records of the investment office and shall require the
12 state investment officer to report on and provide information
13 necessary to the performance of council functions. The council
14 may hire investment management or consulting firms to advise
15 the council with respect to the council's investment decisions
16 for the investment of funds managed by the investment office
17 and pay reasonable compensation for such management or
18 consulting services from the assets of the applicable funds,
19 subject to budgeting and appropriation by the legislature. The
20 terms of any such investment management or consulting services
21 contract shall incorporate the statutory requirements for
22 investment of funds under the council's jurisdiction. Prior to
23 being hired, a prospective investment management, advisory or
24 consulting services firm shall submit to the council a
25 disclosure detailing all campaign contributions made within the

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1 last two years by the firm or the principals of the firm to any
2 member of the council, or to a political committee or other
3 entity that is intended to aid or promote the nomination or
4 election of any council member to a political office.

5 D. The council shall provide an opportunity for
6 public comment at meetings of the council. Advance notice of
7 meetings shall be published on the council's ~~web site~~ website
8 and in a newspaper of general circulation at least ten days in
9 advance of the meeting.

10 E. All funds invested or managed by the state
11 investment officer or the council shall be invested or managed
12 in accordance with the Uniform Prudent Investor Act. The
13 council may form and use committees to study and make
14 recommendations to the council. Prior to commencing work for
15 the council, a committee member who is not a member of the
16 council shall submit to the council a disclosure detailing all
17 campaign contributions made within the last two years to any
18 member of the council or to a political committee or other
19 entity that is intended to aid or promote the nomination or
20 election of any council member to a political office.

21 F. Fiduciaries of the ~~permanent~~ investment funds
22 are:

23 (1) the council;
24 (2) the state investment officer and
25 investment office staff;

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(3) any person providing investment advice to the council, the state investment officer or investment office staff for an investment management, advisory or consulting services fee; and

(4) all persons exercising discretionary authority over or control of funds under the management of the council.

G. The council may contract for legal services for litigation on a contingent or partly contingent fee basis, subject to an expedited solicitation process devised and approved by the council; provided that:

(1) amounts recovered by the legal services contractor shall be deposited in the state investment council suspense fund;

(2) the council shall submit each proposed contract to the attorney general and the department for review of the contingency fee. The attorney general's and the department's review shall take into account the complexity of the factual and legal issues presented by the claims to be pursued under the contract. If the attorney general or the department advises the council that the proposed contingency fee is not reasonable, the council may nevertheless approve the contract and the contingency fee by a majority vote of its members; and

(3) each prospective legal services contractor

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1 seeking to represent the council on a contingent or partly
2 contingent fee basis shall file with the council the disclosure
3 required by Section 13-1-191.1 NMSA 1978 disclosing all
4 campaign contributions made to the governor, attorney general,
5 state treasurer or any member of the council, or to a political
6 committee that is intended to aid or promote the nomination or
7 election of any candidate to a state office if the committee
8 is:

9 (a) established by any of the foregoing
10 persons or their agents;

11 (b) established in consultation with or
12 at the request of any of the foregoing persons or their agents;
13 or

14 (c) controlled by one of the foregoing
15 persons or their agents.

16 H. The council may select and contract for the
17 services of one or more custodian banks for all funds under the
18 council's management. For the purpose of this subsection,
19 "custodian bank" means a financial institution with the general
20 fiduciary duties to manage, control and collect the assets of
21 an investment fund, including receiving all deposits and paying
22 all disbursements as directed by staff, safekeeping of assets,
23 coordination of asset transfers, timely settlement of
24 securities transactions and accurate and timely reporting of
25 the assets by individual account and in total.

1 I. For funds available for investment for more than
2 one year, the council may contract with any state agency to
3 provide investment advisory or investment management services,
4 separately or through a pooled investment fund; provided that
5 the state agency enters into a joint powers agreement with the
6 council and that the state agency pays at least the direct cost
7 of such services. Notwithstanding any statutory provision
8 governing state agency investments, the council may invest
9 funds available from a state agency pursuant to a joint powers
10 agreement in any type of investment permitted for the land
11 grant permanent funds under the prudent investor rule. In
12 performing investment services for a state agency, the council
13 and the state investment officer and investment office staff
14 are exempt from the New Mexico Uniform Securities Act. As used
15 in this subsection, "state agency" means any branch, agency,
16 department, board, instrumentality, institution or political
17 subdivision of the state, the New Mexico finance authority, the
18 New Mexico mortgage finance authority and any tax-exempt
19 private endowment entity whose sole beneficiary is a state
20 agency or whose beneficiaries are students attending a public
21 educational institution in the state.

22 J. The state investment officer shall provide
23 quarterly performance reports to the legislative finance
24 committee. Annually, the state investment officer shall ratify
25 and provide written investment policies, including any

1 amendments, to the legislative finance committee.

2 K. Council members, the state investment officer
3 and investment office staff and committee members appointed by
4 the council, jointly and severally, shall be indemnified by the
5 state, out of the [permanent] investment funds, from all
6 claims, demands, suits, actions, damages, judgments, costs,
7 charges and expenses, including court costs and attorney fees,
8 against all claims, liability, losses or damages arising from
9 any decisions made or actions taken while acting within the
10 scope of duty and pursuant to law as a council member, the
11 state investment officer, investment office staff or a
12 committee member appointed by the council. Following
13 indemnification, if it is shown that the indemnified person
14 acted fraudulently or with intentional malice, the state shall
15 have the right to recover from the indemnified person any
16 amount expended under this subsection."

17 **SECTION 8.** Section 6-8-14 NMSA 1978 (being Laws 1957,
18 Chapter 179, Section 14, as amended) is amended to read:

19 "6-8-14. MONTHLY REPORTS.--No later than twenty days
20 after the end of each month, the state investment officer shall
21 submit to the council a report of the operations of the
22 investment office during the past month. Each report shall
23 include a schedule of cumulative fiscal year actual and
24 budgeted expenditures and a monthly summary of contributions,
25 distributions, fees, income and net gains or losses for each

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1 [permanent] investment fund and investment pool. The reports
2 shall be published on the [web-site] website of the council and
3 the sunshine portal and shall be open for inspection to the
4 public and the press in the investment office."

5 **SECTION 9.** Section 6-8-23 NMSA 1978 (being Laws 2011,
6 Chapter 9, Section 2) is amended to read:

7 "6-8-23. COMPENSATION UNDER CONTINGENT FEE CONTRACTS--
8 SUSPENSE FUND CREATED.--

9 A. For the purpose of making disbursements and
10 distributions pursuant to this section, the "state investment
11 council suspense fund" is created in the state treasury.

12 B. When pursuing a claim and utilizing legal
13 services on a contingent fee basis, all amounts received by the
14 legal services contractor as satisfaction of the claim shall be
15 transferred to the council and deposited into the state
16 investment council suspense fund to the credit of the council.

17 Upon the direction of the state investment officer, the
18 contingent attorney fees due to the legal services contractor
19 shall be disbursed from the suspense fund to the contractor.

20 C. After a disbursement to a contractor pursuant to
21 Subsection B of this section, the balance of the deposit into
22 the state investment council suspense fund shall be distributed
23 to the appropriate [permanent] investment fund or other
24 appropriate fund from which the loss occurred that originated
25 the claim pursued by the legal services contractor."

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1 SECTION 10. Section 6-12-2 NMSA 1978 (being Laws 1913,
2 Chapter 83, Section 1, as amended) is amended to read:

3 "6-12-2. CERTIFICATES OF INDEBTEDNESS AND INTEREST--
4 TREASURER MAY BORROW TO PAY.--Whenever the money in the funds
5 is insufficient to meet the outstanding certificates of
6 indebtedness and interest coupons as they mature, it ~~[shall be]~~
7 is the duty of the state treasurer to borrow temporarily a
8 sufficient sum to make ~~[such]~~ the payment, and for ~~[such]~~ those
9 purposes, the ~~[said]~~ treasurer is ~~[hereby]~~ authorized and
10 empowered to make and negotiate the necessary loan on the best
11 terms obtainable at a rate of interest not to exceed six ~~[per~~
12 ~~centum per annum]~~ percent per year; provided that any surplus
13 money in the interest on deposits fund ~~[and any surplus of any~~
14 ~~other fund on hand not otherwise appropriated]~~ shall be first
15 used to pay ~~[said]~~ the deficit before borrowing money to make
16 ~~[such]~~ the payments. The secretary of finance and
17 administration shall countersign any and all necessary papers
18 for the negotiation of ~~[such]~~ the loan and charge the proceeds
19 to the treasurer, and the treasurer shall redeem ~~[such]~~ the
20 paper out of the interest fund whenever there ~~[shall be]~~ is
21 money in ~~[such]~~ the fund available."

22 SECTION 11. Section 6-29-7 NMSA 1978 (being Laws 2005,
23 Chapter 146, Section 7) is amended to read:

24 "6-29-7. TRIBAL INFRASTRUCTURE PROJECT FUND--CREATED--
25 PURPOSE--APPROPRIATIONS.--

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A. The "tribal infrastructure project fund" is created in the state treasury and:

(1) the department of finance and administration shall administer the project fund;

(2) the project fund shall consist of:

(a) distributions made to it from the trust fund;

(b) payments of principal and interest on loans for qualified projects;

(c) other money appropriated by the legislature or distributed or otherwise allocated to the project fund for the purpose of supporting qualified projects; and

(d) income from investment of the money in the project fund that shall be credited to the project fund;

(3) balances in the project fund at the end of a fiscal year shall not revert to the trust fund or to the general fund; and

(4) the project fund may consist of subaccounts as determined to be necessary by the department of finance and administration.

B. The department of finance and administration may establish procedures and adopt rules as required to administer the project fund and to originate grants or loans for qualified projects approved by the board.

C. [Beginning in fiscal year 2006 and in subsequent years] In each fiscal year, the lesser of one percent of the project fund or one hundred thousand dollars (\$100,000) is appropriated from the project fund to the department of finance and administration for expenditure in the fiscal year in which it is appropriated, to administer the project fund. Any unexpended or unencumbered balance remaining at the end of any fiscal year shall revert to the project fund.

D. [Beginning in fiscal year 2006 and in each subsequent] In each fiscal year, the lesser of five percent of the project fund or five hundred thousand dollars (\$500,000) is appropriated from the project fund to the Indian affairs department for expenditure in the fiscal year in which it is appropriated to administer the Tribal Infrastructure Act, to pay per diem and mileage as required by that act and for operation of the board. Any unexpended or unencumbered balance remaining at the end of any fiscal year shall revert to the project fund.

E. The balance in the project fund not otherwise appropriated in this section is [appropriated to the department of finance and administration for expenditure in fiscal year 2006 and in subsequent fiscal years] subject to appropriation by the legislature to carry out the provisions of the Tribal Infrastructure Act by providing grants or loans for qualified projects. Any unexpended or unencumbered balance remaining at

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1 the end of a fiscal year shall revert to the project fund."

2 **SECTION 12.** Section 6-30-7 NMSA 1978 (being Laws 2010,
3 Chapter 10, Section 7) is amended to read:

4 "6-30-7. COLONIAS INFRASTRUCTURE TRUST FUND--CREATED--
5 INVESTMENT--DISTRIBUTION.--

6 A. The "colonias infrastructure trust fund" is
7 created as a nonreverting fund in the state treasury. The
8 trust fund shall consist of money that is appropriated, donated
9 or otherwise allocated to it. Money in the trust fund shall be
10 invested by the state investment officer in ~~[the manner that~~
11 ~~land grant permanent funds are invested pursuant to Chapter 6,~~
12 ~~Article 8 NMSA 1978]~~ accordance with the prudent investor rule
13 set forth in the Uniform Prudent Investor Act. Income from
14 investment of the trust fund shall be credited to the fund.
15 Money in the trust fund shall not be expended for any purpose,
16 but an annual distribution from the trust fund shall be made to
17 the project fund pursuant to this section.

18 B. On July 1 of each year in which adequate money
19 is available in the trust fund, an annual distribution shall be
20 made from the trust fund to the project fund in the amount of
21 ten million dollars (\$10,000,000) until the distribution is
22 less than an amount equal to four and seven-tenths percent of
23 the average of the year-end market values of the trust fund for
24 the immediately preceding five calendar years. Thereafter, the
25 amount of the annual distribution shall be four and seven-

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1 tenths percent of the average of the year-end market values of
2 the trust fund for the immediately preceding five calendar
3 years."

4 SECTION 13. Section 7-27-50 NMSA 1978 (being Laws 2024,
5 Chapter 56, Section 3) is amended to read:

6 "7-27-50. CAPITAL DEVELOPMENT AND RESERVE FUND.--

7 A. The "capital development and reserve fund" is
8 created as a nonreverting fund in the state treasury. The fund
9 consists of distributions, appropriations, gifts, grants and
10 donations. Income from investment of the fund shall be
11 credited to the fund. Money in the fund shall be expended only
12 as provided in Subsections E through F of this section. Money
13 in the fund shall not be pledged against any state debt.

14 B. The state investment officer, subject to the
15 approval of the state investment council, shall invest money in
16 the fund:

17 (1) in accordance with the prudent investor
18 rule set forth in the Uniform Prudent Investor Act; and
19 (2) in consultation with the [state treasurer]
20 director of the board of finance division of the department of
21 finance and administration.

22 C. The state investment officer shall report
23 quarterly to the legislative finance committee and the state
24 investment council on the investments made pursuant to this
25 section. Annually, a report shall be submitted no later than

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1 October 1 each year to the legislative finance committee, the
2 revenue stabilization and tax policy committee and any other
3 appropriate interim committees.

4 D. On January 1 of each year, a distribution shall
5 be made from the capital development and reserve fund to the
6 capital development program fund in an amount equal to five
7 percent of the average of the fiscal year-end market values of
8 the capital development and reserve fund for the immediately
9 preceding three fiscal years. If, on January 1 of a year, the
10 capital development and reserve fund has been in effect for
11 less than three fiscal years, the distribution shall be in an
12 amount equal to five percent of the average of the fiscal year-
13 end market values of the capital development and reserve fund
14 for the immediately preceding number of fiscal years that the
15 fund has been in effect.

16 E. Money in the fund is subject to appropriation by
17 the legislature for capital projects or for transfer to the
18 severance tax permanent fund.

19 F. Money in the capital development and reserve
20 fund may be expended in the event that the balance of the
21 severance tax bonding fund is insufficient to meet principal
22 and interest payments on outstanding bonds. In that event, the
23 balance in the reserve fund shall be transferred to the
24 severance tax bonding fund only in the amount necessary to meet
25 the principal and interest payments."

1 SECTION 14. Section 7-27-51 NMSA 1978 (being Laws 2024,
2 Chapter 56, Section 4) is amended to read:

3 "7-27-51. CAPITAL DEVELOPMENT PROGRAM FUND.--

4 A. The "capital development program fund" is
5 created as a nonreverting fund ~~[as a subaccount of the~~
6 ~~severance tax bonding fund]~~ in the state treasury. The fund
7 consists of distributions, appropriations, gifts, grants,
8 donations and income from investment of the fund. The
9 department of finance and administration shall administer the
10 fund. Money in the fund is subject to appropriation by the
11 legislature to fund ~~[capital projects]~~ a capital project or a
12 functional phase of a capital project with a total cost of less
13 than ~~[five million dollars (\$5,000,000)]~~ twenty-five million
14 dollars (\$25,000,000) and only the planning and design of
15 capital projects with a total cost greater than ~~[that amount]~~
16 two million dollars (\$2,000,000). Expenditures from the fund
17 shall be by warrant of the secretary of finance and
18 administration pursuant to vouchers signed by the secretary of
19 finance and administration or the secretary's authorized
20 representative. ~~[Any unexpended or unencumbered balance of an~~
21 ~~appropriation for a capital project remaining after two years~~
22 ~~following the date of the appropriation]~~ Any law making an
23 appropriation from the fund for a capital project shall provide
24 that any unexpended or unencumbered balance of the
25 appropriation at the end of the project shall revert to the

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1 severance tax permanent fund.

2 B. As used in this section, "functional phase"
3 means a phase of a capital project that, upon completion, can
4 be put in service before all phases of the capital project are
5 completed."

6 SECTION 15. Section 9-16-15 NMSA 1978 (being Laws 2009,
7 Chapter 122, Section 59) is amended to read:

8 "9-16-15. MORTGAGE REGULATORY FUND--CREATED--PURPOSE--
9 APPROPRIATION--

10 A. The "mortgage regulatory fund" is created as a
11 nonreverting fund in the state treasury and shall be
12 administered by the financial institutions division of the
13 regulation and licensing department. The fund shall consist of
14 application, licensing, renewal, examination, investigation and
15 any other fees received that are associated with the costs of
16 administering the New Mexico Mortgage Loan Originator Licensing
17 Act, fees specified in Subsection E of Section 58-21-5 NMSA
18 1978 and any money that is appropriated or donated or that
19 otherwise accrues to the fund. ~~[Money in the fund shall be~~
20 ~~invested by the state investment officer in the manner that~~
21 ~~land grant permanent funds are invested pursuant to Chapter 6,~~
22 ~~Article 8 NMSA 1978. Income from investment of the fund shall~~
23 ~~be credited to the fund.]~~

24 B. Money in the mortgage regulatory fund is
25 appropriated to the financial institutions division of the

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1 regulation and licensing department to carry out the provisions
2 of the New Mexico Mortgage Loan Originator Licensing Act and
3 the Mortgage Loan Company Act.

4 C. Money shall be disbursed from the mortgage
5 regulatory fund only on warrant of the secretary of finance and
6 administration upon vouchers signed by the director of the
7 financial institutions division or the director's authorized
8 representative. ~~[Any unexpended or unencumbered balance
remaining at the end of a fiscal year shall not revert to the
general fund.]~~"

11 SECTION 16. Section 9-26-17 NMSA 1978 (being Laws 2024,
12 Chapter 5, Section 1) is amended to read:

13 "9-26-17. WORKFORCE DEVELOPMENT AND APPRENTICESHIP TRUST
14 FUND.--

15 A. The "workforce development and apprenticeship
16 trust fund" is created as a nonreverting fund within the state
17 treasury. The fund consists of distributions, appropriations,
18 gifts, grants and donations. Income from investment of the
19 fund shall be credited to the fund. Money in the fund shall be
20 expended only as provided in this section.

21 B. The state investment officer, subject to the
22 approval of the state investment council, shall invest money in
23 the workforce development and apprenticeship trust fund:

24 (1) in accordance with the prudent investor
25 rule set forth in the Uniform Prudent Investor Act; and

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(2) in consultation with the ~~state treasurer~~
secretary of workforce solutions.

C. The state investment officer shall report quarterly to the legislative finance committee and the state investment council on the investments made pursuant to this section. Annually, a report shall be submitted no later than November 1 each year to the legislative finance committee, the revenue stabilization and tax policy committee and any other appropriate interim committees.

D. Subject to the availability of funds:

(1) on July 1, 2024 and July 1, 2025:

(a) two million five hundred thousand dollars (\$2,500,000) shall be transferred to the public works apprentice and training fund; and

(b) two million five hundred thousand dollars (\$2,500,000) shall be appropriated to the workforce solutions department to carry out the purposes of the Apprenticeship Assistance Act; and

(2) on July 1 of each year thereafter:

(a) one million five hundred thousand dollars (\$1,500,000) shall be transferred to the public works apprentice and training fund; and

(b) one million five hundred thousand dollars (\$1,500,000) shall be appropriated to the workforce solutions department to carry out the purposes of the

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1 Apprenticeship Assistance Act.

2 E. In addition to the transfers and appropriations
3 pursuant to Subsection D of this section, money in the
4 workforce development and apprenticeship trust fund may be
5 expended in the event that general fund balances, including all
6 authorized revenues and transfers to the general fund and
7 balances in the general fund operating reserve, the
8 appropriation contingency fund ~~[the tobacco settlement~~
~~permanent fund, the state support reserve fund]~~ and the tax
9 stabilization reserve, will not meet the level of
10 appropriations authorized from the general fund for a fiscal
11 year. In that event, to avoid an unconstitutional deficit, the
12 legislature may appropriate from the workforce development and
13 apprenticeship trust fund to the general fund only in the
14 amount necessary to meet general fund appropriations for that
15 fiscal year and only if the legislature has authorized
16 transfers from the appropriation contingency fund, the general
17 fund operating reserve and the tax stabilization reserve ~~[and~~
~~the tobacco settlement permanent fund]~~ that exhaust those fund
18 balances."

19 SECTION 17. Section 9-29A-1 NMSA 1978 (being Laws 2020,
20 Chapter 3, Section 1, as amended) is amended to read:

21 "9-29A-1. EARLY CHILDHOOD EDUCATION AND CARE FUND.--

22 A. The "early childhood education and care fund" is
23 created as a nonreverting fund within the state treasury. The

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1 fund shall consist of distributions, appropriations, gifts,
2 grants and donations. Income from investment of the fund shall
3 be credited to the fund. Money in the fund shall be expended
4 only as provided in this section.

5 B. The state investment officer, subject to the
6 approval of the state investment council, shall invest money in
7 the early childhood education and care fund:

8 (1) in accordance with the prudent investor
9 rule set forth in the Uniform Prudent Investor Act; and
10 (2) in consultation with the ~~state treasurer~~
11 secretary of early childhood education and care.

12 C. The state investment officer shall report
13 quarterly to the legislative finance committee and the state
14 investment council on the investments made pursuant to this
15 section. Annually, a report shall be submitted no later than
16 October 1 each year to the legislative finance committee, the
17 revenue stabilization and tax policy committee and any other
18 appropriate interim committees.

19 D. On July 1 of each year, a distribution shall be
20 made from the early childhood education and care fund to the
21 early childhood education and care program fund in an amount
22 equal to the greater of five percent of the average of the
23 year-end market values of the fund for the immediately
24 preceding three calendar years or five hundred million dollars
25 (\$500,000,000).

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E. In addition to the distribution pursuant to Subsection D of this section, money in the early childhood education and care fund may be expended in the event that general fund balances, including all authorized revenues and transfers to the general fund and balances in the general fund operating reserve, the appropriation contingency fund [the tobacco settlement permanent fund, the state support reserve fund] and the tax stabilization reserve, will not meet the level of appropriations authorized from the general fund for a fiscal year. In that event, to avoid an unconstitutional deficit, the legislature may appropriate from the early childhood education and care fund to the general fund only in the amount necessary to meet general fund appropriations for that fiscal year and only if the legislature has authorized transfers from the appropriation contingency fund, the general fund operating reserve and the tax stabilization reserve [and the tobacco settlement permanent fund] that exhaust those fund balances."

SECTION 18. Section 18-18-1 NMSA 1978 (being Laws 2019, Chapter 165, Section 1) is amended to read:

"18-18-1. RURAL LIBRARIES ENDOWMENT FUND--
DISTRIBUTIONS.--

A. The "rural libraries endowment fund" is created as a nonreverting fund in the state treasury to support the preservation, development and establishment of rural libraries

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1 throughout the state by providing funding for rural libraries'
2 operational and capital needs and funding for the delivery of
3 specialized services to rural libraries.

4 B. The rural libraries endowment fund consists of
5 appropriations and donations to the fund and all income from
6 investment of the fund. The state investment officer shall
7 invest money in the fund ~~[as money in the fund described in~~
8 ~~Article 12, Section 7 of the constitution of New Mexico is~~
9 ~~invested] in accordance with the prudent investor rule as set~~
10 ~~forth in the Uniform Prudent Investor Act.~~

11 C. ~~[Distributions of money]~~ A distribution from the
12 rural libraries endowment fund shall be

13 ~~(1) in the following gross amounts:~~

14 ~~(a) for fiscal year 2022 and each of the~~
15 ~~following five fiscal years, the difference, if positive,~~
16 ~~between all fund investment income yielded through the~~
17 ~~immediately preceding calendar year and all fund distributions,~~
18 ~~up to five percent of the year-end market value of the fund for~~
19 ~~the immediately preceding calendar year; and~~

20 ~~(b) for fiscal year 2028 and each~~
21 ~~subsequent fiscal year, the average of fund investment income~~
22 ~~yielded in the immediately preceding five calendar years, up to~~
23 ~~five percent of the year-end market value of the fund for the~~
24 ~~immediately preceding calendar year; and~~

25 ~~(2) made to the following funds in an amount~~

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1 equal to five percent of the average year-end market value of
2 the fund for the immediately preceding five calendar years in
3 the following proportions:

4 [(a)] (1) ninety-five percent [~~of the gross~~
5 distribution] to the rural libraries program fund for grants
6 through the rural libraries grant program; and

7 [(b)] (2) five percent [~~of the gross~~
8 distribution] to the cultural affairs department for the
9 state's delivery of specialized services to rural libraries."

10 SECTION 19. Section 19-1-19 NMSA 1978 (being Laws 1966,
11 Chapter 4, Section 1, as amended) is amended to read:

12 "19-1-19. PUBLIC BUILDINGS AT CAPITAL PERMANENT FUND--
13 INVESTMENT.--

14 A. The state investment officer shall, in the same
15 manner [~~provided under Section 11-2-8.9 NMSA 1953 for other~~
16 permanent] as the land grant permanent funds, assume the
17 investment responsibility for the public buildings at capital
18 permanent fund created by Section [~~7-1-16 NMSA 195319-1-17
19 NMSA 1978.~~

20 B. As used in this section, "land grant permanent
21 funds" means the permanent school fund established by Article
22 12, Section 2 of the constitution of New Mexico and all other
23 permanent funds derived from lands granted or confirmed to the
24 state by the act of congress of June 20, 1910, entitled "An Act
25 To enable the people of New Mexico to form a constitution and

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1 state government and be admitted into the Union on an equal
2 footing with the original States..."."

3 SECTION 20. Section 24-5A-4 NMSA 1978 (being Laws 2015,
4 Chapter 5, Section 4) is amended to read:

5 "24-5A-4. VACCINE PURCHASING FUND.--

6 A. The "vaccine purchasing fund" is created as a
7 nonreverting fund in the state treasury. The fund consists of
8 amounts reimbursed to the state by health insurers and group
9 health plans pursuant to the Vaccine Purchasing Act and of
10 appropriations from, and transfers made to, the fund. Income
11 from investment of the fund shall be credited to the fund.
12 Money in the fund shall be expended only for the purposes
13 specified in the Vaccine Purchasing Act, by warrant issued by
14 the secretary of finance and administration pursuant to
15 vouchers approved by the secretary of health.

16 B. Money from the fund may be appropriated to the
17 department to be expended only as authorized in Section [5 of
18 the Vaccine Purchasing Act] 24-5A-5 NMSA 1978.

19 C. The fund shall be audited in the same manner as
20 other state funds are audited, and all records of payments made
21 from the fund shall be open to the public.

22 [D. Any balance remaining in the fund shall not
23 revert or be transferred to any other fund at the end of a
24 fiscal year.

25 E. Money in the fund shall be invested by the state

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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.]"

SECTION 21. Section 58-32-1004 NMSA 1978 (being Laws 2016, Chapter 88, Section 1004) is amended to read:

"58-32-1004. MONEY SERVICES REGULATORY FUND--CREATED-- PURPOSE--APPROPRIATION--

A. The "money services regulatory fund" is created as a nonreverting fund in the state treasury and shall be administered by the financial institutions division of the regulation and licensing department. The fund shall consist of application, licensing, renewal, investigation and any other fees received that are associated with the costs of administering the Uniform Money Services Act and any money that is appropriated or donated or that otherwise accrues to the fund. [Money in the fund shall be invested by the state investment officer in the manner that land grant permanent funds are invested pursuant to Chapter 6, Article 8 NMSA 1978. Income from investment of the fund shall be credited to the fund.]

B. Money in the money services regulatory fund is subject to appropriation by the legislature to the financial institutions division of the regulation and licensing department to carry out the provisions of the Uniform Money

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1 Services Act.

2 C. Money shall be disbursed from the money services
3 regulatory fund only on warrant of the secretary of finance and
4 administration upon vouchers signed by the director of the
5 financial institutions division or the director's authorized
6 representative. Any unexpended or unencumbered balance
7 remaining at the end of a fiscal year shall not revert to the
8 general fund."

9 **SECTION 22.** Section 72-4A-8 NMSA 1978 (being Laws 2001,
10 Chapter 164, Section 8) is amended to read:

11 "72-4A-8. WATER TRUST FUND--CREATED--INVESTMENT--
12 DISTRIBUTION.--

13 A. The "water trust fund" is created in the state
14 treasury. The fund shall consist of money appropriated,
15 donated or otherwise accrued to the fund. Money in the fund
16 shall be invested by the state investment officer ~~[as land~~
~~grant permanent funds are invested pursuant to Chapter 6,~~
~~Article 8 NMSA 1978]~~ in accordance with the prudent investor
rule as set forth in the Uniform Prudent Investor Act.

17 Earnings from investment of the fund shall be credited to the
18 fund. Money in the fund shall not be expended for any purpose,
19 but an annual distribution shall be made to the water project
20 fund in accordance with Subsection B of this section.

21 B. On July 1 of ~~[fiscal year 2003 and on July 1 of~~
22 ~~each fiscal year thereafter, an annual]~~ each year, a

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1 distribution shall be made from the water trust fund to the
2 water project fund in the amount of four million dollars
3 (\$4,000,000) until that amount is less than an amount equal to
4 four and seven-tenths percent of the average of the year-end
5 market values of the water trust fund for the immediately
6 preceding five calendar years. Thereafter, the amount of the
7 annual distribution shall be four and seven-tenths percent of
8 the average of the year-end market values of the water trust
9 fund for the immediately preceding five calendar years."

10 **SECTION 23.** Section 73-17-14 NMSA 1978 (being Laws 1927,
11 Chapter 45, Section 805, as amended) is amended to read:

12 "73-17-14. STATE LANDS.--

13 A. Whenever there [~~shall be~~] are included in any
14 district public lands belonging to the state [~~of New Mexico~~]
15 subject to entry or [~~which~~] that have been entered and for
16 which no certificates of purchase have been issued, [~~such~~] the
17 lands are [~~hereby made and~~] declared to be subject to all of
18 the provisions of [~~this~~] The Conservancy Act of New Mexico to
19 the same extent and in the same manner in which the lands of a
20 like character held under private ownership are or may be
21 subject.

22 B. All notices required to be given under [~~this~~]
23 The Conservancy Act of New Mexico shall, as soon as [~~such~~] the
24 notices are issued, be served upon the commissioner of public
25 lands of the state [~~of New Mexico~~] by mailing to [~~his~~] the

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1 commissioner's office a copy [~~thereof~~] of them, enclosed in a
2 sealed envelope, with postage prepaid.

3 C. On all books and records of the district, the
4 words "state lands" shall be used in the places [~~therein~~]
5 provided in them for the name of the owner of lands, but in all
6 other respects the [~~said~~] books and records shall be kept as
7 though the described lands were privately owned.

8 D. Upon the confirmation of any assessment against
9 lands of the state, that portion of the records relating to
10 state lands, properly signed by the president and with the seal
11 of the district [~~thereunto~~] affixed and attested by the
12 signature of the secretary, shall be delivered by the secretary
13 to the commissioner of public lands. It [~~shall be~~] is the duty
14 of the commissioner of public lands to receive [~~the same~~] it as
15 a record of the assessment of the [~~said~~] district against the
16 [~~said~~] lands, and the [~~said~~] record [~~shall be~~] is the authority
17 of the commissioner of public lands to demand and receive the
18 assessments due the district as found in the [~~same~~] record.

19 E. The commissioner of public lands shall enter on
20 the books of [~~his~~] the commissioner's office, against each
21 description of [~~such~~] those state lands, the amounts of
22 assessments [~~thereon~~] on them and shall certify [~~the same~~] them
23 to the secretary of finance and administration, who shall draw
24 a warrant on the state treasurer [~~therefor~~] for them to be paid
25 out of any funds in [~~his~~] the treasurer's hands [~~not otherwise~~]

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1 appropriated [such] for that purpose. The warrant shall be
2 forwarded by the secretary of finance and administration to the
3 treasurer, and shall by [him] the treasurer be applied in
4 payment of [such] the assessments and [by him] be credited to
5 the proper funds of the district. No patent shall issue for
6 [such] the lands until the amount of all [such] the assessments
7 with interest at seven percent has been paid. No public lands
8 [which were] unentered at the time any assessment was levied
9 against [the same] them by any district shall be sold for
10 [such] the assessment."

11 SECTION 24. Section 73-18-11 NMSA 1978 (being Laws 1939,
12 Chapter 148, Section 11) is amended to read:

13 "73-18-11. STATE LANDS--PUBLIC LANDS.--

14 [+] A. The board of a contracting district shall
15 cause notice to be given to the commissioner of public lands
16 annually of the amount of assessment to become due on account
17 of lands of the state within the district, and the commissioner
18 of public lands shall cause the [same] assessment to be paid
19 out of any funds in [his] the commissioner's hands [not
20 otherwise] appropriated for that purpose.

21 [+] B. Public lands of the United States within
22 any contracting district shall be subject to assessment for all
23 purposes of [this] The Conservancy District-Reclamation
24 Contract Act to the extent provided by the act of congress
25 approved August 11, 1916, 39 Statutes at Large 506, upon full

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1 compliance [~~therewith~~] with it by the district."

2 **SECTION 25.** Section 75-12-1 NMSA 1978 (being Laws 2023,
3 Chapter 26, Section 2) is amended to read:

4 "75-12-1. CONSERVATION LEGACY PERMANENT FUND--CREATED--
5 INVESTMENT--DISTRIBUTION.--

6 A. The "conservation legacy permanent fund" is
7 created as a nonreverting fund in the state treasury. The fund
8 consists of distributions, appropriations, gifts, grants,
9 donations and income from investment of the fund. Money in the
10 fund shall be invested by the state investment officer [~~with~~
11 ~~the same risk and return profile as land grant permanent funds~~
12 ~~are invested pursuant to Chapter 6, Article 8 NMSA 1978~~] in
13 accordance with the prudent investor rule as set forth in the
14 Uniform Prudent Investor Act. Earnings from investment of the
15 fund shall be credited to the fund. Money in the fund shall be
16 expended only as provided by this section.

17 B. If, on July 1 of each year, the conservation
18 legacy permanent fund exceeds one hundred fifty million dollars
19 (\$150,000,000) and the investment income to the fund for the
20 previous fiscal year exceeded five million dollars
21 (\$5,000,000), any investment income to the fund from the
22 previous fiscal year in excess of five million dollars
23 (\$5,000,000) shall be distributed to the land of enchantment
24 legacy fund."

25 **SECTION 26.** REPEAL.--Section 6-8-6 NMSA 1978 (being Laws
26 .232453.2

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1 1957, Chapter 179, Section 6, as amended) is repealed.

2 **SECTION 27. EFFECTIVE DATE.**--The effective date of the
3 provisions of this act is July 1, 2026.

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