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SENATE JOINT MEMORIAL 4  
42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,  
1996

INTRODUCED BY  
MANNY M. ARAGON

FOR THE LEGISLATIVE FINANCE COMMITTEE AND THE  
REVENUE STABILIZATION AND TAX POLICY COMMITTEE

A JOINT MEMORIAL  
REQUESTING THE CONGRESS OF THE UNITED STATES TO CONSENT TO THE  
AMENDMENT OF THE CONSTITUTION OF NEW MEXICO TO PERMIT GREATER  
FLEXIBILITY IN THE INVESTMENT AND DISTRIBUTION OF LAND GRANT  
PERMANENT FUNDS.

WHEREAS, the provisions of Sections 9 and 10 of the  
Enabling Act for New Mexico, Act of June 20, 1910, as amended,  
36 Statutes at Large 557, provided that lands granted by the  
United States to New Mexico shall be held in trust for the land  
grant beneficiaries and that any money derived from the sale of  
these lands or their products shall likewise be held in trust;  
and

WHEREAS, the constitution of New Mexico incorporates the  
foregoing restrictions prohibiting expenditures from the

Underscored material = new  
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1 principal of the land grant permanent funds and limiting the  
2 source of distributions to "income" from the investment of the  
3 permanent funds, thereby precluding the distributions to  
4 beneficiaries of any capital gains; and

5 WHEREAS, the foregoing restrictions have resulted in the  
6 investment of the land grant permanent funds primarily in fixed  
7 income investments to maintain the flow of distributions to the  
8 land grant beneficiaries, but such a policy does not protect the  
9 land grant permanent funds from loss of value due to the effects  
10 of inflation; and

11 WHEREAS, current investment theory and practice indicate  
12 that it is preferable and prudent to have sufficient flexibility  
13 in investing permanent funds to maintain appreciation of the  
14 funds at a rate in excess of the rate of inflation, thus  
15 ensuring the safety of the funds for the future; and

16 WHEREAS, to accomplish the foregoing investment objectives  
17 and maintain adequate distributions to beneficiaries, it is also  
18 necessary from time to time to distribute limited amounts of the  
19 principal of the permanent funds;

20 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE  
21 STATE OF NEW MEXICO that the congress of the United States be  
22 respectfully petitioned to consent to the amendment of the  
23 constitution of New Mexico in order to permit more flexible  
24 investment of its land grant permanent funds and distributions  
25 of limited amounts of the principal of the funds, all as set

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1     forth with particularity in a constitutional amendment proposed  
2     by a joint resolution of the legislature, entitled "A JOINT  
3     RESOLUTION PROPOSING AMENDMENTS TO ARTICLE 8, SECTION 10 AND  
4     ARTICLE 12, SECTIONS 2, 4 AND 7 OF THE CONSTITUTION OF NEW  
5     MEXICO TO PROTECT THE STATE'S PERMANENT FUNDS AGAINST INFLATION  
6     BY LIMITING DISTRIBUTIONS TO A PERCENTAGE OF EACH FUND'S MARKET  
7     VALUE AND BY MODIFYING CERTAIN INVESTMENT RESTRICTIONS TO ALLOW  
8     OPTIMAL DIVERSIFICATION OF INVESTMENTS."; and

9             BE IT FURTHER RESOLVED that copies of this memorial and the  
10     referenced proposed constitutional amendment be sent to the  
11     president of the United States senate, the speaker of the United  
12     States house of representatives and the New Mexico congressional  
13     delegation.

14                     - 3 -

1 FORTY- SECOND LEGI SLATURE  
2 SECOND SESSI ON, 1996  
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5 January 29, 1996  
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7 Mr. President:  
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9 Your JUDI CIARY COMMI TTEE, to whom has been referred  
10

11 SENATE JOI NT MEMORI AL 4  
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13 has had it under consideration and reports same with  
14 recommendation that it DO PASS, and thence referred to the WAYS  
15 AND MEANS COMMI TTEE.  
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17 Respectfully submi tted,  
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22 Janice D. Paster, Chairman  
23  
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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_

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(Chief Clerk)

(Chief Clerk)

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Date \_\_\_\_\_

The roll call vote was 5 For 0 Against

Yes: 5

No: 0

Excused: Carraro, Cisneros, Stefani cs, Vernon

Absent: None

SJ004JU1

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~~[bracketed material] = delete~~

1 FORTY- SECOND LEGI SLATURE  
2 SECOND SESSI ON, 1996  
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5 February 2, 1996  
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7 Mr. President:  
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9 Your FINANCE COMMI TTEE, to whom has been referred  
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11 SENATE JOI NT MEMORI AL 4  
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13 has had it under consideration and reports same with  
14 recommendation that it DO PASS.  
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16 Respectfully submi tted,  
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21 Ben D. Altami rano, Chair man  
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25 Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chi ef Clerk) (Chi ef Clerk)

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Date \_\_\_\_\_

The roll call vote was 8 For 0 Against

Yes: 8

No: 0

Excused: Doni sthorpe, Duran, Ingle, Kidd, Kysar

Absent: None

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