

HANDOUTS

PRESENTATION OF DR. TOM K. POLLARD

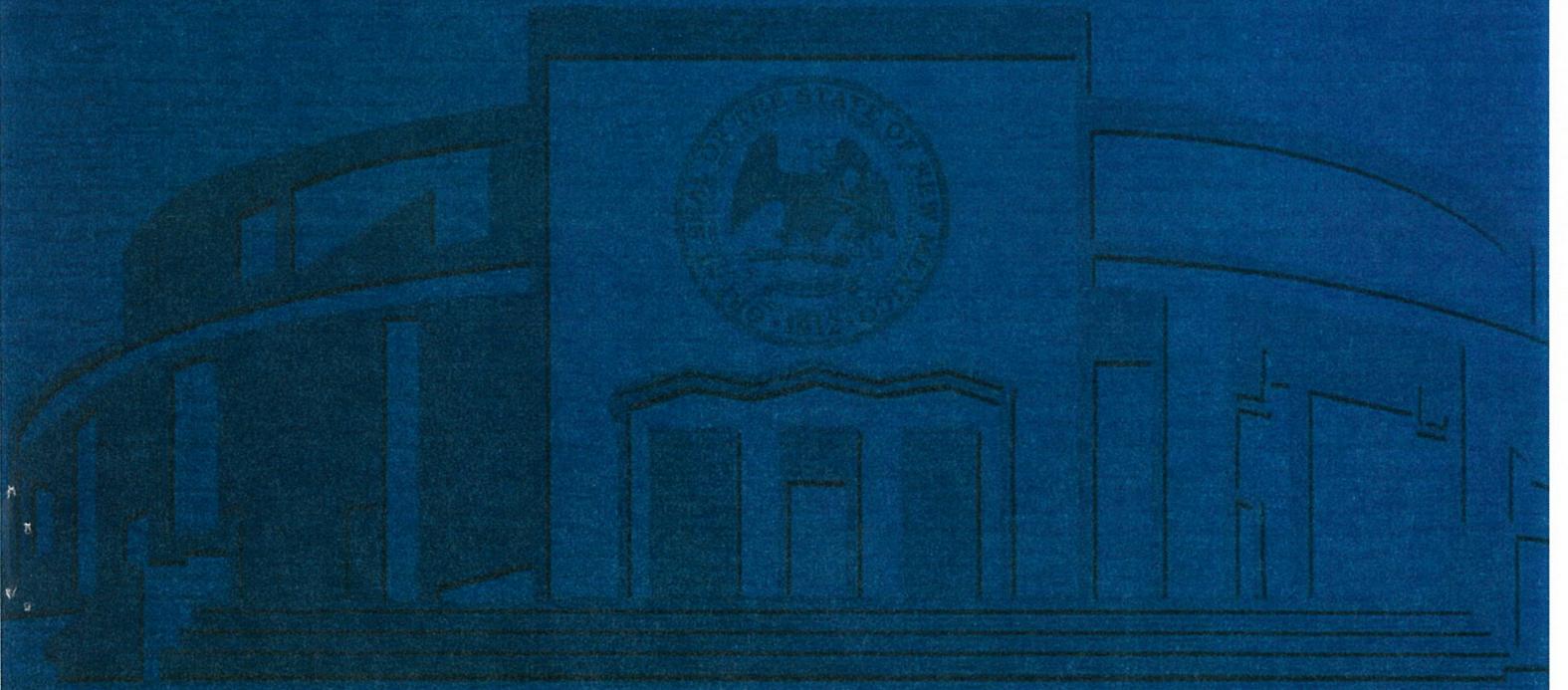
Tobacco Settlement Revenue Oversight Committee
June 11, 2013
Santa Fe

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STATE OF NEW MEXICO

APRIL 2013

POST SESSION
REVIEW



LEGISLATING FOR RESULTS:
2013 POST-SESSION REVIEW

and FY14 revenue estimates downward by \$41.4 million and \$24.2 million, respectively. Detail of the revenue estimate can be found in Appendix G.

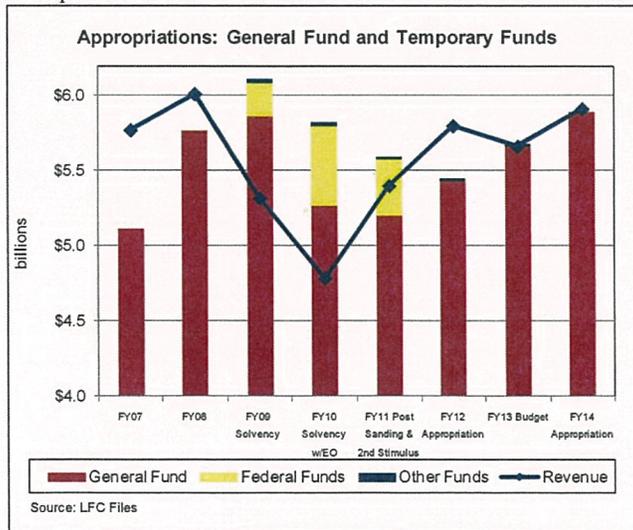
The LFC's FY14 budget guidelines proposed a balanced approach of maintaining general fund reserves above 10 percent while prioritizing services for education, early childhood investment, public health and safety, and protections for vulnerable citizens.

The LFC and executive expenditure and revenue recommendations were strikingly similar, with expenditure recommendations differing by only \$1.2 million and revenue assumptions differing by \$2.6 million; however, the recommendations featured a half dozen significant differences.

The executive recommendation assumed \$47.4 million of tax reform initiatives while the LFC recommendation provided a one-year \$25 million distribution of motor vehicle excise tax to the road fund and left \$25 million unspent. The LFC and executive recommendations would have increased overall spending by 4.1 percent, with the LFC recommending \$5.883 billion that included a 1 percent average compensation increase for all state employees and public education employees, and the executive recommending \$5.881 billion with no pay raise.

On average, agencies requested a 4.8 percent general fund appropriation increase. The executive largely supported most agency requests by providing more funding for agency operations, program expansions, and lower vacancy rates. Excluding public and higher education, the executive recommended a 5 percent increase for government operations. The executive recommendation was \$7 million lower than the LFC for Medicaid and mostly reflected savings from state coverage insurance clients shifting after January 1, 2014 to the regular Medicaid Program, with a 100 percent federal match.

The General Appropriation Act of 2013 (GAA) emerged from the House with general fund appropriations set at \$5.875 billion, a 4.2 percent increase from FY13. The House Appropriations and Finance Committee found middle ground between executive and LFC recommendations for key agencies and preserved the LFC recommendation for compensation. The Senate Finance Committee amendments added \$6.5 million, resulting in an increase of 4.4 percent over FY13.



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HOUSE BILL 412

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Jim R. Trujillo

AN ACT

TRANSFERRING FUNDS FROM THE GENERAL FUND OPERATING RESERVE TO
THE TOBACCO SETTLEMENT PERMANENT FUND.

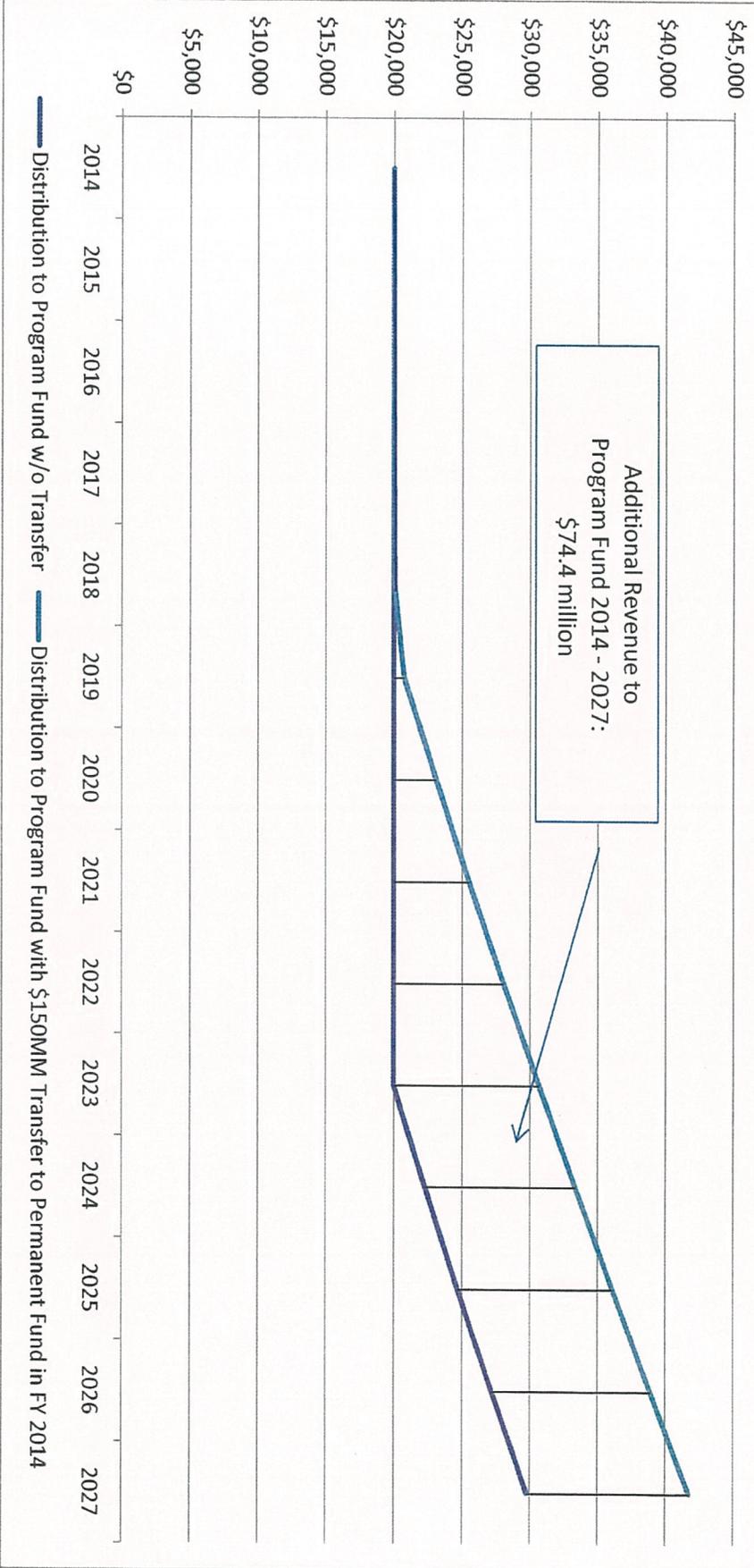
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. TEMPORARY PROVISION--TRANSFER OF FUNDS.--On
the effective date of this act, one hundred fifty million
dollars (\$150,000,000) is transferred from the general fund
operating reserve to the tobacco settlement permanent fund.
This transfer represents a restoration of funds diverted from
the tobacco settlement permanent fund to meet state fiscal
solvency requirements.

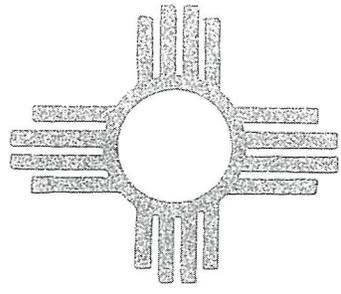
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**Distributions from Tobacco Settlement Permanent Fund to Program Fund 2014 - 2027:
With and Without \$150 million Transfer from Operating Reserve to Tobacco Settlement
Permanent Fund in FY2014 (000s)**



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The Legislature of the State of New Mexico

51st Legislature, 1st Session

LAWS 2013

CHAPTER _____

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 113 AND
SENATE EDUCATION COMMITTEE SUBSTITUTE FOR
SENATE BILL 392, as amended
Introduced by



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AN ACT

RELATING TO PUBLIC MONEY; INCREASING DISTRIBUTIONS TO THE
LOTTERY TUITION FUND; MAKING A DISTRIBUTION FROM THE TOBACCO
SETTLEMENT PERMANENT FUND TO THE LOTTERY TUITION FUND; MAKING
A DISTRIBUTION FROM THE TOBACCO SETTLEMENT PERMANENT FUND TO
THE TOBACCO SETTLEMENT PROGRAM FUND FOR APPROPRIATION FOR
EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS ADMINISTERED BY
THE CHILDREN, YOUTH AND FAMILIES DEPARTMENT; RECONCILING
MULTIPLE AMENDMENTS TO THE SAME SECTION OF LAW IN LAWS 2011;
MAKING APPROPRIATIONS.

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 by Laws 2011, Chapter 3,
Section 1 and by Laws 2011, Chapter 167, Section 1) 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 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



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

9 B. In fiscal year 2007 and in each fiscal year
10 thereafter, an annual distribution shall be made from the
11 tobacco settlement permanent fund to the tobacco settlement
12 program fund of an amount equal to fifty percent of the total
13 amount of money distributed to the tobacco settlement
14 permanent fund in that fiscal year until that amount is less
15 than an amount equal to four and seven-tenths percent of the
16 average of the year-end market values of the tobacco
17 settlement permanent fund for the immediately preceding five
18 calendar years. Thereafter, the amount of the annual
19 distribution shall be four and seven-tenths percent of the
20 average of the year-end market values of the tobacco
21 settlement permanent fund for the immediately preceding five
22 calendar years. In the event that the actual amount
23 distributed to the tobacco settlement program fund in a
24 fiscal year is insufficient to meet appropriations from that
25 fund for that fiscal year, the secretary of finance and

1 administration shall proportionately reduce each
2 appropriation accordingly.

3 C. In addition to the distribution made pursuant
4 to Subsection B of this section, in fiscal years 2009 through
5 2013, the remaining fifty percent of the total amount of
6 money distributed to the tobacco settlement permanent fund in
7 that fiscal year shall be distributed from the tobacco
8 settlement permanent fund to the tobacco settlement program
9 fund.

10 D. In addition to the distribution made pursuant
11 to Subsections B and E of this section, in fiscal year 2014,
12 twenty-five percent of the total amount of money distributed
13 pursuant to the master settlement agreement to the tobacco
14 settlement permanent fund in that fiscal year shall be
15 distributed from the tobacco settlement permanent fund to the
16 lottery tuition fund.

17 E. In addition to the distribution made pursuant
18 to Subsections B and D of this section, in fiscal year 2014,
19 twenty-five percent of the total amount of money distributed
20 to the tobacco settlement permanent fund in that fiscal year
21 shall be distributed from the tobacco settlement permanent
22 fund to the tobacco settlement program fund for appropriation
23 for direct services provided by early childhood care and
24 education programs administered by the children, youth and
25 families department.

1 F. The tobacco settlement permanent fund shall be
 2 considered a reserve fund of the state and, as a reserve
 3 fund, may be expended in the event that general fund
 4 balances, including all authorized revenues and transfers to
 5 the general fund and balances in the general fund operating
 6 reserve, the appropriation contingency fund and the tax
 7 stabilization reserve, will not meet the level of
 8 appropriations authorized from the general fund for a fiscal
 9 year. In that event, in order to avoid an unconstitutional
 10 deficit, the legislature may authorize a transfer from the
 11 tobacco settlement permanent fund to the general fund but
 12 only in an amount necessary to meet general fund
 13 appropriations."

14 SECTION 2. APPROPRIATION.--

15 A. Nine million seven hundred fifty thousand
 16 dollars (\$9,750,000) is appropriated from the tobacco
 17 settlement program fund to the children, youth and families
 18 department for direct services provided by early childhood
 19 care and education programs that the department administers
 20 for expenditure in fiscal year 2014 to be allocated as
 21 follows:

- 22 (1) two million dollars (\$2,000,000) for
- 23 reimbursement of licensed child care providers that the
- 24 department has determined meet one of the top three levels of
- 25 a tiered quality rating and improvement system that includes

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1 educational components;

2 (2) five million seven hundred fifty
3 thousand dollars (\$5,750,000) for pre-kindergarten; and

4 (3) two million dollars (\$2,000,000) for
5 home visiting programs.

6 B. Any unexpended or unencumbered balance
7 remaining at the end of fiscal year 2014 shall revert to the
8 tobacco settlement program fund.

9 SECTION 3. TEMPORARY PROVISION--TRANSFER OF FUNDS.--On
10 the effective date of this act, fifty million dollars
11 (\$50,000,000) is transferred from the general fund operating
12 reserve to the tobacco settlement permanent fund. This
13 transfer represents a restoration of funds diverted from the
14 tobacco settlement permanent fund to meet state fiscal
15 solvency requirements.

16 SECTION 4. EFFECTIVE DATE.--The effective date of the
17 provisions of this act is July 1, 2013.

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s/John A. Sanchez
John A. Sanchez, President
Senate

s/Lenore M. Naranjo
Lenore M. Naranjo, Chief Clerk
Senate

s/W. Ken Martinez
W. Ken Martinez, Speaker
House of Representatives

s/Stephen R. Arias
Stephen R. Arias, Chief Clerk
House of Representatives

Approved by me this _____ day of _____, 2013

s/Governor Susana Martinez
Governor Susana Martinez
State of New Mexico

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General Fund Financial Summary - Legislation that Passed House or Senate
(in millions of dollars)

	Actual FY2012	Estimated FY2013	Estimated FY2014
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
December 2012 Consensus Forecast	\$ 5,802.4	\$ 5,707.3	\$ 5,932.7
February 2013 forecast update		\$ (41.4)	\$ (24.2)
2013 Regular Session		\$ (0.2)	\$ 8.7
Total Recurring Revenue	\$ 5,802.4	\$ 5,665.7	\$ 5,917.2
Nonrecurring Revenue			
December 2012 Consensus Forecast	\$ 14.7	\$ (3.3)	\$ (0.9)
February 2013 forecast update	\$ (40.0)	\$ -	\$ -
2013 Regular Session		\$ (1.8)	\$ -
Total Non-Recurring Revenue (1)	\$ (25.3)	\$ (5.1)	\$ (0.9)
TOTAL REVENUE	\$ 5,777.1	\$ 5,660.6	\$ 5,916.3
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation	\$ 5,431.4	\$ 5,649.6	\$ 5,895.4
2013 Regular Session - Feed Bill	\$ -	\$ 9.2	\$ -
2013 Regular Session - Legislation		\$ -	\$ 2.7
Total Recurring Appropriations	\$ 5,431.4	\$ 5,658.8	\$ 5,898.1
Nonrecurring Appropriations			
Regular Session	\$ 5.8		
2012 Audit	\$ (23.8)	\$ 23.7	
2013 Regular Session - Legislation		\$ -	\$ 0.5
2013 IT Project Funding		\$ 20.4	
2013 Deficiencies, Supplementals, Specials	\$ 100.8	\$ 66.3	\$ -
Total Nonrecurring Appropriations	\$ 82.7	\$ 110.4	\$ 0.5
TOTAL APPROPRIATIONS	\$ 5,514.1	\$ 5,769.2	\$ 5,898.6
Transfer to(from) Reserves (2)	\$ 263.0	\$ (108.6)	\$ 17.7
GENERAL FUND RESERVES			
Beginning Balances	\$ 504.7	\$ 712.9	\$ 573.5
Transfers from (to) Appropriations Account	\$ 263.0	\$ (108.6)	\$ 17.7
Revenue and Reversions	\$ 202.8	\$ 70.4	\$ 101.5
Appropriations, expenditures and transfers out	\$ (257.6)	\$ (101.2)	\$ (107.5)
Ending Balances	\$ 712.9	\$ 573.5	\$ 585.3
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>13.1%</i>	<i>10.1%</i>	<i>9.9%</i>

Notes:

(1) FY12 includes \$18.3 million in nonrecurring revenue: \$11.4 million fund transfer for solvency, and \$6.9 million for tax amnesty. The nonrecurring revenue reductions in FY13 and FY14 reflect accelerated revenue collections due to the tax amnesty program.

(2) Pursuant to Section 10, \$40 million was transferred from the Appropriation Account to the Appropriation Contingency Fund in FY12.

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General Fund Financial Summary - Legislation that Passed House or Senate
RESERVE DETAIL
(in millions of dollars)

	Actual FY2012	Estimated FY2013	Estimated FY2014
OPERATING RESERVE			
Beginning balance	\$ 276.5	\$ 346.8	\$ 219.5
BOF Emergency Appropriations/Reversions	\$ (1.3)	\$ (1.75)	\$ (2.0)
Contingent Liability - Cash Management (1)	\$ (70.0)	\$ -	\$ -
Transfers from/to appropriation account	\$ 263.0	\$ (108.6)	\$ 17.7
Transfer to Appropriation Contingency Fund	\$ -	\$ (16.9)	\$ -
Transfer to Tobacco Permanent Fund (SB113/392)	\$ -	\$ -	\$ (50.0)
Transfer to tax stabilization reserve	\$ (121.4)	\$ -	\$ -
Ending balance	\$ 346.8	\$ 219.5	\$ 185.3
APPROPRIATION CONTINGENCY FUND			
Beginning balance	\$ 5.2	\$ 29.5	\$ 33.7
Disaster allotments	\$ (17.6)	\$ (16.0)	\$ (16.0)
Other appropriations	\$ -	\$ -	\$ -
Transfers in (2)	\$ 40.0	\$ 16.9	\$ -
Revenue and reversions	\$ 1.9	\$ 3.3	\$ -
Ending Balance	\$ 29.5	\$ 33.7	\$ 17.7
Education Lock Box			
Beginning balance	\$ 47.1	\$ 39.1	\$ 11.6
Appropriations (GAA Section 5&6) (3)	\$ (8.0)	\$ (27.5)	\$ -
Transfers in (out)	\$ -	\$ -	\$ -
Ending balance	\$ 39.1	\$ 11.6	\$ 11.6
Total of Appropriation Contingency Fund	\$ 68.6	\$ 45.3	\$ 29.3
STATE SUPPORT FUND			
Beginning balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending balance	\$ 1.0	\$ 1.0	\$ 1.0
TOBACCO PERMANENT FUND			
Beginning balance	\$ 148.8	\$ 149.0	\$ 160.2
Transfers in (includes SB113/392)	\$ 39.3	\$ 39.0	\$ 89.5
Appropriation to tobacco settlement program fund	\$ (19.7)	\$ (19.5)	\$ (19.8)
<i>SB113/392 - Lottery Tuition & Early Childhood Programs Fund Distributions</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ (19.8)</i>
Gains/Losses	\$ 0.2	\$ 11.2	\$ 12.0
Additional transfers to Program Fund	\$ (19.7)	\$ (19.5)	\$ -
Ending balance	\$ 149.0	\$ 160.2	\$ 222.2
TAX STABILIZATION RESERVE			
Beginning balance	\$ 26.1	\$ 147.5	\$ 147.5
Transfers in	\$ 121.4	\$ -	\$ -
Ending balance	\$ 147.5	\$ 147.5	\$ 147.5
GENERAL FUND ENDING BALANCES	\$ 712.9	\$ 573.5	\$ 585.3
<i>Percent of Recurring Appropriations</i>	<i>13.1%</i>	<i>10.1%</i>	<i>9.9%</i>

Notes:

(1) Due to SHARE reconciliation to the cash account there was a \$70 million cash shortfall which will come out of the ACF.

(2) Transfer from FY12 appropriation account to replenish the Appropriation Contingency Fund.

(3) DFA scores this appropriation as \$8 million in FY12, and \$1 million in FY13. Also in FY13, \$2 million for common core and teacher evaluation implementation, \$5.6 million for hold harmless for funding formula reform (contingent on legislation).

* This table does not show the effect of HB412, which would transfer \$150 million from the operating reserve to the Tobacco Settlement Permanent Fund.

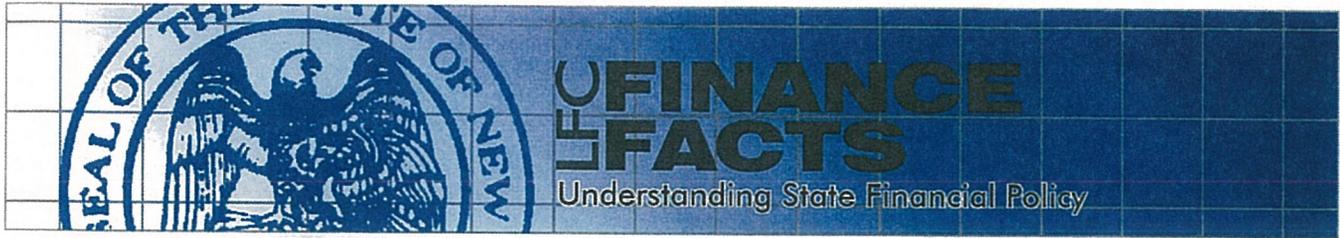
** Line items in italics indicate they have passed either the House Taxation and Revenue Committee, the House Appropriations and Finance Committee or the Senate Finance Committee.

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Appropriation Account Detail: 2013 Session - Legislation that Passed House or Senate
(in millions of dollars)

		FY13		FY14		FY15		FY16	
		Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring
REVENUE									
<u>2013 Regular Session:</u>									
Recurring Revenue Legislation									
HB120	Locomotive Fuel Gross Receipts			\$ (3.0)		\$ (2.9)		\$ (3.0)	
HB172	Limit Tax Credit Paid to Another State			\$ 1.4		\$ 1.5		\$ 1.5	
SB2	State Aviation Fund Uses (Duplicates HB105)	\$ (0.2)		\$ (1.0)		\$ (1.0)		\$ (1.0)	
SB4	Dialysis Facility Gross Receipts			\$ (0.2)		\$ (0.5)		\$ (0.9)	
SB14	Extend Sustainable Building Tax Credit					\$ (5.0)		\$ (5.0)	
SB25	Judicial Retirement Changes			\$ 2.7		\$ 2.7		\$ 2.7	
SB72	Racehorse Testing Standards (Duplicates HB 187)			\$ -		\$ (0.4)		\$ (0.7)	
SB81	Liquor Tax Microbrew Volume Limit			\$ (0.1)		\$ (0.3)		\$ (0.4)	
SB113/392	Transfer \$50 million from Operating Reserve to TSPF. Distributions of \$19.8 million for Lottery Tuition & Early Childhood Programs Fund.								
SB116	Liquor Tax Small Winegrower Volume Limit (Dup. HB505)			\$ (0.1)		\$ (0.2)		\$ (0.4)	
SB269	Durable Medical Equipment Gross Receipts			\$ (0.9)		\$ (1.8)		\$ (1.8)	
SB539	Remote Sellers Gross Receipts			\$ -		\$ -		\$ -	
HB628	Could transfer from the operating reserve up to \$20 million for FY13 and up to \$16 million for FY14 to meet IDEA maintenance of effort requirements.								
HB641/aSFI	Film & Corporate Tax & Manufacturing			\$ 9.8		\$ 10.6		\$ (37.5)	
Vetoes									
Non-Recurring Revenue Legislation									
HB2 Sec.7	PRC - e-IDEAL			\$ (1.3)					
HB2 Sec. 5	Land Maintenance Fund (1)			\$ (0.5)					
Vetoes									
TOTAL REVENUE (2)		\$ (0.2)	\$ (1.8)	\$ 8.7	\$ -	\$ 2.6	\$ -	\$ (46.5)	\$ -
APPROPRIATIONS									
<u>2013 Regular Session:</u>									
Appropriations									
HB1	Feed Bill	\$ 9.2		\$ 14.4					
HB2	Section 4, General Appropriation			\$ 5,867.1					
HB2	Section 5 & 6, Specials, Deficiencies & Supplementals (2)	\$ 66.3							
HB2	Section 7, Data Processing	\$ 20.4							
HB2	Section 8, Compensation			\$ 13.9					
Subtotal-2013 Regular Session GAA		\$ 9.2	\$ 86.7	\$ 5,895.4	\$ -	\$ -	\$ -	\$ -	\$ -
SB131	Traffic Ticket Payment & Reporting				\$ 0.5				
SB25	Judicial Retirement Changes			\$ 2.7		\$ 2.7		\$ 2.7	
Subtotal-2013 Regular Session		\$ -	\$ -	\$ 2.7	\$ 0.5	\$ 2.7	\$ -	\$ 2.7	\$ -
TOTAL APPROPRIATIONS		\$ 9.2	\$ 86.7	\$ 5,898.1	\$ 0.5	\$ 2.7	\$ -	\$ 2.7	\$ -

Notes: 1) The General Fund is the beneficiary of roughly 80 percent of the reversions from the Land Maintenance Fund.
2) Recurring Special Appropriations excludes \$27.5 million transferred from the education lockbox.



General Fund Reserves

Because the New Mexico Constitution requires a balanced budget, state government maintains general fund reserves to cover any shortfalls if revenues are unexpectedly low or expenses are unexpectedly high. These rainy day funds are measured as a percentage of recurring appropriations – planned ongoing spending. The general fund reserves are made up of several distinct accounts: the operating reserve, tax stabilization reserve, appropriation contingency fund, taxpayers dividend fund, and state support reserve fund.

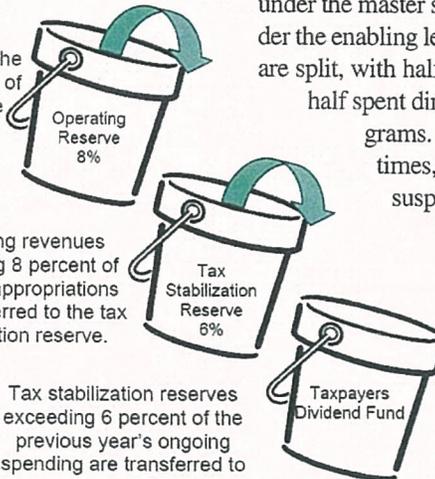
Operating Reserve

Revenues left at the end of the fiscal year are transferred to the operating reserve. If revenues come up short, the governor may transfer money from the operating reserve to cover authorized expenses. The amount the governor can transfer is capped by the Legislature each year in the General Appropriation Act. Once the operating reserve fund hits 8 percent of the prior budget year's recurring appropriations, the excess must be transferred to the tax stabilization reserve by law.

Excess revenue left in the general fund at the end of the year goes into the operating reserve.

Operating revenues exceeding 8 percent of ongoing appropriations are transferred to the tax stabilization reserve.

Tax stabilization reserves exceeding 6 percent of the previous year's ongoing spending are transferred to the taxpayers dividend fund.



Tax Stabilization Reserve

Money in the tax stabilization reserve may only be appropriated if the governor declares it necessary and only with the vote of two-thirds of both the House and Senate. When the tax stabilization reserve balance reaches 6 percent of the previous fiscal year's recurring appropriations, state law requires the transfer of the excess funds to the taxpayers dividend fund.

Taxpayers Dividend Fund

If the taxpayers dividend fund balance exceeds 1 percent of state personal income tax collection, the governor must propose a method to refund the balance to the state's taxpayers in legislation to be considered at the next legislative session.

Appropriation Contingency Fund

The Legislature authorizes revenue going in and out of the appropriation contingency fund. A limited amount of the revenue in the fund can also be spent when the governor declares an emergency. The fund is mostly used to set aside money for use if certain circumstances come into play, such as the start-up of a new program moving faster than funded.

Tobacco Settlement Permanent Fund

The tobacco settlement permanent fund was created to hold payments to New Mexico from cigarette companies under the master settlement agreement of 1998. Under the enabling legislation, the settlement payments are split, with half going to the permanent fund and half spent directly on health and education programs. However, during economic hard times, the Legislature has temporarily suspended deposits into the permanent fund and put the entire amount into direct spending.

Money in the tobacco settlement permanent fund is invested by the State Investment Council and interest is credited to the fund. The Legislature may authorize spending from the fund for a budget shortfall only after balances in all other reserve accounts have been exhausted.

State Support Fund

On the first day of each fiscal year, remaining balances over \$1 million in the public school district general obligation bonds loan fund are transferred to the state support reserve fund. Money in that fund may only be used to augment appropriations to public school districts for the state equalization guarantee distribution.

For More Information:

- The status of the New Mexico's reserve accounts can be found in the state's general fund financial summary, which is published on the State Board of Finance's website: www.board.nmdfa.state.nm.us.
- Statutes governing New Mexico's general fund reserves include: 6-4-2.1, 6-4-2.2, 6-4-2.3, 6-4-4, 6-4-9, 12-11-24, 22-8-31 NMSA 1978.

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Item	General Fund	Other State Funds	Intrnl Svc Funds/Inter-Agency Trnsf	Federal Funds	Total/Target
1	million five hundred thousand dollars (\$1,500,000) from internal service funds/interagency transfers and				
2	other state funds from permanent and land grant funds, inmate work crew income and phone card				
3	reimbursements;				
4	(35) the department of public safety may request budget increases from state chemist				
5	revenues and balances and from the state forfeiture fund to address the enforcement of the Controlled				
6	Substances Act and may request budget increases from concealed handgun carry revenues and balances to				
7	address the enforcement of the Concealed Handgun Carry Act;				
8	(36) the department of transportation may request budget increases up to thirty				
9	million dollars (\$30,000,000) from other state funds to meet federal match requirements and for debt				
10	service and related costs, intergovernmental agreements, lawsuit and construction- and maintenance-				
11	related costs and may request program transfers between the transportation and highway operations program				
12	and the program and infrastructure program for costs related to engineering, construction and maintenance				
13	activities; and				
14	(37) the policy development and institutional financial oversight program of the				
15	higher education department may request budget increases up to twenty thousand dollars (\$20,000) from				
16	other state funds to review regulations and conduct program enforcement in the private and proprietary				
17	schools program.				
18	F. The department of military affairs, the homeland security and emergency management				
19	department, the department of public safety, and the energy, minerals and natural resources department				
20	may request budget increases from the general fund as required by an executive order declaring a disaster				
21	or emergency.				
22	Section 11. FUND TRANSFERS.--Seventeen million dollars (\$17,000,000) is transferred from the				
23	operating reserve to the appropriation contingency fund to address reductions in federal funding to New				
24	Mexico agencies resulting from the federal sequester.				
25	Section 12. TRANSFER AUTHORITY.--				

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Item	General Fund	Other State Funds	Intnl Svc Funds/Inter-Agency Trnsf	Federal Funds	Total/Target
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A. If revenue and transfers to the general fund at the end of fiscal year 2013 are not sufficient to meet appropriations, the governor, with state board of finance approval, may transfer to the appropriation account of the general fund the amount necessary to meet that fiscal year's obligations from the operating reserve; provided that the total transferred pursuant to this subsection shall not exceed one hundred twenty million dollars (\$120,000,000). This transfer is in addition to the transfer provided in Laws 2012 Chapter 19, Section 11.

B. If, after the total amount authorized in Subsection A of this section has been transferred, revenue and transfers to the general fund at the end of fiscal year 2014 are not sufficient to meet appropriations, the governor, with state board of finance approval, may transfer to the appropriation account of the general fund the amount necessary to meet that fiscal year's obligations from the operating reserve; provided that the total transferred pursuant to this subsection shall not exceed sixty million dollars (\$60,000,000).

Section 13. SEVERABILITY.--If any part or application of this act is held invalid, the remainder or its application to other situations or persons shall not be affected.=====

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