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## FISCAL IMPACT REPORT

<b>SPONSOR</b>	<u>Gardner</u>	<b>ORIGINAL DATE</b>	<u>2/6/06</u>	<b>HJR</b>	<u>14</u>
		<b>LAST UPDATED</b>	<u></u>	<b>SB</b>	<u></u>
<b>SHORT TITLE</b>	<u>Stop Extra Permanent Fund Distributions</u>			<b>SB</b>	<u></u>
		<b>ANALYST</b>	<u>Hoffmann</u>		

This is a duplicate of Senate Joint Resolution 3.

### SOURCES OF INFORMATION

LFC Files

#### No Response From

Attorney General's Office (AGO)

State Investment Council (SIC)

Department of Finance and Administration (DFA)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

House Joint Resolution 14 proposes to amend Article 12, Section 7 of the Constitution of New Mexico to eliminate the additional distribution from the Land Grant Permanent Fund (LGPF) to the beneficiaries, primarily public education.

The distribution level would be reduced to 4.7%, from the following current levels mandated by law:

Present-FY 2012:	5.8% of current 5-year rolling average of LGPF calendar year total
FY 2013-FY 2016:	5.5% of current 5-year rolling average of LGPF calendar year total
FY 2017- perpetuity:	5.0% of current 5-year rolling average of LGPF calendar year total

### FISCAL IMPLICATIONS

The following information was provided by the State Investment Council regarding Senate Joint Resolution 3.

Revenues above represent estimated decreases in payout from the LGPF to constitutional beneficiaries, assuming passage of a full & similar bill by  $\frac{3}{4}$  of legislators into law, and corresponding vote by NM registered voters to unwind Amendment 2, passed by state voters in September 2003.

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Revenue estimates also assume standard Land Grant Permanent Fund returns of 8.5% prior to fees. Market performance above or below that could affect returns/distributions significantly.

Assumed revenues do not take into account potential impact on General Fund, which would likely be called upon to restore/supplant monies/education funding removed by lowering LGPF distribution levels from current 5.8% of five year Fund rolling average, to previous 4.7% level.

While distribution amounts from the LGPF to beneficiaries would decrease to 4.7%, over time, the smaller percentage would be coming out of a bigger fund.

Projected cost impact of a potential special election is unknown. The statewide vote, while necessary for passage of this constitutional amendment, could also be held as part of standard general election.

### **SIGNIFICANT ISSUES**

As noted above, there would be an impact from the increase on the funding load of the general fund as the contributions from the LGPF are lowered..

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Joint Resolution 3 is a duplicate of this bill.

CH/mt