

1 HOUSE JOINT RESOLUTION 2
2 **50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

3 INTRODUCED BY
4 Jim R. Trujillo and Nancy Rodriguez
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10 A JOINT RESOLUTION
11 PROPOSING AN AMENDMENT TO ARTICLE 12, SECTION 7 OF THE
12 CONSTITUTION OF NEW MEXICO TO PROVIDE FOR AN ANNUAL
13 DISTRIBUTION FROM THE LAND GRANT PERMANENT FUNDS EQUAL TO FIVE
14 AND EIGHT-TENTHS PERCENT OF THE FIVE-YEAR HISTORICAL AVERAGE OF
15 THE VALUE OF THE FUND AND THAT, UNDER CERTAIN CONDITIONS, A
16 PORTION OF THE AMOUNT DISTRIBUTED FROM THE PERMANENT SCHOOL
17 FUND SHALL BE USED TO IMPLEMENT AND MAINTAIN EDUCATION REFORMS
18 AS PROVIDED BY LAW.
19

20 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

21 SECTION 1. It is proposed to amend Article 12, Section 7
22 of the constitution of New Mexico to read:

23 "A. As used in this section, "fund" means the
24 permanent school fund described in Article 12, Section 2 of
25 this ~~[article]~~ constitution and all other permanent funds

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~~[bracketed material] = delete~~

1 derived from lands granted or confirmed to the state by the act
2 of congress of June 20, 1910, entitled "An act to enable the
3 people of New Mexico to form a constitution and state
4 government and be admitted into the union on an equal footing
5 with the original states."

6 B. The fund shall be invested by the state
7 investment officer in accordance with policy regulations
8 promulgated by the state investment council.

9 C. In making investments, the state investment
10 officer, under the supervision of the state investment council,
11 shall exercise the judgment and care under the circumstances
12 then prevailing that businessmen of ordinary prudence,
13 discretion and intelligence exercise in the management of their
14 own affairs not in regard to speculation but in regard to the
15 permanent disposition of their funds, considering the probable
16 income as well as the probable safety of their capital.

17 D. The legislature may establish criteria for
18 investing the fund if the criteria are enacted by a
19 three-fourths' vote of the members elected to each house, but
20 investment of the fund is subject to the following
21 restrictions:

22 (1) not more than sixty-five percent of the
23 book value of the fund shall be invested at any given time in
24 corporate stocks;

25 (2) not more than ten percent of the voting

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1 stock of a corporation shall be held;

2 (3) stocks eligible for purchase shall be
3 restricted to those stocks of businesses listed upon a national
4 stock exchange or included in a nationally recognized list of
5 stocks; and

6 (4) not more than fifteen percent of the book
7 value of the fund may be invested in international securities
8 at any single time.

9 E. All additions to the fund and all earnings,
10 including interest, dividends and capital gains from investment
11 of the fund shall be credited to the fund.

12 F. Except as provided in Subsection G of this
13 section, the annual distributions from the fund shall be five
14 and eight-tenths percent of the average of the year-end market
15 values of the fund for the immediately preceding five calendar
16 years, of which eight-tenths percent shall be expended to
17 implement and maintain educational reforms as provided by law;
18 provided that, if the average of the year-end market values of
19 the fund for the immediately preceding five calendar years is
20 less than six billion dollars (\$6,000,000,000), the annual
21 distribution from the fund during the current calendar year
22 shall be five percent of that average.

23 ~~[G. In addition to the annual distribution made~~
24 ~~pursuant to Subsection F of this section, unless suspended~~
25 ~~pursuant to Subsection H of this section, an additional annual~~

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1 ~~distribution shall be made pursuant to the following schedule;~~
2 ~~provided that no distribution shall be made pursuant to the~~
3 ~~provisions of this subsection in any fiscal year if the average~~
4 ~~of the year-end market values of the fund for the immediately~~
5 ~~preceding five calendar years is less than five billion eight~~
6 ~~hundred million dollars (\$5,800,000,000):~~

7 ~~(1) in fiscal years 2005 through 2012, an~~
8 ~~amount equal to eight-tenths percent of the average of the~~
9 ~~year-end market values of the fund for the immediately~~
10 ~~preceding five calendar years; provided that any additional~~
11 ~~distribution from the permanent school fund pursuant to this~~
12 ~~paragraph shall be used to implement and maintain educational~~
13 ~~reforms as provided by law; and~~

14 ~~(2) in fiscal years 2013 through 2016, an~~
15 ~~amount equal to one-half percent of the average of the year-end~~
16 ~~market values of the fund for the immediately preceding five~~
17 ~~calendar years; provided that any additional distribution from~~
18 ~~the permanent school fund pursuant to this paragraph shall be~~
19 ~~used to implement and maintain educational reforms as provided~~
20 ~~by law.~~

21 ~~H.]~~ G. The legislature, by a three-fifths' vote of
22 the members elected to each house, may suspend ~~[any additional]~~
23 the eight-tenths-percent distribution for educational reform as
24 provided for in Subsection [G] F of this section."

25 SECTION 2. The amendment proposed by this resolution

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1 shall be submitted to the people for their approval or
2 rejection at the next general election or at any special
3 election prior to that date that may be called for that
4 purpose.

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