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AN ACT

RELATING TO PUBLIC FINANCE; INCREASING THE AMOUNT THAT IS ANNUALLY TRANSFERRED TO THE EARLY CHILDHOOD EDUCATION AND CARE PROGRAM FUND.

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

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

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

A. The "early childhood education and care fund" is created within the state treasury. The fund shall consist of distributions, appropriations, gifts, grants and donations. Income from investment of the fund shall be credited to the fund. Money in the fund shall be expended only as provided in this section.

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

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

(2) in consultation with the state treasurer.

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

1 section. Annually, a report shall be submitted no later than
2 October 1 each year to the legislative finance committee, the
3 revenue stabilization and tax policy committee and any other
4 appropriate interim committees.

5 D. On July 1 of each year, a distribution shall be
6 made from the early childhood education and care fund to the
7 early childhood education and care program fund in an amount
8 equal to the greater of five percent of the average of the
9 year-end market values of the fund for the immediately
10 preceding three calendar years or one hundred fifty million
11 dollars (\$150,000,000).

12 E. In addition to the distribution pursuant to
13 Subsection D of this section, money in the early childhood
14 education and care fund may be expended in the event that
15 general fund balances, including all authorized revenues and
16 transfers to the general fund and balances in the general
17 fund operating reserve, the appropriation contingency fund,
18 the tobacco settlement permanent fund, the state-support
19 reserve fund and the tax stabilization reserve, will not meet
20 the level of appropriations authorized from the general fund
21 for a fiscal year. In that event, to avoid an
22 unconstitutional deficit, the legislature may appropriate
23 from the early childhood education and care fund to the
24 general fund only in the amount necessary to meet general
25 fund appropriations for that fiscal year and only if the

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

5 SECTION 2. EFFECTIVE DATE.--The effective date of the
6 provisions of this act is July 1, 2023. _____

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