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HOUSE BILL 7

**57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

INTRODUCED BY

Linda Serrato and Javier Martínez

AN ACT

RELATING TO PUBLIC BENEFITS; ENACTING THE CHILDREN'S FUTURE ACT WITH THE INTENT TO PROVIDE, WITHOUT A GUARANTEE, A SHARE OF A TRUST FUND FOR EVERY ELIGIBLE PERSON BORN IN NEW MEXICO AFTER JANUARY 1, 2025 TO USE FOR PARTICULAR PURPOSES; CREATING THE CHILDREN'S FUTURE FUND; PROVIDING THAT BENEFITS SHALL NOT BE GUARANTEED AND A PROPERTY INTEREST SHALL NOT BE CREATED BY THE CHILDREN'S FUTURE ACT; CREATING THE CHILDREN'S FUTURE TASK FORCE; EXEMPTING MONEY SPENT FOR BENEFICIARIES PURSUANT TO THE CHILDREN'S FUTURE ACT FROM TAXATION; MAKING AN APPROPRIATION.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1 through 5 of this act may be cited as the "Children's Future Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the .228888.4

underscored material = new  
[bracketed material] = delete

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1 Children's Future Act:

2 A. "beneficiary" means a person born in New Mexico  
3 on or after January 1, 2025 and whose primary residence since  
4 birth is continuously in New Mexico; and

5 B. "department" means the department of finance and  
6 administration.

7 SECTION 3. [NEW MATERIAL] CHILDREN'S FUTURE FUND.--

8 A. The "children's future fund" is created as a  
9 nonreverting fund in the state treasury. The purpose of the  
10 fund is to assist beneficiaries who graduate from a high school  
11 in New Mexico in pursuing education, housing, entrepreneurship,  
12 retirement and investment opportunities. The fund consists of  
13 distributions, transfers, appropriations, gifts, grants,  
14 donations and income from investment of the fund. Money in the  
15 fund shall be expended only as provided for in the Children's  
16 Future Act.

17 B. In accordance with the prudent investor rule set  
18 forth in the Uniform Prudent Investor Act and in consultation  
19 with the secretary of finance and administration or the  
20 secretary's designee, money in the children's future fund shall  
21 be invested as follows:

22 (1) two-thirds of a transfer, distribution,  
23 appropriation, gift, grant or donation to the children's future  
24 fund shall be invested by the state investment officer for  
25 eighteen years, and then that two-thirds and the associated

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1 income from its investment shall be invested by the state  
2 treasurer; and

3 (2) one-third of a transfer, distribution,  
4 appropriation, gift, grant or donation shall be invested by the  
5 state investment officer.

6 C. Money in the children's future fund is  
7 appropriated to the department for the purposes specified in  
8 the Children's Future Act. The department shall administer the  
9 fund, and expenditures from the fund shall be by warrant of the  
10 secretary of finance and administration pursuant to vouchers  
11 signed by the secretary or the secretary's authorized  
12 representative.

13 D. The department may expend no more than three  
14 percent of the balance of the children's future fund at the end  
15 of a fiscal year for the costs incurred to administer the  
16 Children's Future Act.

17 SECTION 4. [NEW MATERIAL] NO GUARANTEE OF BENEFITS OR  
18 ENFORCEABLE INTEREST.--The provisions of the Children's Future  
19 Act do not guarantee any benefits and shall not be construed to  
20 create an interest in property that:

21 A. does not otherwise exist; or

22 B. is enforceable under state law.

23 SECTION 5. [NEW MATERIAL] FIDUCIARY DUTY.--A person who  
24 receives, collects, disburses, expends or invests money from  
25 the children's future fund or for a beneficiary pursuant to the

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underscoring material = new  
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1 Children's Future Act shall be responsible for such money in a  
2 fiduciary relationship to beneficiaries.

3 SECTION 6. A new section of the Income Tax Act is enacted  
4 to read:

5 "[NEW MATERIAL] EXEMPTION--CHILDREN'S FUTURE ACT.--

6 A. Money transferred to or spent on behalf of a  
7 beneficiary pursuant to the Children's Future Act is exempt  
8 from state income taxation.

9 B. As used in this section, "beneficiary" means a  
10 person born in New Mexico on or after January 1, 2025 and whose  
11 primary residence is in and remains in New Mexico."

12 SECTION 7. TEMPORARY PROVISION--CHILDREN'S FUTURE TASK  
13 FORCE--CREATION--MEMBERSHIP--DUTIES.--

14 A. The "children's future task force" is created to  
15 study and provide recommendations on the optimal design and  
16 administration of the Children's Future Act. The task force  
17 shall function from the date of its appointment until December  
18 31, 2025. Staff and administrative support for the task force  
19 shall be provided by the state investment council. The task  
20 force consists of:

21 (1) one representative from the state  
22 investment council to serve as chair;

23 (2) one representative from the state  
24 treasurer's office to serve as vice chair;

25 (3) one representative from the department of

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1 finance and administration;

2 (4) one public member appointed by the  
3 governor; and

4 (5) four public members, one appointed by each  
5 of: the president pro tempore of the senate, the minority  
6 floor leader of the senate, the speaker of the house of  
7 representatives and the minority floor leader of the house of  
8 representatives.

9 B. At least two appointed members shall have at a  
10 minimum five years of professional investment or financial  
11 experience, and at least two appointed members shall be  
12 representatives of community-based organizations focused on  
13 family financial and economic well-being.

14 C. Appointments to the children's future task force  
15 shall be made by July 1, 2025. The task force shall meet not  
16 less than once per month at the call of the chair or at the  
17 request of two-fifths of its membership to carry out its  
18 duties. A majority of the members constitutes a quorum for the  
19 transaction of business, and the support of a majority of the  
20 quorum is required for adoption of any action.

21 D. Appointed members of the children's future task  
22 force are entitled to receive per diem and mileage as provided  
23 in the Per Diem and Mileage Act and shall receive no other  
24 compensation, perquisite or allowance.

25 E. The children's future task force shall research

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1 and produce a report with advice and recommendations on the  
2 implementation of the Children's Future Act, including:

3 (1) optimal design and administration of the  
4 program to implement the provisions of the Children's Future  
5 Act;

6 (2) a financial plan for financing and  
7 implementing the Children's Future Act within five years of its  
8 effective date, including data on the efficacy of baby bonds;

9 (3) eligibility requirements for beneficiaries  
10 to use money from the children's future fund;

11 (4) determination of eligibility, including  
12 possible certification processes across multiple state  
13 agencies;

14 (5) the application process and time periods  
15 during which eligible beneficiaries may apply to use money from  
16 the children's future fund;

17 (6) mechanisms for transferring and expending  
18 money on behalf of beneficiaries;

19 (7) creation and administration of investment  
20 and retirement accounts;

21 (8) conditions for and limitations on the use  
22 of money in the children's future fund for an investment  
23 account;

24 (9) third parties with whom to contract to  
25 assist in the administration of the provisions of the

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1 Children's Future Act and the responsibilities of those third  
2 parties;

3 (10) measures for ensuring fairness and equity  
4 for designated beneficiaries born in different years,  
5 considering varying levels of income from investment of the  
6 children's future fund;

7 (11) decisions of investment risk and asset  
8 allocation of the children's future fund; and

9 (12) other matters as determined by the task  
10 force.

11 F. The children's future task force shall, by  
12 December 31, report its findings, recommendations and any  
13 proposed legislation to the governor and the legislature.

14 G. As used in this section, "beneficiary" means a  
15 person born in New Mexico on or after January 1, 2025 and whose  
16 primary residence is in and remains in New Mexico.

17 **SECTION 8. APPROPRIATION.**--Five million dollars  
18 (\$5,000,000) is appropriated from the general fund to the  
19 children's future fund for expenditure in fiscal year 2026 and  
20 subsequent fiscal years for the purposes of the children's  
21 future fund. Any unexpended or unencumbered balance remaining  
22 at the end of a fiscal year shall not revert to the general  
23 fund.