

HOUSE JOINT RESOLUTION 10

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

INTRODUCED BY

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A JOINT RESOLUTION

PROPOSING AN AMENDMENT TO ARTICLE 12, SECTION 7 OF THE
CONSTITUTION OF NEW MEXICO TO PROVIDE FOR AN ANNUAL
DISTRIBUTION FROM THE LAND GRANT PERMANENT FUNDS EQUAL TO FIVE
AND EIGHT-TENTHS PERCENT OF THE FIVE-YEAR HISTORICAL AVERAGE OF
THE VALUE OF THE FUND AND THAT, UNDER CERTAIN CONDITIONS, A
PORTION OF THE AMOUNT DISTRIBUTED FROM THE PERMANENT SCHOOL
FUND SHALL BE USED TO IMPLEMENT AND MAINTAIN EDUCATION REFORMS
AS PROVIDED BY LAW.

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

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

"A. As used in this section, "fund" means the
permanent school fund described in Article 12, Section 2 of
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 percent of the average of the year-end market values of the
15 fund for the immediately preceding five calendar years.

16 G. In addition to the annual distribution made
17 pursuant to Subsection F of this section, unless suspended
18 pursuant to Subsection H of this section, an additional annual
19 distribution of eight-tenths percent to implement and maintain
20 educational reforms as provided by law shall be made [~~pursuant~~
21 ~~to the following schedule~~]; provided that no distribution shall
22 be made pursuant to the provisions of this subsection in any
23 fiscal year if the average of the year-end market values of the
24 fund for the immediately preceding five calendar years is less
25 than [~~five billion eight hundred million dollars~~

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1 ~~(\$5,800,000,000):~~

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

9 ~~(2) in fiscal years 2013 through 2016, an~~
10 ~~amount equal to one-half percent of the average of the year-end~~
11 ~~market values of the fund for the immediately preceding five~~
12 ~~calendar years; provided that any additional distribution from~~
13 ~~the permanent school fund pursuant to this paragraph shall be~~
14 ~~used to implement and maintain educational reforms as provided~~
15 ~~by law] eight billion dollars (\$8,000,000,000).~~

16 H. The legislature, by a three-fifths' vote of the
17 members elected to each house, may suspend ~~[any]~~ the additional
18 eight-tenths-percent distribution in Subsection G of this
19 section."

20 SECTION 2. The amendment proposed by this resolution
21 shall be submitted to the people for their approval or
22 rejection at the next general election or at any special
23 election prior to that date that may be called for that
24 purpose.