

1 SENATE JOINT RESOLUTION 9

2 **50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

3 INTRODUCED BY

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10 A JOINT RESOLUTION

11 PROPOSING AN AMENDMENT TO THE CONSTITUTION OF NEW MEXICO TO  
12 TEMPORARILY INCREASE THE DISTRIBUTION FROM THE LAND GRANT  
13 PERMANENT FUNDS, TO REQUIRE A PORTION OF THE INCREASED  
14 DISTRIBUTION FROM THE PERMANENT SCHOOL FUND TO BE USED FOR  
15 EARLY CHILDHOOD EDUCATION PROGRAMS OPERATED BY THE PUBLIC  
16 SCHOOLS OR PURSUANT TO CONTRACTS BETWEEN THE STATE AND PRIVATE  
17 ENTITIES FOR THE BENEFIT OF NON-SCHOOL-AGE CHILDREN, TO  
18 INDEFINITELY EXTEND ANOTHER DISTRIBUTION, WITH THE REQUIREMENT  
19 THAT THE PORTION OF THE DISTRIBUTION FROM THE PERMANENT SCHOOL  
20 FUND BE USED TO IMPLEMENT AND MAINTAIN EDUCATIONAL REFORMS, TO  
21 PROVIDE AN ADDITIONAL DISTRIBUTION FOR THE SOLE BENEFIT OF THE  
22 PUBLIC SCHOOLS AND TO SUSPEND THE DISTRIBUTIONS IF THE AVERAGE  
23 VALUE OF THE FUNDS IS LESS THAN EIGHT BILLION DOLLARS  
24 (\$8,000,000,000) OR IF THE LEGISLATURE, BY A VOTE OF THREE-  
25 FIFTHS OF THE MEMBERS ELECTED TO EACH HOUSE, VOTES TO SUSPEND

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1 THE DISTRIBUTION.

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

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

6 "A. As used in this section, "fund" means the  
7 permanent school fund described in Article 12, Section 2 of  
8 this [~~article~~] constitution and all other permanent funds  
9 derived from lands granted or confirmed to the state by the act  
10 of congress of June 20, 1910, entitled "An act to enable the  
11 people of New Mexico to form a constitution and state  
12 government and be admitted into the union on an equal footing  
13 with the original states."

14 B. The fund shall be invested by the state  
15 investment officer in accordance with policy regulations  
16 promulgated by the state investment council.

17 C. In making investments, the state investment  
18 officer, under the supervision of the state investment council,  
19 shall exercise the judgment and care under the circumstances  
20 then prevailing that businessmen of ordinary prudence,  
21 discretion and intelligence exercise in the management of their  
22 own affairs not in regard to speculation but in regard to the  
23 permanent disposition of their funds, considering the probable  
24 income as well as the probable safety of their capital.

25 D. The legislature may establish criteria for

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1 investing the fund if the criteria are enacted by a  
2 three-fourths' vote of the members elected to each house, but  
3 investment of the fund is subject to the following  
4 restrictions:

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

8 (2) not more than ten percent of the voting  
9 stock of a corporation shall be held;

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

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

17 E. All additions to the fund and all earnings,  
18 including interest, dividends and capital gains from investment  
19 of the fund shall be credited to the fund.

20 F. Except as provided in Subsection G of this  
21 section, the annual distributions from the fund shall be five  
22 percent of the average of the year-end market values of the  
23 fund for the immediately preceding five calendar years.

24 G. In addition to the annual distribution made  
25 pursuant to Subsection F of this section, unless suspended

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1 pursuant to Subsection H of this section, ~~[an]~~ additional  
2 annual ~~[distribution]~~ distributions shall be made pursuant to  
3 the following schedule; provided that no distribution shall be  
4 made pursuant to the provisions of this subsection in any  
5 fiscal year if the average of the year-end market values of the  
6 fund for the immediately preceding five calendar years is less  
7 than ~~[five billion eight hundred million dollars~~  
8 ~~(\$5,800,000,000)]~~ eight billion dollars (\$8,000,000,000):

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

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

23 (3) in fiscal years 2014 through 2023, an  
24 amount equal to one and one-half percent of the average of the  
25 year-end market values of the fund for the immediately

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1 preceding five calendar years; provided that:

2 (a) in fiscal year 2014, one-third of  
3 the distribution from the permanent school fund pursuant to  
4 this paragraph shall be used for early childhood education  
5 programs operated by the public schools or pursuant to  
6 contracts between the state and private entities for the  
7 benefit of non-school-age children, as provided by law;

8 (b) in fiscal year 2015, two-thirds of  
9 the distribution from the permanent school fund pursuant to  
10 this paragraph shall be used for early childhood education  
11 programs operated by the public schools or pursuant to  
12 contracts between the state and private entities for the  
13 benefit of non-school-age children, as provided by law; and

14 (c) in fiscal years 2016 through 2023,  
15 all of the distribution from the permanent school fund pursuant  
16 to this paragraph shall be used for early childhood education  
17 programs operated by the public schools or pursuant to  
18 contracts between the state and private entities for the  
19 benefit of non-school-age children, as provided by law; and

20 (4) in fiscal year 2024 and each subsequent  
21 fiscal year, an amount shall be distributed from only the  
22 permanent school fund equal to three-tenths percent of the  
23 average of the year-end market values of that fund for the  
24 immediately preceding five calendar years.

25 H. The legislature, by a three-fifths' vote of the

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1 members elected to each house, may suspend any additional  
2 distribution provided for in Subsection G of this section."

3 SECTION 2. The amendment proposed by this resolution  
4 shall be submitted to the people for their approval or  
5 rejection at the next general election or at any special  
6 election prior to that date that may be called for that  
7 purpose.