HOUSE BILL 280

**50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

INTRODUCED BY

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AN ACT

RELATING TO THE INVESTMENT OF PUBLIC MONEY; ALLOWING ADDITIONAL

INVESTMENTS FOR CERTAIN LOCAL GOVERNMENT PERMANENT FUNDS.

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

**SECTION 1.** Section 6-6-19 NMSA 1978 (being Laws 1989,

Chapter 276, Section 3, as amended) is amended to read:

"6-6-19. LOCAL GOVERNMENT PERMANENT FUND.--

A. The local governing body of a county or

municipality may by ordinance establish a local government

permanent fund and a local government income fund.

B. The local government permanent fund shall

constitute a fund in the treasury of the county or municipality

into which may be deposited at the end of a fiscal year an

amount of the unappropriated general fund surplus. The amount

that may be deposited into the local government permanent fund

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is any portion of the unappropriated general fund surplus that
is in excess of fifty percent of the prior fiscal year's budget
of the county or municipality.  Money in the permanent fund may
be appropriated or expended only pursuant to approval of the
voters of the county or municipality as provided in Subsection
E of this section.

C.  Money in the local government permanent fund may
be invested by the local board of finance for the county or
municipality in the types of investments specified in Section
6-10-10 NMSA 1978 and as specified in Sections 6-10-36 and
6-10-44 NMSA 1978, <u>except as provided in Paragraph (2) of
Subsection D of this section</u>.  Earnings from the investment of
the permanent fund shall be deposited in the local government
income fund in the treasury of the county or municipality.
Money in the income fund may be budgeted and appropriated by
the local governing body for expenditure for any purpose of the
county or municipality or may be deposited in the permanent
fund.

D.  Investment authority for a local government
permanent fund shall be as follows:

(1)  if the fund is less than [ten million
dollars ($10,000,000)] forty million dollars ($40,000,000), it
shall be invested as other funds of the local government; and

(2)  if the fund is [ten million dollars
($10,000,000)] forty million dollars ($40,000,000) or over, it

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1     may be invested as funds of class A counties are invested and,

2     if the fund is managed by an investment advisor that is

3     registered with the federal securities and exchange commission

4     and that currently manages assets with a value of at least five

5     hundred million dollars ($500,000,000), the fund may also be

6     invested in the following:

7              (a) corporate debt securities, provided

8     that: 1) the total amount invested in securities issued by the

9     same corporation or related corporate affiliates shall not

10    exceed five percent of the market value of the permanent fund;

11    2) the securities shall be denominated in United States

12    currency; 3) the securities shall be rated AA- or higher by a

13    nationally recognized statistical rating organization; 4) the

14    final maturity of the securities may not exceed five years; and

15    5) the total amount invested pursuant to this subparagraph and

16    Subparagraph (b) of this paragraph in the aggregate shall not

17    exceed thirty percent of the market value of the permanent

18    fund;

19              (b) commercial paper, provided that: 1)

20    the total amount invested in securities issued by the same

21    corporation or related corporate affiliates shall not exceed

22    five percent of the market value of the permanent fund; 2) the

23    securities shall be denominated in United States currency; 3)

24    the securities shall be rated in the highest rating category by

25    a nationally recognized statistical rating organization; 4) the

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1    final maturity of the securities may not exceed two hundred

2    seventy days; and 5) the total amount invested pursuant to this

3    subparagraph and Subparagraph (a) of this paragraph in the

4    aggregate shall not exceed thirty percent of the market value

5    of the permanent fund; and

6                        (c)    asset-backed securities, mortgage-

7    backed securities, collateralized mortgage obligations or

8    commercial mortgage-backed securities, provided that:  1) the

9    total amount invested pursuant to this subparagraph shall not

10   exceed five percent of the market value of the permanent fund;

11   2) the securities shall be denominated in United States

12   currency; 3) the securities shall be rated AAA by a nationally

13   recognized statistical rating organization; and 4) the final

14   stated maturity of the securities may not exceed ten years.

15            E.    The governing body of a county or municipality

16   may adopt a resolution calling for an election on the

17   question of expenditure of any amount of the local government

18   permanent fund for a specified county or municipal purpose.

19   The election shall be held within sixty days after the action

20   of the governing body.  The election shall be called,

21   conducted, counted and canvassed substantially in the manner

22   provided by law for general elections within the county or

23   special municipal elections under the Municipal Election

24   Code.  If a majority of the registered voters of the county

25   or municipality voting on the question vote for the

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1   expenditure of a specified amount of the local government

2   permanent fund for a specified county or municipal purpose,

3   then that amount of money shall be available for

4   appropriation and expenditure by the county or municipality

5   for that purpose.  If a majority of the registered voters of

6   the county or municipality voting on the question vote

7   against the expenditure of a specified amount of the local

8   government permanent fund for a specified county or municipal

9   purpose, then money in the local government permanent fund

10  shall not be expended or appropriated for that purpose.

11  Following an election at which the question was not approved,

12  the question shall not again be submitted to the voters of

13  that county or municipality within one year of the date of

14  that election."

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