

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE JOINT RESOLUTION 16

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

Antonio "Moe" Maestas and Timothy M. Keller

A JOINT RESOLUTION

PROPOSING TO AMEND ARTICLE 12, SECTION 7 OF THE CONSTITUTION OF
NEW MEXICO TO PRESERVE THE LAND GRANT PERMANENT FUNDS BY
INCREASING THE DUTY OF CARE, REMOVING THE RESTRICTIONS ON THE
TYPE OF INVESTMENT THAT MAY BE MADE AND INCREASING THE
THRESHOLD AMOUNT FOR ADDITIONAL DISTRIBUTIONS.

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
derived from lands granted or confirmed to the state by the act
of congress of June 20, 1910, entitled "An act to enable the
people of New Mexico to form a constitution and state

underscoring material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 government and be admitted into the union on an equal footing
2 with the original states.".

3 B. The fund shall be invested by the state
4 investment officer in accordance with policy regulations
5 promulgated by the state investment council.

6 C. In making investments, the state investment
7 officer, under the supervision of the state investment council,
8 shall ~~[exercise the judgment and care under the circumstances~~
9 ~~then prevailing that businessmen of ordinary prudence,~~
10 ~~discretion and intelligence exercise in the management of their~~
11 ~~own affairs not in regard to speculation but in regard to the~~
12 ~~permanent disposition of their funds, considering the probable~~
13 ~~income as well as the probable safety of their capital]~~ invest
14 and manage the fund in accordance with the Uniform Prudent
15 Investor Act.

16 D. The legislature may establish criteria for
17 investing the fund if the criteria are enacted by a
18 three-fourths' vote of the members elected to each house, but
19 investment of the fund is subject to the following
20 restrictions:

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

24 (2) not more than ten percent of the voting
25 stock of a corporation shall be held; and

.197217.1

underscored material = new
[bracketed material] = delete

1 (3) stocks eligible for purchase shall be
2 restricted to those stocks of businesses listed upon a national
3 stock exchange or included in a nationally recognized list of
4 stocks [~~and~~

5 ~~(4) not more than fifteen percent of the book~~
6 ~~value of the fund may be invested in international securities~~
7 ~~at any single time].~~

8 E. All additions to the fund and all earnings,
9 including interest, dividends and capital gains from investment
10 of the fund shall be credited to the fund.

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

15 G. In addition to the annual distribution made
16 pursuant to Subsection F of this section, unless suspended
17 pursuant to Subsection H of this section, an additional annual
18 distribution shall be made pursuant to the following schedule;
19 provided that no distribution shall be made pursuant to the
20 provisions of this subsection in any fiscal year if the average
21 of the year-end market values of the fund for the immediately
22 preceding five calendar years is less than [~~five billion eight~~
23 ~~hundred million dollars (\$5,800,000,000)] ten billion dollars
24 (\$10,000,000,000):~~

25 (1) in fiscal years 2005 through 2012, an

underscored material = new
[bracketed material] = delete

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

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

14 H. The legislature, by a three-fifths' vote of the
15 members elected to each house, may suspend any additional
16 distribution provided for in Subsection G of this section."

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

22 - 4 -
23
24
25

.197217.1