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SENATE BILL 139

**56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

INTRODUCED BY

George K. Muñoz

AN ACT

RELATING TO PUBLIC FINANCE; CREATING THE MEDICAID TRUST FUND  
AND THE STATE-SUPPORTED MEDICAID FUND; MAKING A TRANSFER FROM  
THE GENERAL FUND TO THE MEDICAID TRUST FUND.

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

SECTION 1. A new section of Chapter 6, Article 4 NMSA  
1978 is enacted to read:

"[NEW MATERIAL] MEDICAID TRUST FUND.--

A. The "medicaid trust fund" is created within the  
state treasury. The fund consists of distributions,  
appropriations, gifts, grants and donations. Income from  
investment of the fund shall be credited to the fund. Money in  
the fund shall be expended only as provided in this section.

B. The state investment officer, subject to the  
approval of the state investment council, shall invest money in

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1 the fund:

2 (1) in accordance with the prudent investor  
3 rule set forth in the Uniform Prudent Investor Act; and

4 (2) in consultation with the state treasurer.

5 C. The state investment officer shall report  
6 quarterly to the legislative finance committee and the state  
7 investment council on the investments made pursuant to this  
8 section. Annually, a report shall be submitted no later than  
9 October 1 to the legislative finance committee, the  
10 revenue stabilization and tax policy committee and any other  
11 appropriate interim committees.

12 D. On July 1, 2027 and each July 1 thereafter, a  
13 distribution shall be made from the trust fund to the state-  
14 supported medicaid fund in an amount equal to five percent of  
15 the average of the year-end market values of the trust fund for  
16 the immediately preceding three calendar years. If, on July 1  
17 of a year, distributions have been made for less than three  
18 calendar years, the distribution shall be in an amount equal to  
19 five percent of the average of the year-end market values of  
20 the trust fund for the immediately preceding number of calendar  
21 years that distributions have been made.

22 E. In addition to the distribution pursuant to  
23 Subsection D of this section, money in the medicaid trust fund  
24 may be expended in the event that general fund balances,  
25 including all authorized revenues and transfers to the general

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1 fund and balances in the general fund operating reserve, the  
2 appropriation contingency fund and the tax stabilization  
3 reserve, will not meet the level of appropriations authorized  
4 from the general fund for a fiscal year. In that event, to  
5 avoid an unconstitutional deficit, the legislature may  
6 appropriate from the trust fund to the general fund only in the  
7 amount necessary to meet general fund appropriations for that  
8 fiscal year and only if the legislature has authorized  
9 transfers from the appropriation contingency fund, the general  
10 fund operating reserve and the tax stabilization reserve that  
11 exhaust those fund balances."

12 SECTION 2. [NEW MATERIAL] STATE-SUPPORTED MEDICAID

13 FUND.--The "state-supported medicaid fund" is created as a  
14 nonreverting fund in the state treasury. The fund consists of  
15 distributions, appropriations, gifts, grants and donations.  
16 Income from investment of the fund shall be credited to the  
17 fund. The health care authority department shall administer  
18 the fund. Money in the fund is subject to appropriation by the  
19 legislature to support the state medicaid program and to match  
20 federal funds for the state medicaid program. Expenditures  
21 from the fund shall be by warrant of the secretary of finance  
22 and administration pursuant to vouchers signed by the secretary  
23 of health care authority or the secretary's authorized  
24 representative.

25 SECTION 3. TRANSFER.--One billion dollars

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1 (\$1,000,000,000) is transferred from the general fund to the  
2 medicaid trust fund.

3 SECTION 4. EFFECTIVE DATE.--The effective date of the  
4 provisions of this act is July 1, 2024.