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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 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

1 may be invested by the local board of finance for the county
2 or municipality in the types of investments specified in
3 Section 6-10-10 NMSA 1978 and as specified in Sections
4 6-10-36 and 6-10-44 NMSA 1978, except as provided in
5 Paragraph (2) of Subsection D of this section. Earnings from
6 the investment of the permanent fund shall be deposited in
7 the local government income fund in the treasury of the
8 county or municipality. Money in the income fund may be
9 budgeted and appropriated by the local governing body for
10 expenditure for any purpose of the county or municipality or
11 may be deposited in the permanent fund.

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

14 (1) if the fund is less than forty million
15 dollars (\$40,000,000), it shall be invested as other funds of
16 the local government; and

17 (2) if the fund is forty million dollars
18 (\$40,000,000) or over, it may be invested as funds of class A
19 counties are invested and, if the fund is managed by an
20 investment advisor that is registered with the federal
21 securities and exchange commission and that currently manages
22 assets with a value of at least five hundred million dollars
23 (\$500,000,000), the fund may also be invested in the
24 following:

25 (a) corporate debt securities, provided SB 367
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1 that: 1) the total amount invested in securities issued by
2 the same corporation or related corporate affiliates shall
3 not exceed five percent of the market value of the permanent
4 fund; 2) the securities shall be denominated in United States
5 currency; 3) the securities shall be rated AA- or higher by a
6 nationally recognized statistical rating organization; 4) the
7 final maturity of the securities may not exceed five years;
8 and 5) the total amount invested pursuant to this
9 subparagraph and Subparagraph (b) of this paragraph in the
10 aggregate shall not exceed thirty percent of the market value
11 of the permanent fund;

12 (b) commercial paper, provided that:

13 1) the total amount invested in securities issued by the same
14 corporation or related corporate affiliates shall not exceed
15 five percent of the market value of the permanent fund;
16 2) the securities shall be denominated in United States
17 currency; 3) the securities shall be rated in the highest
18 rating category by a nationally recognized statistical rating
19 organization; 4) the final maturity of the securities may not
20 exceed two hundred seventy days; and 5) the total amount
21 invested pursuant to this subparagraph and Subparagraph (a)
22 of this paragraph in the aggregate shall not exceed thirty
23 percent of the market value of the permanent fund; and

24 (c) asset-backed securities,
25 mortgage-backed securities, collateralized mortgage

1 obligations or commercial mortgage-backed securities,
2 provided that: 1) the total amount invested pursuant to this
3 subparagraph shall not exceed five percent of the market
4 value of the permanent fund; 2) the securities shall be
5 denominated in United States currency; 3) the securities
6 shall be rated AAA by a nationally recognized statistical
7 rating organization; and 4) the final stated maturity of the
8 securities may not exceed ten years.

9 E. The governing body of a county or municipality
10 may adopt a resolution calling for an election on the question
11 of expenditure of any amount of the local government permanent
12 fund for a specified county or municipal purpose. The
13 election shall be held within sixty days after the action of
14 the governing body. The election shall be called, conducted,
15 counted and canvassed substantially in the manner provided by
16 law for general elections within the county or special
17 municipal elections under the Municipal Election Code. If a
18 majority of the registered voters of the county or
19 municipality voting on the question vote for the expenditure
20 of a specified amount of the local government permanent fund
21 for a specified county or municipal purpose, then that amount
22 of money shall be available for appropriation and expenditure
23 by the county or municipality for that purpose. If a majority
24 of the registered voters of the county or municipality voting
25 on the question vote against the expenditure of a specified

