

LFC Requester:	Iglesias
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**AGENCY BILL ANALYSIS
2021 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment**
Correction **Substitute**

Date 2/7/2021
Bill No: HJR1HCEDC

Sponsor: Antonio "Moe" Maestas
 Javier Martínez
 Elizabeth "Liz" Thomson
Short Title: PERMANENT FUND FOR
 EARLY CHILDHOOD, CA

Agency Name and Code PED-924
Number: _____
Person Writing _____
Phone: _____ **Email** _____

SECTION II: FISCAL IMPACT

REVENUE (dollars in thousands)

Estimated Revenue				Recurring or Nonrecurring	Fund Affected
FY22	FY23	FY24	FY25		
\$0	(\$197,454)	(\$210,783)	(\$225,067)	Recurring	Land Grant Permanent Fund
	\$170,304	\$181,800	\$194,120	Recurring	General Fund (public schools for ECE)
	\$27,150	\$28,983	\$30,947	Recurring	Other Land Grant Permanent Fund Beneficiaries

Note: Data was provided by the State Investment Council
 (Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$150.0				

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SJR1

Duplicates/Relates to Appropriation in the General Appropriation Act: Relates to HB2 appropriations for the Early Childhood Education and Care Department

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of Amendment:

The House Commerce and Economic Development Committee Amendment to House Joint Resolution 1 (HJR1/aHCEDC) strikes language designating additional distributions from the land grant permanent fund (LGPF) for early childhood educational services and removes language making the amendment subject to congressional approval.

Synopsis:

House Joint Resolution 1 seeks to amend the New Mexico Constitution to provide for an additional distribution from the Land Grant Permanent Fund (LGPF) of one percent of average of the year-end market values of the fund for the immediately preceding five calendar years. This additional distribution of 1% is to fund early childhood education programs and would increase the annual distribution from the LGPF from 5% to 6% and would automatically be suspended should the 5-year average value of the LGPF fall below \$10 billion. The distribution may also be suspended by a vote of 3/5 of both the House and Senate.

HJR 1 defines early childhood education services as nonsectarian and nondenominational services for children until they are eligible for kindergarten. As a constitutional amendment, upon passage, HJR 1 will be submitted to the voters for approval at the next general election or any special election prior to that date. HJR 1 contains a contingent effective date requiring consent of the U.S. Congress before provisions become effective.

FISCAL IMPLICATIONS

HJR1/aHCEDC would provide significant increases in revenue to beneficiaries of the LGPF by increasing annual distributions by an additional 1 percent. The State Investment Council has projected that passage of HJR1 would result in an increase of approximately \$170 million to the permanent school fund, and that distributions were expected to rise annually.

Other Costs. Under Section 1-16-13 NMSA 1978 and the New Mexico constitution, the Secretary of State (SoS) is required to print samples of the text of each constitutional amendment, in both Spanish and English, in an amount equal to ten percent of the registered voters in the state. The SoS is also required to publish them once a week for four weeks preceding the election in newspapers in every county in the state. The estimated cost per

constitutional amendment is \$125 thousand to \$150 thousand depending upon the size and number of ballots and if additional ballot stations are needed.

SIGNIFICANT ISSUES

HJR1, as originally proposed, directed a portion of distributions from the Land Grant Permanent Fund (LGPF) to early childhood education services. The Enabling Act of 1910, incorporated into the New Mexico Constitution in Article 21, Sections 9 and 10, set the terms by which New Mexico was admitted to the Union, and permits distributions from the LGPF to the common – or public – schools and certain other beneficiaries. New beneficiaries, or new purposes for existing beneficiaries that are not provided by the public schools, must be approved by Congress with amendments to the Enabling Act, according to Attorney General Opinion 12-03, February 1, 2012. The most prudent course when proposing substantial and substantive changes to the beneficiaries and purposes of distributions of the LGPF is to seek Congressional approval. By striking the language in HJR1 specifically naming “early childhood education services” as a beneficiary or purpose of the distributions from the LGPF, the necessity of Congressional approval is likewise removed.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS

HJR1/aHCECD