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**AGENCY BILL ANALYSIS  
2018 REGULAR SESSION**

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*{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: Date Jan. 15, 2018  
**Original**     **Amendment**        **Bill No:** HJR2  
**Correction**     **Substitute**   

**Sponsor:** Daymon Ely    **Agency Code:** 264  
**Short Title:** Land Grant Fund for Public Safety, CA    **Person Writing:** Gail MacQuesten  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
0	0	n/a	n/a

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		
0	0	0	n/a	n/a

(Parenthesis ( ) Indicate Expenditure Decreases)

## **ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	0	0	0	0	n/a	n/a

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HJR3; SJR2  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

##### Synopsis:

HJR2 is a joint resolution proposing to amend Article 12, Section 7, of the New Mexico constitution to require an additional distribution from the land grant permanent funds to the general fund for criminal justice and public safety purposes specifically provided by law. The legislature may use the distribution to fund:

- 1) Education programs;
- 2) Law enforcement, district attorneys' and public defenders' offices;
- 3) Courts;
- 4) Corrections facilities and programs;
- 5) Pretrial and post-trial services for accused and convicted criminal offenders; and
- 6) Behavioral health and substance abuse programs.

The additional distribution occurs only if the average of the year-end market values of the fund for the immediately preceding five calendar years is at least fifteen billion dollars. The amount of the additional distribution is .5% percent of the average of the year-end market values of the fund for the immediately preceding five calendar years, unless the legislature, by a three-fifths' vote suspends the distribution.

#### **FISCAL IMPLICATIONS**

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

HJR2 itself has no direct fiscal impact on the district attorneys, although if it passes the legislature may provide funding for the district attorneys through use of the land grant permanent funds.

For such funding to occur, HJR2 must pass, the constitutional amendment it proposes must pass at the next election, and if at that time the average of the year-end market values of the land grant permanent funds for the immediately preceding five calendar years is at least fifteen billion dollars, and if the legislature provides by law to use the funds to pay for the criminal justice and public safety purposes listed in HJR2 and chooses to include funding for the district attorneys,

funds from the land grant permanent funds will reach the district attorneys.

## **SIGNIFICANT ISSUES**

The land grant permanent funds are so-called “rainy day funds.” The funds holds state revenue derived from non-renewable natural resources (notably oil and gas), and the income on investments of that revenue. The underlying idea is that the revenues from such sources are volatile, and the resources themselves are finite, so saving and investing income from those sources will create a more reliable fund that will allow future generations to share in the benefits from extracting finite natural resources. The constitution currently provides for an annual distribution of 5% percent of the average of the year-end market values of the fund for the immediately preceding five calendar years, and the distribution is used for public education. HJR2 proposes a new constitutional amendment that would allow an additional distribution of .5% to the general fund, to be used for criminal justice and public safety purposes.

Note that the current constitutional provision provides for additional distribution schedule for education for fiscal years 2005 through 2016. HJR2 deletes those provisions, and does not provide any additional distribution schedules for education going forward.

## **PERFORMANCE IMPLICATIONS**

HJR2 itself has no performance implications for the district attorneys. If the amendment is adopted, however, it will provide an additional potential funding source for criminal justice and public safety purposes, including the funding of district attorney’s offices: distributions from the land grant permanent funds.

## **ADMINISTRATIVE IMPLICATIONS**

HJR2 itself has no administrative implications for the district attorney’s offices.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HJR3 proposes to amend Article 12, Section 7, of the constitution to provide for an additional distribution of .5% of the severance tax permanent fund (another “rainy day fund”) for criminal justice and public safety purposes.

SJR2 also proposes to amend Article 12 Section 7 of the constitution to provide for an additional distribution of 1.5% from the land grant permanent funds to pay for early childhood education services.

## **TECHNICAL ISSUES**

None noted.

## **OTHER SUBSTANTIVE ISSUES**

None noted.

## **ALTERNATIVES**

None proposed.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

A constitutional amendment allowing distributions from the land grant permanent funds to criminal justice and public safety programs will not be on the ballot.

**AMENDMENTS**

None proposed.