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FISCAL IMPACT REPORT

ORIGINAL DATE 3/15/09

SPONSOR Miera LAST UPDATED _____ HB 463

SHORT TITLE Tax Revenue To Certain Charter Schools SB _____

ANALYST Wilson

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Public School Facilities Authority (PSFA)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 463 amends the Public School Buildings Act to preclude locally chartered or state-chartered charter schools in school districts with an enrollment of 60,000 students from receiving a pro rata share of revenue from a local school district's HB-33 property tax levy. The provisions of this bill apply only to the Albuquerque Public Schools.

The Public School Buildings Act, 22-26-1 NMSA 1978, is an ad valorem tax collected at the local level. This Act, commonly referred to as HB 33, allows districts to impose a tax not to exceed 10 mills for a maximum of six years on the net taxable value of property upon approval of qualified voters. Pursuant to the Public School Buildings Act 22-26-3 NMSA 1978, all school districts shall include the needs of all locally and state-chartered schools if the charter school provides the necessary information to the district. House Bill 463 is proposing that this requirement be excluded for all school districts with an enrollment of 60,000 or more.

The bill excludes the requirement for districts to include charters schools in a resolution for a HB 33 election; however, it does add language that these schools shall be evaluated and ranked in a facilities master plan (FMP) and funded in the same manner as other schools within the school district.

The effective date of the bill is July 1, 2009

FISCAL IMPLICATIONS

The Albuquerque School District budgeted \$53,200,000 for HB 33 for the 2008-2009 school year. If this amount was to be divided by every charter school within the district on a per membership basis this would only account for approximately \$4,300,000 million, which is 8% of the total funds.

The Public Education Department website identifies 67 charter schools enrolling over 11,000 students statewide; approximately 3.6 percent of all students (322,373). Of these, 40 charter schools reside in the Albuquerque Public Schools district, enrolling approximately 7,650 students. This represents about 8.1 percent of the estimated 40th day enrollment in APS (94,836).

Based on the 2008 assessed valuation of the APS district of \$14,163,284,689, the HB33 mill levy (3.812 residential / 4.344 non-residential) generates approximately \$55,500,000 annually which equates to 4,500,000 for potential charter school needs. The needs of the 40 current/planned charter schools in the district will need to be further evaluated and included in the district's updated master plan alongside the needs of the traditional schools.

SIGNIFICANT ISSUES

This bill will only affect one school district in the state because there is only one school district with a population of more than 60,000 students. This school district is the Albuquerque Public Schools.

Currently there are 67 charter schools open in the state. 40 of these charter schools reside in the Albuquerque school district. Enacting this bill will not allow any of these charter schools to have direct access to HB 33 funding on a per membership basis.

There are only 12 school districts that have an approved HB 33 throughout the state. Of these 12 school districts, only five have charter schools. These districts are Albuquerque, Carlsbad, Cimarron, Las Cruces and Santa Fe. Enacting this bill will only allow nine charter schools to have access to HB 33 funds and exclude the 40 that reside in Albuquerque.

PED provided the following:

In 2007, SB 395 was passed which amended section 22-26-3 NMSA 1978. This is the bill that required a school district having an HB 33 election after July 1, 2007 to include capital improvements needs for locally chartered schools and state charter schools located within the school district. This section of the bill was passed to give charter schools an additional avenue to access local capital dollars and assist them in getting into public buildings by 2010 or to assist them in purchasing a building. This bill was endorsed by the Public School Capital Outlay Oversight Task Force.

Currently charter schools have limited access to capital outlay funds. There is also a statutory provision which requires all new charter schools that open after 2010 and those renewed after 2010 to be in a public building. In 2007, SB 395 was passed as a funding mechanism for charter schools to help meet this statutory requirement. Enacting this bill

reduces a viable source of capital outlay funds for 40 locally charter schools and state-chartered schools within the Albuquerque school district.

The new proposed language which states that local and state-chartered charter schools are to be evaluated and ranked in a Facilities Master Plan (FMP) and funded in the same manner as other schools within the school district is not very clear. This new language does not state who will evaluate the school and to what standards. If a charter school is a state-chartered charter school it is no longer considered a part of the local school district nor included in the local school district's five-year FMP. Therefore, state-chartered charter schools will never have access to any of the locally generated tax dollars. The language "funded in the same manner as other schools within the school district" will not apply to the state-chartered charter schools, since they are no longer considered a part of the district and not included in the district's FMP.

Local and state-chartered charter schools often never receive any funds generated through local taxes even though parents of these students reside and pay school district taxes.

PSFA noted the current APS HB 33 mill levy was approved by voters in February 2005 and is effective through 2009. The current APS Facilities Master Plan includes \$218,600,000 in planned projects from projected revenues from HB33. The pro-rata distribution to the charter schools in the district will not take effect until the next election, which is planned in 2010. Charters will be required to submit information to the district for inclusion in the facilities master plan and for future HB33 resolution that identify the planned capital improvements that will be funded.

POSSIBLE QUESTIONS

PED raised the following questions: Will the charter schools be ranked to the same standards as the other schools within the school district? If a charter school is ranked high within the district's MFP will the district assist the charter school with its capital needs? PED notes if these questions are not addressed and clarified within the bill a charter school may never see any revenues from an HB 33 election.

DW/mc