

1 SENATE BILL 135

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 George K. Munoz

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8 FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

9  
10 AN ACT

11 RELATING TO PUBLIC SCHOOL FINANCE; AMENDING THE PUBLIC SCHOOL  
12 FINANCE ACT TO CLARIFY THE USE OF THE TERM "SCHOOL DISTRICT"  
13 AND THEREBY REQUIRE THE PUBLIC EDUCATION DEPARTMENT TO TAKE  
14 CREDIT FOR CHARTER SCHOOLS' FEDERAL IMPACT AID RECEIPTS.

15  
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 22-8-25 NMSA 1978 (being Laws 1981,  
18 Chapter 176, Section 5, as amended) is amended to read:

19 "22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--  
20 DEFINITIONS--DETERMINATION OF AMOUNT.--

21 A. The state equalization guarantee distribution is  
22 that amount of money distributed to each school district to  
23 ensure that its operating revenue, including its local and  
24 federal revenues as defined in this section, is at least equal  
25 to the school district's program cost; provided that for state-

.205253.2

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1 chartered charter schools, the state equalization guarantee  
2 distribution [~~is the difference between the state-chartered~~  
3 ~~charter school's program cost and~~] that is distributed to each  
4 charter school shall be reduced by the two percent withheld by  
5 the department for administrative services.

6 B. "School district", as used in this section,  
7 includes locally chartered and state-chartered charter schools.

8 [~~B.~~] C. "Local revenue", as used in this section,  
9 means seventy-five percent of receipts to the school district  
10 derived from that amount produced by a school district property  
11 tax applied at the rate of fifty cents (\$.50) to each one  
12 thousand dollars (\$1,000) of net taxable value of property  
13 allocated to the school district and to the assessed value of  
14 products severed and sold in the school district as determined  
15 under the Oil and Gas Ad Valorem Production Tax Act and upon  
16 the assessed value of equipment in the school district as  
17 determined under the Oil and Gas Production Equipment Ad  
18 Valorem Tax Act.

19 [~~C.~~] D. "Federal revenue", as used in this section,  
20 means receipts to the school district, excluding amounts that,  
21 if taken into account in the computation of the state  
22 equalization guarantee distribution, result, under federal law  
23 or regulations, in a reduction in or elimination of federal  
24 school funding otherwise receivable by the school district,  
25 derived from the following:

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1 (1) seventy-five percent of the school  
2 district's share of forest reserve funds distributed in  
3 accordance with Section 22-8-33 NMSA 1978; and

4 (2) seventy-five percent of grants from the  
5 federal government as assistance to those areas affected by  
6 federal activity authorized in accordance with Title 20 of the  
7 United States Code, commonly known as "PL 874 funds" or "impact  
8 aid".

9 ~~[D-]~~ E. To determine the amount of the state  
10 equalization guarantee distribution, the department shall:

11 (1) calculate the number of program units to  
12 which each school district ~~[or charter school]~~ is entitled  
13 using an average of the MEM on the second and third reporting  
14 dates of the prior year; or

15 (2) calculate the number of program units to  
16 which a school district ~~[or charter school]~~ operating under an  
17 approved year-round school calendar is entitled using an  
18 average of the MEM on appropriate dates established by the  
19 department; or

20 (3) calculate the number of program units to  
21 which a school district ~~[or charter school]~~ with a MEM of two  
22 hundred or less is entitled by using an average of the MEM on  
23 the second and third reporting dates of the prior year or the  
24 fortieth day of the current year, whichever is greater; and

25 (4) using the results of the calculations in

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1 Paragraph (1), (2) or (3) of this subsection and the  
2 instructional staff training and experience index from the  
3 October report of the prior school year, establish a total  
4 program cost of the school district [~~or charter school~~];

5 (5) for school districts, calculate the local  
6 and federal revenues as defined in this section;

7 (6) deduct the sum of the calculations made in  
8 Paragraph (5) of this subsection from the program cost  
9 established in Paragraph (4) of this subsection;

10 (7) deduct the total amount of guaranteed  
11 energy savings contract payments that the department determines  
12 will be made to the school district from the public school  
13 utility conservation fund during the fiscal year for which the  
14 state equalization guarantee distribution is being computed;  
15 and

16 (8) deduct ninety percent of the amount  
17 certified for the school district by the department pursuant to  
18 the Energy Efficiency and Renewable Energy Bonding Act;  
19 provided that this calculation does not apply to locally  
20 chartered and state-chartered charter schools.

21 [~~E.~~] F. Reduction of a school district's state  
22 equalization guarantee distribution shall cease when the school  
23 district's cumulative reductions equal its proportional share  
24 of the cumulative debt service payments necessary to service  
25 the bonds issued pursuant to the Energy Efficiency and

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1 Renewable Energy Bonding Act.

2 [F-] G. The amount of the state equalization  
3 guarantee distribution to which a school district is entitled  
4 is the balance remaining after the deductions made in  
5 Paragraphs (6) through (8) of Subsection [D] E of this section.

6 [G-] H. The state equalization guarantee  
7 distribution shall be distributed prior to June 30 of each  
8 fiscal year. The calculation shall be based on the local and  
9 federal revenues specified in this section received from June 1  
10 of the previous fiscal year through May 31 of the fiscal year  
11 for which the state equalization guarantee distribution is  
12 being computed. In the event that a school district [~~or~~  
13 ~~charter school~~] has received more state equalization guarantee  
14 funds than its entitlement, a refund shall be made by the  
15 school district [~~or charter school~~] to the state general fund."