

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Youngblood **ORIGINAL DATE** 2/07/17
LAST UPDATED 2/28/17 **HB** 184/aHEC

SHORT TITLE Property Tax Revenue to Charter Schools **SB** _____

ANALYST Liu

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB69, HB161, SB63, SB147

SOURCES OF INFORMATION

LFC Files
 Legislative Education Study Committee (LESC) Files

Responses Received From
 Public Education Department (PED)
 Public School Facilities Authority (PSFA)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 184 clarifies that “if a board of county commissioners elects not to distribute the proceeds of a tax due to a school district in the county, any amount distributed by the secretary of finance and administration to a school district that is due to a charter school shall be distributed to the charter school by the school district.” The HEC amendment also requires PED to certify to each school district the percentage of tax revenue to be distributed to each charter school eligible to receive these revenues in the school district.

Synopsis of Original Bill

House Bill 184 amends the Public School Capital Improvements Act (PSCIA) and Public School Buildings Act (PSBA), requiring school districts to distribute a proportionate share of property tax revenue to charter schools in instances where the taxes are not collected by the local county treasurer and are distributed directly to the school districts by the state. The bill is endorsed by

the Public School Capital Outlay Oversight Task Force.

FISCAL IMPLICATIONS

The bill will ensure charter schools collect a proportionate share of tax revenues generated from PSCIA and PSBA, commonly referred to as SB9 and HB33 funds, based on student membership. PED notes these funds are a major revenue source for charter schools to use in lease purchase arrangements for public buildings. The bill does not create additional tax revenue or make an appropriation.

SIGNIFICANT ISSUES

According to PED, amendments to PSCIA and PSBA in 2007 and 2009 required school districts to include locally-chartered and state-chartered charter schools on the resolution submitted to the qualified electors whenever these tax impositions were renewed. The amendments also required PED to annually certify to local county treasurers the percentage of revenue distributed to each charter school based on membership of the first reporting date from the prior year. The county treasurer then distributes the funds to the charter school.

These amendments have been in place for over 10 years; however, PED notes certain charter schools recently reported not receiving their proportionate share of the property tax revenues. According to PED, certain oil and gas tax revenues generated from PSCIA and PSBA are not always distributed by the local county treasurers. These revenues are collected by the state and distributed directly to the school districts. Current statute does not take into account these situations where the county treasurers do not collect and distribute certain tax collections.

The bill requires school districts to distribute the proportionate share of distributions received from the Department of Finance and Administration to charter schools if a board of county commissioners elects not to distribute the proceeds of a tax due to a school district in the county. The HEC amendment would apply to situations where the state makes distributions to school districts rather than the local county treasurers. This would ensure charter schools receive a proportionate share of property tax revenues from school districts if a local tax is imposed.

ADMINISTRATIVE IMPLICATIONS

PED will need to notify school districts about the percentage of property tax revenue from PSCIA and PSBA that should be distributed to qualifying charter schools.

RELATIONSHIP

This bill relates to HB69, which allows local school boards to propose a property tax mill levy for education technology improvements; HB161, which amends a PSCIA formula for capital outlay distributions; SB63, which expands education technology definitions in PSCIA and PSBA; and SB147, which replaces the state and local match formula for capital outlay.

SL/al