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FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/18

SPONSOR Roch LAST UPDATED _____ HB 48

SHORT TITLE Prior Year Data for School Distributions SB _____

ANALYST Liu

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		
	Indeterminate	Indeterminate	Recurring	Public School Capital Improvement Funds (SB-9)

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 39, SB 30

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Public School Facilities Authority (PSFA)

SUMMARY

Synopsis of Bill

House Bill 48 amends the Public School Capital Improvements Act (often referred as SB-9), requiring PED to use prior year data to determine imposed tax distribution amounts for school districts and charter schools. Revenue estimates from imposed taxes under this bill would use prior year valuations and the prior year average of school enrollment on the second and third reporting dates. This bill is endorsed by the Public School Capital Outlay Oversight Task Force and has an effective date of July 1, 2018.

FISCAL IMPLICATIONS

PSFA noted the fiscal implications of this bill are dependent on the number of school districts that have imposed a tax under the Public School Capital Improvements Act, reported property tax valuations from eligible school districts, and the average of the second and third reporting

date enrollment for eligible school districts. PED notes 87 school districts received over \$18.8 million in state matching funds for SB-9 in FY17. Funds from the SB-9 levy are the primary source for school districts to provide maintenance to their school buildings. Provisions of this bill will allow school districts to access state match funds at the beginning of every fiscal year.

SIGNIFICANT ISSUES

PSFA notes the use of prior year reporting periods for distribution amounts to school districts will ensure timeliness of the data, which could enable PED to make distributions sooner. Earlier distribution amounts to school districts may reduce fund balance carryover amounts and promote expeditious spending of Public School Capital Improvements Act revenues.

The Public School Capital Outlay Council is required to certify to the State Board of Finance, every May, the amount of funds that will be necessary to fund the state match program under SB-9 so bonds can be sold in June. Moving to prior year data methodology could allow the certification to be the exact amount that is needed instead of using a projected amount which restricts funding that could be used for other capital outlay projects.

ADMINISTRATIVE IMPLICATIONS

PED indicates the final calculation of average program units from the prior year second and third reporting dates may not be complete in time for certification to the State Board of Finance in May. PED recommends amending language in the bill to use prior year first reporting date program units for the certification instead.

RELATIONSHIP

This bill relates to House Bill 39, which requires school districts to directly distribute to a charter school its percentage of property tax due from revenues received by the school district from the Secretary of Finance and Administration if a board of county commissioners elects not to distribute the proceeds of a tax, and Senate Bill 30, which changes the formula determining state and local matches for funding through the Public School Capital Outlay Act.

TECHNICAL ISSUES

PED indicates the agency does not calculate program units on the second reporting date and recommends adjusting the language within the bill to align with statute. Current language in statute references this as “program units generated using the average of the MEM on the second and third reporting dates of the prior year.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The state distribution amounts to districts will continue to be calculated using the fortieth day model.

SL/al