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FISCAL IMPACT REPORT

ORIGINAL DATE 2/14/21

SPONSOR Stewart LAST UPDATED _____ HB _____

SHORT TITLE Statewide Millage for Schools, CA SJR 8

ANALYST Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23	FY24	FY25		
No Revenue Impact Until FY24. See Fiscal Implications						

Parenthesis () indicate revenue decreases

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$150.0 - \$200.0	\$150.0 - \$200.0	Nonrecurring	General Fund

Parenthesis () indicate expenditure decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the Attorney General (NMAG)

State Land Office (SLO)

Department of Finance and Administration Local Government Division (LGD)

SUMMARY

Synopsis of Senate Joint Resolution 8

Senate Joint Resolution 8 proposes to ask voters amend the state constitution to implement a statewide constitution to increase the mill cap on taxes on real or tangible personal property for operating levies from 20 mills (\$20 per \$1,000 of net taxable value) annually to 22 mills (\$22 per \$1,000 of net taxable value) annually.

While currently Article VIII, Section 2, of the constitution permits a majority of the qualified electors of a taxing district “who paid a property tax therein during the preceding year” to approve laws authorizing additional taxes outside this cap, the joint resolution removes that qualifying language, such that such laws

may be approved by a “majority of the qualified electors of the taxing district.” Of the proposed 22 mill limit, the resolution proposes that two mills be imposed statewide to be distributed to public schools through the state equalization guarantee (SEG) distribution. (The restriction to property-tax-paying citizens being eligible to vote was enacted in 1967 but apparently has not been implemented.)

The resolution states the amendment proposed therein shall be submitted to the people for their approval or rejection at the next general election or at any special election prior called for that purpose.

FISCAL IMPLICATIONS

The only immediate fiscal implications of a joint resolution proposing a constitutional amendment are the costs imposed on the Secretary of State.

Election Costs. Under Section 1-16-13 NMSA 1978 and the New Mexico Constitution, the Secretary of State (SoS) is required to print samples of the text of each constitutional amendment, in both Spanish and English, in an amount equal to 10 percent of the registered voters in the state. The SOS is also required to publish them once a week for four weeks preceding the election in newspapers in every county in the state. The estimated cost per constitutional amendment is \$150 thousand to \$200 thousand depending on the size and number of ballots and if additional ballot stations are needed.

If approved by the voters, enabling legislation would be enacted in the 2023 legislative session. Depending on the specifics of the implementing legislation, the additional levy would probably be effective for the 2023 property tax year based on values as of January 1, 2023. Rates would be set by August 2023 and payments would be made in November 2023 and April 2024. Again, depending on the specifics of the implementing legislation, the SEG would be augmented for the 2023-24 school year.

Based on the 2020 property tax rate sheets and the 2020-2021 preliminary SEG distribution by school district and assuming 100 percent collection, the total collected would be about \$141 million. This would increase the SEG by about 5 percent. Attachment A exhibits the “winners” and “losers” defined by the ratio of the amount of tax contributed by the taxpayers of each district compared with the extra amount of money schools in that district would receive through the SEG distribution.

SIGNIFICANT ISSUES

DFA notes the following:

If this joint resolution is enacted and the electorate authorizes the proposed constitutional amendment, there would be a significant revenue increase to be distributed statewide to public schools. The desired outcome is that increased public school funding will improve K-12 education in a manner that leads to academic success for all students throughout the state.

There is an existing statewide property tax which is pledged for repayment of state general obligation bond debt. The current administration has worked cooperatively with the legislature to manage the issuance of state general obligation bonds in a manner that has maintained a statewide mill levy rate of 1.36 mills (\$1.36 per \$1,000 of net taxable value).

The 20 mill limit for operating purposes was first enacted in a tax reform movement in 1933 and has remained at that level for almost 90 years. State, municipal, county, and school district general obligation reallocated the 20 mill limit as follows: 7.65 mills to municipalities, 0.5 mills to schools and 11.85 mills for the counties.

The New Mexico Municipal League notes, “Up until 1987, municipalities only had 2.225 mills for general fund operations. Effective for the 1987 property tax year, municipalities gained additional 5.425 mills for a total of 7.65.”

ADMINISTRATIVE IMPLICATIONS

LGD notes the following administrative implication if the CA is approved by the voters and the provisions implemented:

Because the existing statewide mill levy for state general obligation bonds is managed by the Department of Finance and Administration (DFA), it is likely that any newly authorized statewide mill levy would be managed by DFA who also oversees the state budget. Any new administrative requirements will be accomplished with existing resources.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NMAG notes the provisions of this proposed constitutional amendment relate to HB6 (State Equalization Guarantee Distributions), SB41 (School Funding Changes), and SB225 (Use of Some Revenue for School Funding) to the extent such bills propose to amend the state equalization guarantee distribution.

TECHNICAL ISSUES

The 20 mill limit is divided in statute as 11.85 mills for counties, 7.65 mills for municipalities, and 0.5 mills for school district operating. Section 4-48B-12 NMSA 1978 authorized class A counties to impose by vote of the electorate 6.5 mills for funding a hospital. Bernalillo County currently has 6.4 mills in place. Sandoval County has imposed 1.9 mills. These are two examples of the exception in Article VIII, Section 2, for “special levies on specific classes of property.” Special school district levies as detailed in the box below are all assumed to eligible for the “debt” exception to the 0.5 mill allocation of the 20 mill limit.

School District Operational
School District Debt Service
School Dist. Cap. Improvement
House Bill 33, School Building
School District Ed. Tech. Debt Svc

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ATTACHMENT A

School District	TY 2020 Net Taxable	2 mills Obligations	2020-2021 Prelim SEG	2 mill statewide allocated in	Ratio New Money Received ÷	>100%	<100%
Alamogordo Public Schools	\$868,251,387	\$1,736,503	\$44,885,566	\$2,179,433		126%	
Albuquerque Public Schools	\$17,730,033,491	\$35,460,067	\$866,823,028	\$42,088,871		119%	
Animas Public Schools	\$5,382,279	\$10,765	\$2,223,272	\$107,952		1003%	
Artesia Public Schools	\$1,710,590,825	\$3,421,182	\$31,893,460	\$1,548,597			45%
Aztec Municipal Schools	\$577,611,137	\$1,155,222	\$24,693,726	\$1,199,012		104%	
Belen Consolidated Schools	\$630,377,716	\$1,260,755	\$34,020,762	\$1,651,889		131%	
Bernalillo Public Schools	\$670,407,754	\$1,340,816	\$26,256,074	\$1,274,872			95%
Bloomfield Schools	\$721,727,820	\$1,443,456	\$22,827,163	\$1,108,380			77%
Capitan Municipal Schools	\$456,066,255	\$912,133	\$5,701,300	\$276,828			30%
Carlsbad Municipal Schools	\$5,321,746,347	\$10,643,493	\$71,784,027	\$3,485,497			33%
Carrizozo Municipal Schools	\$75,362,209	\$150,724	\$2,376,248	\$115,379			77%
Central Consolidated Schools	\$809,324,979	\$1,618,650	\$37,543,303	\$1,822,927		113%	
Chama Valley Indep. Schools	\$220,970,494	\$441,941	\$5,442,717	\$264,273			60%
Cimarron Municipal Schools	\$434,659,255	\$869,319	\$5,383,346	\$261,390			30%
Clayton Municipal Schools	\$158,936,056	\$317,872	\$5,280,229	\$256,383			81%
Cloudcroft Municipal Schools	\$220,768,559	\$441,537	\$4,838,292	\$234,925			53%
Clovis Municipal Schools	\$873,185,982	\$1,746,372	\$65,723,940	\$3,191,247		183%	
Cobre Consolidated Schools	\$227,806,547	\$455,613	\$12,966,347	\$629,585		138%	
Corona Municipal Schools	\$57,030,720	\$114,061	\$1,621,048	\$78,710			69%
Cuba Independent Schools	\$159,552,156	\$319,104	\$6,798,909	\$330,123		103%	
Deming Public Schools	\$655,658,398	\$1,311,317	\$52,191,258	\$2,534,163		193%	
Des Moines Municipal Schools	\$39,796,281	\$79,593	\$1,694,946	\$82,299		103%	
Dexter Consolidated Schools	\$77,907,182	\$155,814	\$8,672,809	\$421,111		270%	
Dora Municipal Schools	\$73,521,443	\$147,043	\$2,908,703	\$141,233			96%
Dulce Independent Schools	\$237,976,200	\$475,952	\$5,996,421	\$291,158			61%
Elida Municipal Schools	\$28,146,584	\$56,293	\$2,314,338	\$112,373		200%	
Espanola Public Schools	\$617,014,156	\$1,234,028	\$36,080,868	\$1,751,918		142%	
Estancia Municipal Schools	\$124,547,813	\$249,096	\$7,663,481	\$372,103		149%	
Eunice Municipal Schools	\$1,448,119,966	\$2,896,240	\$7,685,452	\$373,170			13%
Farmington Municipal Schools	\$1,512,654,844	\$3,025,310	\$89,347,954	\$4,338,319		143%	
Floyd Municipal Schools	\$13,950,318	\$27,901	\$2,685,923	\$130,416		467%	
Fort Sumner Municipal Schools	\$94,127,082	\$188,254	\$3,231,806	\$156,921			83%
Gadsden Independent Schools	\$1,052,730,945	\$2,105,462	\$120,289,326	\$5,840,687		277%	
Gallup-Mckinley Cty Schools	\$818,985,278	\$1,637,971	\$92,787,468	\$4,505,325		275%	
Grady Municipal Schools	\$10,486,924	\$20,974	\$2,301,176	\$111,734		533%	
Grants-Cibola County Schools	\$340,017,265	\$680,035	\$31,503,299	\$1,529,653		225%	
Hagerman Municipal Schools	\$37,779,381	\$75,559	\$4,946,508	\$240,179		318%	
Hatch Valley Public Schools	\$87,661,816	\$175,324	\$12,258,430	\$595,212		339%	
Hobbs Municipal Schools	\$1,868,920,439	\$3,737,841	\$91,927,848	\$4,463,586		119%	
Hondo Valley Public Schools	\$38,271,639	\$76,543	\$2,381,944	\$115,656		151%	
House Municipal Schools	\$17,677,965	\$35,356	\$1,639,962	\$79,629		225%	
Jal Public Schools	\$4,208,605,727	\$8,417,211	\$4,177,287	\$202,830			2%
Jemez Day School	\$110,972,297	\$221,945	\$3,003,737	\$145,847			66%
Jemez Mountain Public Schools	\$192,535,712	\$385,071	\$4,060,718	\$197,169			51%
Lake Arthur Municipal Schools	\$63,752,047	\$127,504	\$1,982,825	\$96,277			76%
Las Cruces Public Schools	\$3,670,268,375	\$7,340,537	\$218,280,193	\$10,598,665		144%	
Las Vegas City Public Schools	\$297,814,049	\$595,628	\$14,288,535	\$693,784		116%	
Logan Municipal Schools	\$74,990,582	\$149,981	\$3,802,339	\$184,624		123%	
Lordsburg Municipal Schools	\$142,588,990	\$285,178	\$5,336,314	\$259,106			91%
Los Alamos Public Schools	\$830,181,892	\$1,660,364	\$30,559,718	\$1,483,837			89%
Los Lunas Public Schools	\$1,102,874,588	\$2,205,749	\$71,546,333	\$3,473,955		157%	
Loving Municipal Schools	\$741,639,743	\$1,483,279	\$6,755,374	\$328,009			22%
Lovington Municipal Schools	\$659,930,258	\$1,319,861	\$34,669,773	\$1,683,402		128%	
Magdalena Municipal Schools	\$31,331,082	\$62,662	\$3,675,173	\$178,449		285%	
Maxwell Municipal Schools	\$22,006,664	\$44,013	\$2,096,960	\$101,819		231%	
Melrose Public Schools	\$38,562,972	\$77,126	\$3,061,359	\$148,645		193%	

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Mesa Vista Consolidated Schools	\$97,556,718	\$195,113	\$3,305,244	\$160,487		82%
Mora Independent Schools	\$116,228,355	\$232,457	\$4,812,454	\$233,670	101%	
Moriarty/Edgewood Municipal Schools	\$1,025,101,048	\$2,050,202	\$24,561,782	\$1,192,605		58%
Mosquero Municipal Schools	\$141,743,863	\$283,488	\$1,780,601	\$86,458		30%
Mountainair Public Schools	\$70,758,242	\$141,516	\$3,022,380	\$146,753	104%	
Pecos Independent Schools	\$146,816,214	\$293,632	\$5,911,215	\$287,021		98%
Penasco Independent Schools	\$61,472,143	\$122,944	\$4,096,860	\$198,924	162%	
Pojoaque Valley Public Schools	\$184,027,903	\$368,056	\$14,501,881	\$704,143	191%	
Portales Municipal Schools	\$315,109,066	\$630,218	\$24,201,745	\$1,175,124	186%	
Quemado Independent Schools	\$97,575,905	\$195,152	\$2,441,237	\$118,535		61%
Questa Independent Schools	\$214,349,373	\$428,699	\$5,289,255	\$256,821		60%
Raton Public Schools	\$153,888,043	\$307,776	\$8,557,208	\$415,498	135%	
Reserve Public Schools	\$46,219,044	\$92,438	\$2,073,446	\$100,677	109%	
Rio Rancho Public Schools	\$2,614,443,353	\$5,228,887	\$159,500,722	\$7,744,609	148%	
Roswell Independent Schools	\$1,099,699,598	\$2,199,399	\$93,048,178	\$4,517,984	205%	
Roy Municipal Schools	\$10,403,591	\$20,807	\$1,432,255	\$69,544	334%	
Ruidoso Municipal Schools	\$756,554,592	\$1,513,109	\$16,594,166	\$805,735		53%
San Jon Municipal Schools	\$39,492,988	\$78,986	\$2,049,905	\$99,534	126%	
Santa Fe Public Schools	\$7,178,610,456	\$14,357,221	\$137,420,812	\$6,672,512		46%
Santa Rosa Consolidated Schools	\$127,597,495	\$255,195	\$7,279,227	\$353,445	138%	
Silver Consolidated Schools	\$590,647,292	\$1,181,295	\$24,415,147	\$1,185,485	100%	
Socorro Consolidated Schools	\$192,216,318	\$384,433	\$15,678,529	\$761,276	198%	
Springer Municipal Schools	\$42,207,695	\$84,415	\$2,240,765	\$108,801	129%	
T Or C Municipal Schools	\$320,888,780	\$641,778	\$12,279,448	\$596,233		93%
Taos Municipal Schools	\$1,266,847,331	\$2,533,695	\$29,300,084	\$1,422,680		56%
Tatum Municipal Schools	\$201,802,859	\$403,606	\$4,175,430	\$202,739		50%
Texico Municipal Schools	\$61,416,020	\$122,832	\$5,615,695	\$272,672	222%	
Tucumcari Public Schools	\$129,487,500	\$258,975	\$9,258,690	\$449,559	174%	
Tularosa Municipal Schools	\$106,386,086	\$212,772	\$9,234,206	\$448,370	211%	
Vaughn Municipal Schools	\$89,443,833	\$178,888	\$1,542,761	\$74,909		42%
Wagon Mound Public Schools	\$27,952,700	\$55,905	\$1,708,851	\$82,974	148%	
West Las Vegas Public Schools	\$209,844,095	\$419,688	\$14,557,317	\$706,835	168%	
Zuni Public Schools	\$2,672,269	\$5,345	\$7,916,210	\$384,374	7191%	
New Mexico Total	\$71,053,259,637	\$142,106,522	\$2,926,693,018	\$142,106,522		