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FISCAL IMPACT REPORT

SPONSOR:	Martinez	DATE TYPED:	02-12-00	HB	316
SHORT TITLE:	Revenue for Capital Outlay			SB	
				ANALYST:	Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	\$ (42,800.0)			Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 433, HB 438

SOURCES OF INFORMATION

LFC files

State Department of Education (SDE)

SUMMARY

Synopsis of Bill

House Bill 316 amends the Public School Finance Act (Section 22-8-25 NMSA 1978), it reduces the percent of federal "Impact Aid" the state uses in calculating the State Equalization Guarantee (SEG) to 65% from 75% requires that districts use 30% allows the use of 5% for operational purposes.

The bill specifies no effective date for the provisions of the bill to take effect. It must be concluded that the bill takes effect beginning in fiscal year 2001. (SDE shows fiscal year 2003 as the first fiscal year that the provisions would be in effect.)

Significant Issues

The analysis prepared by SDE staff states that: "If SB 316 were enacted, New Mexico would no longer qualify under federal law to take credit for eligible Impact aid revenues because the state would no longer meet the disparity test required by federal law." If the state is unable to take credit for any of the eligible funds, all Impact Aid funds would be kept by the receiving school district. Since the Public School Funding Formula uses credit for Impact Aid Funds to "equalize" support for all public schools, the "equalization" feature of the bill would be destroyed.

FISCAL IMPLICATIONS

It is estimated that a recurring \$42,800 from the general fund would be need to maintain program funding for public schools.

LB/gm