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FISCAL IMPACT REPORT

SPONSOR Miera DATE TYPED 02-07-04 HB 158

SHORT TITLE School District Cash Balance Calculation SB _____

ANALYST Segura

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			Significant See Narrative		

SOURCES OF INFORMATION

LFC Files

Responses Received From
New Mexico Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 158 changes the methodology in calculating the amount of excess cash balance for school districts and charter schools.

Significant Issues

House Bill 158 also substitutes references to the State Superintendent with the Secretary of Education throughout Section 22-8-41 NMSA 1978.

According to PED, House Bill 158 modifies the method of calculating the cash balance credit by providing a much clearer definition of the allowable limit by using the amount of cash balance defined as unrestricted, unreserved operational cash balance and the emergency reserve.

The bill inserts new language that clarifies that the state must determine the excess cash balance by using only the proportional share of cash balance not attributable to revenue derived from the school district property tax, forest reserve funds and impact aid which the state takes credit in determining a school district's or charter school's state equalization guarantee distribution.

FISCAL IMPLICATIONS

House Bill 158 does not contain an appropriation. The enactment of this bill could have a fiscal impact on the current HAFC substitute for HB2 in funding the level of the public school support. The appropriation bill applies a \$6 million cash credit to the state equalization guarantee.

ADMINISTRATIVE IMPLICATIONS

The PED would have to verify the available cash balance at each district and apply the mandates of House Bill 158.

RLG/dm