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FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 02/08/04 HB _____

SHORT TITLE Severance Tax Bonds For School Improvements SB 407

ANALYST Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
\$70,000.0				Non-Recurring	STB

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 393 & SB 399

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Response Received From
New Mexico Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 407 authorizes the State Board of Finance to issue supplemental severance tax bonds not to exceed \$70 million in FY04 to correct deficiencies pursuant to the Public School Capital Outlay Act.

Significant Issues

According to the PED analysis, the Deficiencies Correction Unit (DCU) was created during the 2001 legislative session to identify and correct all serious deficiencies in public school buildings and grounds, including charter schools, which may adversely affect the health or safety of students and school personnel. Since the creation of the DCU, the Public School Capital Outlay Council (PSCOC) has developed a methodology for prioritizing projects and has begun approving allocations from the fund. The DCU validates, verifies and prioritizes conditions with guidelines adopted by the PSCOC.

For the corrective work, the DCU oversees all aspects of contracts, provides direct oversight of construction, conducts on-site inspections during the work and requires the use of standardized construction documents and processes.

The PED further reports that all school districts are eligible for funding regardless of their bonded indebtedness. It was legislative intent to identify and make awards no later than June 2004, with the funds expended by June 30, 2006 (22-24-4.1 NMSA 1978). An additional appropriation will further help to get schools to the minimum levels of adequacy. This bill extends the life for the DCU program that was originally scheduled to sunset in FY 06. It will be the responsibility of the PSFA to administer all aspects of this program if it is extended.

FISCAL IMPLICATIONS

The revenue derived from the issuance of supplemental severance tax bonds will not revert to the general fund.

OTHER SUBSTANTIVE ISSUES

As reported by the PED, an additional allocation to the Deficiencies Correction Program will help supplement critical capital outlay projects funded pursuant to the Public School Capital Outlay Act and allow those funds to be allocated and spread out more widely statewide. Funds from the deficiencies correction program will not be discounted and subtracted from a district's PSCOC award as are the direct legislative appropriations.

LB/lg:dm