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## FISCAL IMPACT REPORT

SPONSOR Boitano DATE TYPED 2/1/05 HB \_\_\_\_\_

SHORT TITLE Charter School Lease Agreements SB SJR7

ANALYST Baca

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Joint Resolution 7 proposes to amend Article 9, Section 11, of the New Mexico Constitution to allow the qualified electors of a school district to approve Lease-purchase agreements for charter school facilities and excepting those agreements from the debt limitation of the school district.

#### Significant Issues

If SJR7 is passed by the Legislature and subsequently approved by the voters, approved lease purchase agreements for charter school to acquire classrooms and other necessary facilities will not be included in this limitation and a school district's bonding capacity will not be affected.

According to the PED, school districts have legal authority, with voter approval, to issue general obligation bonds for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools or any combination of these purposes as stated in the

## **Senate Joint Resolution 7 -- Page 2**

election question to the voters. Enacting this resolution will expand the purposes for which a school district may incur debt, which will include the lease purchase agreements for charter schools.

Article 9, Section 11, of the New Mexico Constitution limits a school district's issuance of general bond obligations to six percent of the school district's assessed valuation. Authority is given to levy against all taxable property (residential, non-residential and oil/gas/copper) within a school district a tax as necessary to pay the interest and principal on general obligation bonds issued by the school district as payments become due. Yield control provisions do not apply to tax rates needed to pay off general obligation bond debt service.

SJR7 provides that a school district may create a debt for lease purchase agreements for charter schools as long as the district submits the resolution to the people for their approval or rejection at the next general election or at any special election prior to that date that may be called for that purpose.

### **PERFORMANCE IMPLICATIONS**

PED reports no performance implications.

### **FISCAL IMPLICATIONS**

The PED reports that on a statewide basis, charter schools spend an estimated \$5, 228.0 million for the leasing of classroom facilities.

### **ADMINISTRATIVE IMPLICATIONS**

School districts will have to implement the provisions of SJR.

LB/yr