

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill No:** HB 464a

**49th Legislature, 1st Session, 2009**

**Short Title:** School Capital Outlay Administrative Limits

**Sponsor(s):** Representatives Karen Giannini and Rick Miera

**Analyst:** Peter B. van Moorsel

**Date:** March 2, 2009

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**AS AMENDED**

**The House Education Committee amendment:**

- **increases from 5.0 to 10 percent the upper limit of capital project costs that may be expended for administering projects; and**
- **eliminates from the definition of “administering the projects” language stating that expenses for administrative activities need not be attributable to any specific project.**

**Original Bill Summary:**

HB 464 amends the *Public School Buildings Act* (HB-33) to:

- include in the approved uses of HB-33 dollars the administration of projects funded in whole or in part by the *Public School Capital Improvements Act* or by school district general obligation bonds;
- remove the 5.0 percent limit on expenditures for administering projects funded by *Public School Buildings Act*; and
- expand the definition of project administration to mean any activity necessary or appropriate to the management, oversight or direction of such projects on behalf of the school district, regardless of whether the activity can be attributed to any specific project.

**Fiscal Impact:**

HB 464 does not make an appropriation.

The Public School Facilities Authority (PSFA) estimates that HB 464 will have no fiscal impact.

The analysis of HB 464 by the Public Education Department (PED) states that allowing school districts to use more HB-33 funds for administrative purposes may free up operational funds that are currently being used for these same purposes.

**Issues:**

According to the PSFA:

- Larger districts typically use a centralized staff to conduct and oversee the administration of construction and major repair and renovation projects. For example, Albuquerque Public Schools (APS) has dedicated staff to overseeing facility project construction using HB-33, *Public School Capital Improvements Act* (SB-9) and general obligation bond funds.
- The districts have historically paid the salaries of project administration staff via HB-33 funds, but have recently been subject to audit findings that challenged this procedure.
- The provisions of HB 464 would allow districts like APS to consolidate the administration of projects funded from three different sources, thus enabling the district to avoid having to track administrative expenditures by individual project funds.
- Typical administrative expenses include project management software, centralized project oversight, and the salaries of district personnel specifically related to the administration of projects funded through the *Public School Buildings Act*, the *Public School Capital Improvements Act*, or by school district general obligation bonds.

### **Background:**

The *Public School Buildings Act* authorizes school districts to impose a property tax collected at the local level. Commonly referred to as HB-33, the act allows districts to impose a tax not to exceed 10 mills for a maximum of six years on the net taxable value of property upon approval of qualified voters. HB-33 taxes differ from SB-9 taxes in that the state does not provide matching funds for HB-33 tax revenues.

According to PED:

- twelve districts<sup>1</sup> have imposed capital improvements property taxes authorized by the *Public School Buildings Act*; and
- these districts budgeted approximately \$112.9 million in HB-33 funds at the beginning of FY 09.

### **Related Bills:**

SB 38a *School District Revenue for Activity Buses*

\*SB 378 *Public School Capital Outlay Amendments*

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<sup>1</sup> Albuquerque, Artesia, Carlsbad, Cimarron, Dulce, Eunice, Hobbs, Las Cruces, Los Alamos, Los Lunas, Lovington, and Santa Fe.