

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 300

50th Legislature, 1st Session, 2011

Tracking Number: .183980.1

Short Title: Info. Specified for Obligation Bond Election

Sponsor(s): Representatives Luciano “Lucky” Varela, Rhonda S. King and Others

Analyst: Peter B. van Moorsel

Date: February 17, 2011

Bill Summary:

HB 300 amends the *School Election Law* and creates a new section of the *Public School Code* to require that if a local school board issues a proclamation to call a regular or special election that will submit to the voters a question of whether to create a debt by issuing general obligation (GO) bonds, the proclamation must:

- specifically list each project that will be funded with the bond proceeds;
- include only projects that reflect the school district's needs as shown by the Facility Assessment Database (FAD) (see “Background,” below) maintained by the Public School Facilities Authority (PSFA);
- state the amount of bond proceeds that are allocated to each project;
- state the capacity and general location of the new school if a project is for the construction of a new school; and
- state the name of the school and a brief description of the renovation or addition plans if a project is for the renovation or addition to an existing school.

HB 300 further provides that:

- proceeds from the sale of GO bonds may only be expended for the projects listed in the proclamation and shall not be used for any other purpose;
- if a project is canceled, postponed, or less expensive than anticipated, then any money allocated to the project but not expended may be expended on other listed projects; and
- bond proceeds not expended pursuant to this subsection shall be used to pay debt service on the outstanding bonds.

Fiscal Impact:

HB 300 does not contain an appropriation.

Substantive Issues:

The Public Education Department (PED) notes that the FAD managed by PSFA ranks New Mexico’s public school facilities according to the New Mexico Condition Index (NMCI) (see “Background,” below) ranking system, which assesses the facilities against the adequacy standards. The adequacy standards do not include performing arts centers, bus barns, field

houses, athletic facilities, standalone district administration offices, tennis courts, stadiums, school-based health centers, and equipment sheds. PED reports that HB 300 would preclude school districts from including these types of facilities in their bond questions.

Background:

New Mexico uses the NMCI¹ to rank every public school facility in terms of relative need, from greatest to least. Using the FAD, PSFA tracks the condition of all of New Mexico’s 89 school districts, approximately 782 public schools within these districts, and 4,899 individual buildings. In all, the deficiencies of approximately 95,530 separate and distinct systems are weighted according to nine categories to determine a facility’s NMCI score, which is calculated as the ratio of the cost of needed repairs to the cost of replacement, as follows:

$$\begin{array}{r} \text{Cost to correct Life-Cycle Deficiencies (\$)} \\ + \\ \text{Cost to correct NM Adequacy Standard Deficiencies (\$)} \\ \hline \text{Replacement Value (\$)} \end{array}$$

Related Bills:

- HB 450 *School Elections by Mail*
- HJR 11 *Hold School Elections with General, CA*
- HJR 16 *School Elections with Other Elections, CA*
- SJR 16 *School Elections with Other Elections, CA*

¹ PSFA provides the following example to illustrate the Facility Condition Index (FCI) – if a building costs \$100,000 and has an FCI of 37 percent, that building needs \$37,000 in repairs; therefore, lower FCIs are better.