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SENATE BILL 310

**51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

INTRODUCED BY

Jacob R. Candelaria

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; EXPANDING THE DEFINITION OF  
"LOCAL REVENUE" FOR CALCULATION OF A SCHOOL DISTRICT'S STATE  
EQUALIZATION GUARANTEE DISTRIBUTION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 22-8-25 NMSA 1978 (being Laws 1981,  
Chapter 176, Section 5, as amended) is amended to read:

"22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--  
DEFINITIONS--DETERMINATION OF AMOUNT.--

A. The state equalization guarantee distribution is  
that amount of money distributed to each school district to  
ensure that its operating revenue, including its local and  
federal revenues as defined in this section, is at least equal  
to the school district's program cost. For state-chartered  
charter schools, the state equalization guarantee distribution

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1 is the difference between the state-chartered charter school's  
2 program cost and the two percent withheld by the department for  
3 administrative services.

4 B. "Local revenue", as used in this section, means  
5 seventy-five percent of receipts to the school district derived  
6 from ~~[that amount produced by a school district property tax~~  
7 ~~applied at the rate of fifty cents (\$.50) to each one thousand~~  
8 ~~dollars (\$1,000) of net taxable value of property allocated to~~  
9 ~~the school district and to the assessed value of products~~  
10 ~~severed and sold in the school district as determined under the~~  
11 ~~Oil and Gas Ad Valorem Production Tax Act and upon the assessed~~  
12 ~~value of equipment in the school district as determined under~~  
13 ~~the Oil and Gas Production Equipment Ad Valorem Tax Act]:~~

14 (1) that amount produced by a school district  
15 property tax applied at the rate of fifty cents (\$.50) to each  
16 one thousand dollars (\$1,000) of net taxable value of property  
17 allocated to the school district;

18 (2) property tax receipts derived from the  
19 assessed value of products severed and sold in the school  
20 district as determined under the Oil and Gas Ad Valorem  
21 Production Tax Act;

22 (3) property tax receipts derived from the  
23 assessed value of equipment in the school district as  
24 determined under the Oil and Gas Production Equipment Ad  
25 Valorem Tax Act; and

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1                   (4) the amount of a tax imposed by a  
2                   municipality, a county or the school district and used to  
3                   provide funding to the school district for any operational  
4                   purpose.

5                   C. "Federal revenue", as used in this section,  
6                   means receipts to the school district, excluding amounts that,  
7                   if taken into account in the computation of the state  
8                   equalization guarantee distribution, result, under federal law  
9                   or regulations, in a reduction in or elimination of federal  
10                  school funding otherwise receivable by the school district,  
11                  derived from the following:

12                               (1) seventy-five percent of the school  
13                               district's share of forest reserve funds distributed in  
14                               accordance with Section 22-8-33 NMSA 1978; and

15                               (2) seventy-five percent of grants from the  
16                               federal government as assistance to those areas affected by  
17                               federal activity authorized in accordance with Title 20 of the  
18                               United States Code, commonly known as "PL 874 funds" or "impact  
19                               aid".

20                   D. To determine the amount of the state  
21                   equalization guarantee distribution, the department shall:

22                               (1) calculate the number of program units to  
23                               which each school district or charter school is entitled using  
24                               an average of the MEM on the second and third reporting dates  
25                               of the prior year; or

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1 (2) calculate the number of program units to  
2 which a school district or charter school operating under an  
3 approved year-round school calendar is entitled using an  
4 average of the MEM on appropriate dates established by the  
5 department; or

6 (3) calculate the number of program units to  
7 which a school district or charter school with a MEM of two  
8 hundred or less is entitled by using an average of the MEM on  
9 the second and third reporting dates of the prior year or the  
10 fortieth day of the current year, whichever is greater; and

11 (4) using the results of the calculations in  
12 Paragraph (1), (2) or (3) of this subsection and the  
13 instructional staff training and experience index from the  
14 October report of the prior school year, establish a total  
15 program cost of the school district or charter school;

16 (5) for school districts, calculate the local  
17 and federal revenues as defined in this section;

18 (6) deduct the sum of the calculations made in  
19 Paragraph (5) of this subsection from the program cost  
20 established in Paragraph (4) of this subsection;

21 (7) deduct the total amount of guaranteed  
22 energy savings contract payments that the department determines  
23 will be made to the school district from the public school  
24 utility conservation fund during the fiscal year for which the  
25 state equalization guarantee distribution is being computed;

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1 and

2 (8) deduct ninety percent of the amount  
3 certified for the school district by the department pursuant to  
4 the Energy Efficiency and Renewable Energy Bonding Act.

5 E. Reduction of a school district's state  
6 equalization guarantee distribution shall cease when the school  
7 district's cumulative reductions equal its proportional share  
8 of the cumulative debt service payments necessary to service  
9 the bonds issued pursuant to the Energy Efficiency and  
10 Renewable Energy Bonding Act.

11 F. The amount of the state equalization guarantee  
12 distribution to which a school district is entitled is the  
13 balance remaining after the deductions made in Paragraphs (6)  
14 through (8) of Subsection D of this section.

15 G. The state equalization guarantee distribution  
16 shall be distributed prior to June 30 of each fiscal year. The  
17 calculation shall be based on the local and federal revenues  
18 specified in this section received from June 1 of the previous  
19 fiscal year through May 31 of the fiscal year for which the  
20 state equalization guarantee distribution is being computed.  
21 In the event that a school district or charter school has  
22 received more state equalization guarantee funds than its  
23 entitlement, a refund shall be made by the school district or  
24 charter school to the state general fund."

25 SECTION 2. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2014.

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