

1 HOUSE BILL 634

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO PUBLIC SCHOOL FINANCE; DELETING LOCAL REVENUE FROM
12 THE STATE EQUALIZATION GUARANTEE DISTRIBUTION CALCULATION.
13

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

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

17 "22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--
18 DEFINITIONS--DETERMINATION OF AMOUNT.--

19 A. The state equalization guarantee distribution is
20 that amount of money distributed to each school district to
21 ensure that its operating revenue, including its [~~local and~~]
22 federal [~~revenues~~] revenue as defined in this section, is at
23 least equal to the school district's program cost. For state-
24 chartered charter schools, the state equalization guarantee
25 distribution is the difference between the state-chartered

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1 charter school's program cost and the two percent withheld by
2 the department for administrative services.

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

13 ~~G.]~~ B. "Federal revenue", as used in this section,
14 means receipts to the school district or state-chartered
15 charter school, excluding amounts that, if taken into account
16 in the computation of the state equalization guarantee
17 distribution, result, under federal law or regulations, in a
18 reduction in or elimination of federal school funding otherwise
19 receivable by the school district, derived from the following:

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

23 (2) seventy-five percent of grants from the
24 federal government as assistance to those areas affected by
25 federal activity authorized in accordance with Title 20 of the

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1 United States Code, commonly known as "PL 874 funds" or "impact
2 aid".

3 ~~[D-]~~ C. To determine the amount of the state
4 equalization guarantee distribution, the department shall:

5 (1) calculate the number of program units to
6 which each school district or charter school is entitled using
7 an average of the MEM on the second and third reporting dates
8 of the prior year; or

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

14 (3) calculate the number of program units to
15 which a school district or charter school with a MEM of two
16 hundred or ~~[less]~~ fewer is entitled by using an average of the
17 MEM on the second and third reporting dates of the prior year
18 or the fortieth day of the current year, whichever is greater;
19 and

20 (4) using the results of the calculations in
21 Paragraph (1), (2) or (3) of this subsection and the staffing
22 cost multiplier from the October report of the prior school
23 year, establish a total program cost of the school district or
24 charter school;

25 (5) for school districts and state-chartered

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1 charter schools, calculate the [~~local and~~] federal [~~revenues~~]
2 revenue as defined in this section;

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

6 (7) deduct the total amount of guaranteed
7 energy savings contract payments that the department determines
8 will be made to the school district from the public school
9 utility conservation fund during the fiscal year for which the
10 state equalization guarantee distribution is being computed;
11 and

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

15 [~~E.~~] D. Reduction of a school district's state
16 equalization guarantee distribution shall cease when the school
17 district's cumulative reductions equal its proportional share
18 of the cumulative debt service payments necessary to service
19 the bonds issued pursuant to the Energy Efficiency and
20 Renewable Energy Bonding Act.

21 [~~F.~~] E. The amount of the state equalization
22 guarantee distribution to which a school district is entitled
23 is the balance remaining after the deductions made in
24 Paragraphs (6) through (8) of Subsection [~~D.~~] C. of this section.

25 [~~G.~~] F. The state equalization guarantee

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1 distribution shall be distributed prior to June 30 of each
2 fiscal year. The calculation shall be based on the [~~local and~~]
3 federal [~~revenues~~] revenue specified in this section received
4 from June 1 of the previous fiscal year through May 31 of the
5 fiscal year for which the state equalization guarantee
6 distribution is being computed. In the event that a school
7 district or charter school has received more state equalization
8 guarantee funds than its entitlement, a refund shall be made by
9 the school district or charter school to the state general
10 fund."

11 SECTION 2. APPLICABILITY.--The provisions of this act
12 apply to the 2019-2020 and subsequent school years.