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FISCAL IMPACT REPORT

SPONSOR <u>Romero, A</u>	LAST UPDATED <u>2/27/23</u>
	ORIGINAL DATE <u>2/2/23</u>
SHORT TITLE <u>Transfer Excess Oil & Gas Fund To Arts School</u>	BILL NUMBER <u>House Bill 99/aHTRC</u>
	ANALYST <u>Torres, I</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact				Recurring	N/A

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

Conflicts/Relates to HB89, HB191, SB26

Sources of Information

LFC Files

Responses Received From
 State Investment Council (SIC)
 Early Childhood Education and Care Department (ECECD)

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee (HTRC) amendment to house bill 99 removes the \$2 million annual transfer from the excess extraction taxes suspense fund as originally proposed and removes references of the transfer in the enabling statute of the fund.

Synopsis of Original House Bill 99

House Bill 99 creates the New Mexico School for the Arts (NMSFA) dormitory fund and could distribute \$2 million each fiscal year from the excess extraction taxes suspense fund to the newly created dormitory fund.

Section 1 provides for a \$2 million distribution to the new dormitory fund from the excess extraction taxes suspense fund. It would do so when oil and gas emergency school taxes exceed a five-year average and would receive the \$2 million before/in place of the early childhood trust fund.

Section 2 creates the new NMSFA dormitory fund as a nonreverting fund in the state treasury that will receive the distribution from the excess extraction taxes suspense fund as well as any income from investment of the fund (managed by the State Treasurer). The bill directs the new dormitory fund to be administered by the School for the Arts to pay the expenses of providing room and board to residential students that are over and above dormitory fees charged pursuant to Section 22-15F-7 NMSA 1978 and for operating costs of the dormitory.

This bill does not contain an effective date, and as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed.

FISCAL IMPLICATIONS

The creation of the fund is unlikely to have a fiscal impact on agency operations. However, the creation of the fund will allow the school for the arts to receive money from appropriations, gifts, grants, and donations for the purpose of providing room and board to residential students over and above dormitory fees charged.

LFC staff were unable to identify any other funds administered by a school. The fund may be better suited to Public Education Department administration for the purpose stated.

SIGNIFICANT ISSUES

According to analysis by the Legislative Education Study Committee impact report:

Section 22-2F-8 NMSA 1978 prohibits the NMSFA from using SEG funds to pay for its room and board costs and outreach activities, but permits the school to use “other private or public funding sources” for this purpose. However, administrative rule at Section 6.80.4.17 NMAC appears to require NMSFA to pay “all or part of the cost of room and board from a foundation or other private funding sources” and “not use money received from the state other than the charter school stimulus funds [to pay for room and board].”
...

Statute establishes NMSFA as a “statewide residential state-chartered charter high school,” but the school does not receive operational support from the state to run a residential program. The constitutional special schools, also considered “statewide” schools providing specialized education to students from across New Mexico, receive direct distributions from the land grant permanent fund each year...

TECHNICAL ISSUES

The bill should be administered by the Public Education Department or DFA for the purposes stated.

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