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HOUSE BILL 637

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

LYNDA M LOVEJOY

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; AMENDING THE DEFINITION OF
FEDERAL REVENUE FOR PURPOSES OF DETERMINING THE STATE
EQUALIZATION GUARANTEE DISTRIBUTION TO SCHOOL DISTRICTS.

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 by Laws 1993, Chapter 226,
Section 23 and also by Laws 1993, Chapter 231, Section 14) 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 the school district's operating revenue, including
its local and federal revenues as defined in this section, is at

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1 least equal to the school district's program cost.

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

12 C. "Federal revenue", as used in this section, means
13 ninety-five percent of receipts to the school district,
14 excluding amounts which, if taken into account in the
15 computation of the state equalization guarantee distribution,
16 result, under federal law or regulations, in a reduction in or
17 elimination of federal school funding otherwise receivable by
18 the school district, derived from the following:

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

22 (2) the following percent of the grants from
23 the federal government as assistance to those areas affected by
24 federal activity authorized in accordance with Sections 236
25 through 240 of Title 20 of the United States Code (commonly

. 115133. 1

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1 known as "PL 874 funds") or the following percent of an amount
2 equal to the revenue the district was entitled to receive if no
3 application was made for such funds but deducting from those
4 grants the additional amounts to which school districts would be
5 entitled because of the provisions of Subparagraph (D) of
6 Paragraph (2) of Subsection (d) of Section 238 of Title 20 of
7 the United States Code:

8 (1) fifty percent for fiscal year 1999;

9 (2) forty percent for fiscal year 2000;

10 (3) thirty percent for fiscal year 2001;

11 (4) twenty percent for fiscal year 2002; and

12 (5) ten percent for fiscal year 2003.

13 D. To determine the amount of the state equalization
14 guarantee distribution, the state superintendent shall:

15 (1) calculate the number of program units to
16 which each school district is entitled using the membership of
17 the fortieth day of the school year, except for school districts
18 with a MEM of 200 or less where the number of program units
19 shall be calculated on the fortieth day membership of either the
20 prior year or the current year, whichever is greater, for all
21 programs except special education, which shall be calculated by
22 using the membership on December 1 of the school year; or

23 (2) calculate the number of program units to
24 which a school district operating under an approved [~~year-round~~]
25 variable school calendar is entitled using the membership on an

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1 appropriate date established by the state board;

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

7 (4) calculate the local and federal revenues as
8 defined in this section;

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

12 (6) deduct the total amount of guaranteed
13 energy savings contract payments that the state superintendent
14 determines will be made to the school district from the public
15 school energy efficiency fund during the fiscal year for which
16 the state equalization guarantee distribution is being computed.

17 E. The amount of the state equalization guarantee
18 distribution to which a school district is entitled is the
19 balance remaining after the deductions made in Paragraphs (5)
20 and (6) of Subsection D of this section.

21 F. The state equalization guarantee distribution
22 shall be distributed prior to June 30 of each fiscal year. The
23 calculation shall be based on the local and federal revenues
24 specified in this section received from June 1 of the previous
25 fiscal year through May 31 of the fiscal year for which the

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1 state equalization guarantee distribution is being computed. In
2 the event that a district has received more state equalization
3 guarantee funds than its entitlement, a refund shall be made by
4 the district to the state general fund.

5 G. Notwithstanding the methods of calculating the
6 state equalization guarantee distribution in this section and
7 Laws 1974, Chapter 8, Section 22, if a school district received
8 funds under Section 2391 of Title 42 U.S.C.A. and if the federal
9 government takes into consideration grants authorized by
10 Sections 236 through 240 of Title 20 of the United States Code
11 and all other revenues available to the school district in
12 determining the level of federal support for the school district
13 for the sixty-fourth and succeeding fiscal years, the state
14 equalization guarantee distribution for school districts
15 receiving funds under this subsection shall be computed as
16 follows:

17	fiscal year program cost		prior fiscal year
18	excluding special education		state equalization
19	for the year for which the	x	guarantee distribution
20	state equalization guarantee		excluding special
	<u>distribution is being computed</u>		education
	prior fiscal year program cost		
	excluding special education		

21 plus special education funding in accordance with Paragraphs (1)
22 or (2) and (3) of Subsection D of this section and Section
23 22-8-21 NMSA 1978 plus an amount that would be produced by
24 applying a rate of eight dollars forty-two and one-half cents
25 (\$8.425) to each one thousand dollars (\$1,000) of net taxable

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1 value of property as defined in the Property Tax Code for
2 property taxation purposes in the school district and to each
3 one thousand dollars (\$1,000) of the assessed value of products
4 severed and sold in the school district as determined under the
5 Oil and Gas Ad Valorem Production Tax Act and upon the assessed
6 value of equipment in the school district as determined under
7 the Oil and Gas Production Equipment Ad Valorem Tax Act and then
8 reduced by the total amount of guaranteed energy savings
9 contract payments, if any, that the state superintendent
10 determines will be made to the school district from the public
11 school energy efficiency fund during the fiscal year for which
12 the state equalization guarantee distribution is being computed,
13 equals the fiscal year state equalization guarantee distribution
14 for the year for which the state equalization guarantee
15 distribution is being computed.

16 If at any time grants from the federal government as
17 assistance to those areas affected by federal activity
18 authorized in accordance with Sections 236 through 240 of Title
19 20 of the United States Code (commonly known as "PL 874 funds")
20 are reduced or are no longer available, the state equalization
21 guarantee distribution shall be computed by the formula
22 contained in this subsection plus an increase by fifty percent
23 of the amount the prior year's PL 874 funds exceed PL 874 funds
24 for the year for which the state equalization guarantee
25 distribution is being computed. "

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1 Section 2. Section 22-8-25 NMSA 1978 (being Laws 1981,
2 Chapter 176, Section 5, as amended by Laws 1993, Chapter 226,
3 Section 23 and also by Laws 1993, Chapter 231, Section 14 and as
4 further amended by Section 1 of this act) is repealed and a new
5 Section 22-8-25 NMSA 1978 is enacted to read:

6 "22-8-25. [NEW MATERIAL] STATE EQUALIZATION GUARANTEE
7 DISTRIBUTION-- DEFINITIONS-- DETERMINATION OF AMOUNT. --

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

13 B. "Local revenue", as used in this section, means
14 ninety-five percent of receipts to the school district derived
15 from that amount produced by a school district property tax
16 applied at the rate of fifty cents (\$.50) to each one thousand
17 dollars (\$1,000) of net taxable value of property allocated to
18 the school district and to the assessed value of products
19 severed and sold in the school district as determined under the
20 Oil and Gas Ad Valorem Production Tax Act and upon the assessed
21 value of equipment in the school district as determined under
22 the Oil and Gas Production Equipment Ad Valorem Tax Act.

23 C. "Federal revenue", as used in this section, means
24 ninety-five percent of receipts to the school district,
25 excluding amounts that, if taken into account in the computation

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1 of the state equalization guarantee distribution, result, under
2 federal law or regulations, in a reduction in or elimination of
3 federal school funding otherwise receivable by the school
4 district, derived from the school district's share of forest
5 reserve funds distributed in accordance with Section 22-8-33
6 NMSA 1978.

7 D. To determine the amount of the state equalization
8 guarantee distribution, the state superintendent shall:

9 (1) calculate the number of program units to
10 which each school district is entitled using the membership of
11 the fortieth day of the school year, except for school districts
12 with a MEM of 200 or less where the number of program units
13 shall be calculated on the fortieth day membership of either the
14 prior year or the current year, whichever is greater, for all
15 programs except special education, which shall be calculated by
16 using the membership on December 1 of the school year; or

17 (2) calculate the number of program units to
18 which a school district operating under an approved variable
19 school calendar is entitled using the membership on an
20 appropriate date established by the state board;

21 (3) using the results of the calculations in
22 Paragraph (1) or (2) of this subsection and the instructional
23 staff training and experience index from the October report of
24 the prior school year, establish a total program cost of the
25 school district;

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1 (4) calculate the local and federal revenues as
2 defined in this section;

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

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

11 E. 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 (5)
14 and (6) of Subsection D of this section.

15 F. 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. In
21 the event that a district has received more state equalization
22 guarantee funds than its entitlement, a refund shall be made by
23 the district to the state general fund.

24 G. Notwithstanding the methods of calculating the
25 state equalization guarantee distribution in this section and

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1 Laws 1974, Chapter 8, Section 22, if a school district received
2 funds under Section 2391 of Title 42 U.S.C.A. and if the federal
3 government takes into consideration grants authorized by
4 Sections 236 through 240 of Title 20 of the United States Code
5 and all other revenues available to the school district in
6 determining the level of federal support for the school district
7 for the sixty-fourth and succeeding fiscal years, the state
8 equalization guarantee distribution for school districts
9 receiving funds under this subsection shall be computed as
10 follows:

11	fiscal year program cost		prior fiscal year
12	excluding special education		state equalization
13	for the year for which the	x	guarantee distribution
14	state equalization guarantee		excluding special
15	<u>distribution is being computed</u>		education
16	prior fiscal year program cost		
17	excluding special education		

18 plus special education funding in accordance with Paragraphs (1)
19 or (2) and (3) of Subsection D of this section and Section 22-8-21
20 NMSA 1978 plus an amount that would be produced by applying a rate
21 of eight dollars forty-two and one-half cents (\$8.425) to each one
22 thousand dollars (\$1,000) of net taxable value of property as
23 defined in the Property Tax Code for property taxation purposes in
24 the school district and to each one thousand dollars (\$1,000) of
25 the assessed value of products severed and sold in the school

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1 district as determined under the Oil and Gas Ad Valorem Production
2 Tax Act and upon the assessed value of equipment in the school
3 district as determined under the Oil and Gas Production Equipment
4 Ad Valorem Tax Act and then reduced by the total amount of
5 guaranteed energy savings contract payments, if any, that the
6 state superintendent determines will be made to the school
7 district from the public school energy efficiency fund during the
8 fiscal year for which the state equalization guarantee
9 distribution is being computed, equals the fiscal year state
10 equalization guarantee distribution for the year for which the
11 state equalization guarantee distribution is being computed.

12 If at any time grants from the federal government as
13 assistance to those areas affected by federal activity authorized
14 in accordance with Sections 236 through 240 of Title 20 of the
15 United States Code (commonly known as "PL 874 funds") are reduced
16 or are no longer available, the state equalization guarantee
17 distribution shall be computed by the formula contained in this
18 subsection plus an increase by fifty percent of the amount the
19 prior year's PL 874 funds exceed PL 874 funds for the year for
20 which the state equalization guarantee distribution is being
21 computed. "

22 Section 3. EFFECTIVE DATE. -- The effective date of the
23 provisions of Section 2 of this act is July 1, 2004.