SENATE BILL 196

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

INTRODUCED BY

GLORIA HOWES

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

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known as "PL 874 funds") or the following percent of an amount

equal to the revenue the district was entitled to receive if no

application was made for such funds but deducting from those

grants the additional amounts to which school districts would be

entitled because of the provisions of Subparagraph (D) of

Paragraph (2) of Subsection (d) of Section 238 of Title 20 of

the United States Code:

(1)   fifty percent for fiscal year 1999;

(2)   forty percent for fiscal year 2000;

(3)   thirty percent for fiscal year 2001;

(4)   twenty percent for fiscal year 2002; and

(5)   ten percent for fiscal year 2003.

D.   To determine the amount of the state equalization

guarantee distribution, the state superintendent shall:

(1)   calculate the number of program units to

which each school district is entitled using the membership of

the fortieth day of the school year, except for school districts

with a MEM of 200 or less where the number of program units

shall be calculated on the fortieth day membership of either the

prior year or the current year, whichever is greater, for all

programs except special education, which shall be calculated by

using the membership on December 1 of the school year; or

(2)   calculate the number of program units to

which a school district operating under an approved [year-round]

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:

$$\frac{\text{fiscal year program cost excluding special education for the year for which the state equalization guarantee } \underline{\text{distribution is being computed}}}{\text{prior fiscal year program cost excluding special education}} \times \frac{\text{prior fiscal year state equalization guarantee distribution excluding special education}}{}$$

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 (l) 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 ($l,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 ($l,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.

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FORTY-THIRD LEGISLATURE   **SB 196/a**

FIRST SESSION, 1997

March 11, 1997

Mr. President:

Your **EDUCATION COMMITTEE**, to whom has been referred

SENATE BILL 196

has had it under consideration and reports same with recommendation

that it **DO PASS**, amended as follows:

1.   On page 2, line 22, strike "the following" and insert in

lieu thereof "seventy-nine".

2.   On page 3, line 1, strike "the following" and insert in lieu

thereof "seventy-nine".

3.   On page 3, line 7, strike the colon, strike all of lines 8

through 12 and insert in lieu thereof a period.

4.   Strike all of pages 7 through 10 and on page 11, strike

lines 1 through 23. ,

and thence referred to the **FINANCE COMMITTEE.**

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Respectfully submitted,

_____

Cynthia Nava, Chairman

Adopted_____   Not Adopted_____
          (Chief Clerk)   (Chief Clerk)

                    Date _____

The roll call vote was 5 For 2 Against

Yes: 5

No: Boitano, Nava

Excused: Duran, Garcia, Gorham

Absent: None

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