

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** HJR 11

**51st Legislature, 2nd Session, 2014**

**Tracking Number:** .195082.1

**Short Title:** Additional Statewide Millage for Schools, CA

**Sponsor(s):** Representative Mimi Stewart

**Analyst:** Ian Kleats

**Date:** February 12, 2014

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**Bill Summary:**

HJR 11 proposes to amend the Constitution of New Mexico to authorize an additional statewide property tax rate of 2 mills that will be dedicated to public school funding.

Among its provisions, HJR 11:

- increases the maximum imposition of property tax statewide to 22 mills, up from 20 mills;
- deposits revenue from the first two mills statewide in the Common School Current Fund for distribution through the State Equalization Guarantee (SEG); and
- provides that revenue from this two mill levy shall not be used to supplant General Fund effort to fund public education.

The constitutional amendment proposed by HJR 11 shall be submitted to the people for approval or rejection at the next general election or at any special election prior to that date.

**Fiscal Impact:**

HJR 11 does not contain an appropriation.

According to the Legislative Finance Committee, the approximate cost per constitutional amendment is \$46,000, including publishing the amendments in newspapers statewide, publishing the voter guide, and recording and broadcasting the constitutional amendments in Native American languages on radio.

**Fiscal Issues:**

Using 2013 taxable values certified by the Department of Finance and Administration, Legislative Education Study Committee (LESC) staff estimate that an additional statewide property tax levy of two mills could potentially generate \$108.5 million per year. Based on FY 14 preliminary funded units, this revenue could increase the unit value for the SEG by approximately \$172.12.

Property taxes are payable to a county treasurer in two equal installments due on:

- November 10 of the year in which the tax bill was received by the taxpayer; and
- April 10 of the following year.

According to language typically included in each year's *General Appropriation Act*, the final unit value for the SEG must be set on or before January 31. Because of untimely or delinquent property tax payments, the final unit value might not fully reflect the actual revenue produced by this levy in a given year.

Moreover, because the balance of the Common School Current Fund is swept into the Current School Fund at the end of each month, which is in turn swept into the Public School Fund, it may prove difficult to determine the disposition of monies in the Public School Fund at the end of the fiscal year, as these monies are required to revert to the General Fund under current law.

If, exercising caution, the Public Education Department sets a final unit value that is below the level actual revenue would support, a portion of revenue from the two-mill levy would remain in the Public School Fund and revert to the General Fund at the end of the fiscal year. It is unclear whether this issue could violate the requirement that the two-mill levy shall not be used to supplant the State's General Fund effort to fund public education.

**Technical Issues:**

The structure of and automatic transfers from the Common School Current Fund under current law might make it an inappropriate recipient of a distribution intended not to supplant General Fund appropriations. The sponsor may wish to consider not specifying any fund in the language of the constitution, instead allowing subsequent enabling legislation to make that determination.

**Committee Referrals:**

HVEC/HEC

**Related Bills:**

SB 54 *Public School Funding Adequacy*