

HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 7

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; LIMITING CERTAIN SCHOOL
DISTRICTS' AND CHARTER SCHOOLS' FISCAL YEAR 2016 CASH BALANCES
BY TAKING CREDITS AGAINST THOSE SCHOOLS' FISCAL YEAR 2017 STATE
EQUALIZATION GUARANTEE DISTRIBUTIONS; MAKING AN APPROPRIATION;
DECLARING AN EMERGENCY.

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

SECTION 1. Section 22-8-41 NMSA 1978 (being Laws 1967,
Chapter 16, Section 99, as amended) is amended to read:

"22-8-41. RESTRICTION ON OPERATIONAL FUNDS--EMERGENCY
ACCOUNTS--CASH BALANCES.--

A. A school district shall not expend money from
its operational fund for the acquisition of a building site or
for the construction of a new structure, unless the school
district has bonded itself to practical capacity or the

1 secretary determines and certifies to the legislative finance
2 committee that the expending of money from the operational fund
3 for this purpose is necessary for an adequate public
4 educational program and will not unduly hamper the school
5 district's current operations.

6 B. A school district or charter school may budget
7 out of cash balances carried forward from the previous fiscal
8 year an amount not to exceed five percent of its proposed
9 operational fund expenditures for the ensuing fiscal year as an
10 emergency account. Money in the emergency account shall be
11 used only for unforeseen expenditures incurred after the annual
12 budget was approved and shall not be expended without the prior
13 written approval of the secretary.

14 C. In addition to the emergency account, school
15 districts or charter schools may also budget operational fund
16 cash balances carried forward from the previous fiscal year for
17 operational expenditures, exclusive of salaries and payroll,
18 upon specific prior approval of the secretary. The secretary
19 shall notify the legislative finance committee in writing of
20 the secretary's approval of such proposed expenditures. ~~[For~~
21 ~~fiscal years 2004 and 2005, with the approval of the secretary,~~
22 ~~a school district or charter school may budget so much of its~~
23 ~~operational cash balance as is needed for nonrecurring~~
24 ~~expenditures, including capital outlay.]~~

25 D. Notwithstanding any provision of this section to

1 the contrary, the secretary shall reduce school districts' and
 2 charter schools' fiscal year 2017 state equalization guarantee
 3 distributions in the amount of forty-nine million three hundred
 4 sixty-eight thousand seven hundred thirty-two dollars
 5 (\$49,368,732) as credit for excess fiscal year 2016 operational
 6 fund cash balances in accordance with Section 2 of this 2017
 7 act."

8 SECTION 2. TEMPORARY PROVISION--DISTRIBUTION REDUCTIONS--
 9 FISCAL YEAR 2017.--The secretary of public education shall:

10 A. apply as a credit toward the fiscal year 2017
 11 state equalization guarantee distribution of each school
 12 district and charter school that does not receive an emergency
 13 supplemental distribution in fiscal year 2017 an amount equal
 14 to the following:

15 (1) fifty million dollars (\$50,000,000)
 16 divided by the fiscal year 2016 program costs for all school
 17 districts and charter schools; and

18 (2) that quotient multiplied by the school
 19 district's or charter school's fiscal year 2016 program cost;

20 B. promptly after the effective date of this 2017
 21 act, notify each school district and charter school of the
 22 amount of its credit; and

23 C. for each school district and charter school that
 24 does not receive an emergency supplemental distribution in
 25 fiscal year 2017, reduce by the amount of its credit the school

.205912.1

1 district's or charter school's state equalization guarantee
2 distributions evenly over the period remaining in fiscal year
3 2017.

4 SECTION 3. EMERGENCY.--It is necessary for the public
5 peace, health and safety that this act take effect immediately.

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