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SENATE BILL 476

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

INTRODUCED BY

RICHARD M ROMERO

AN ACT

RELATING TO PUBLIC SCHOOLS; PROVIDING FOR A LOCAL OPTION
PROPERTY TAX FOR SCHOOL DISTRICT OPERATIONAL PURPOSES; CREATING
A FUND; PROVIDING FOR DISTRIBUTION; AMENDING AND ENACTING
SECTIONS OF THE NMSA 1978; MAKING AN APPROPRIATION; DECLARING AN
EMERGENCY.

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

Section 1. [NEW MATERIAL] SHORT TITLE. --Sections 1
through 7 of this act may be cited as the "Local Operational
School Levy Act".

Section 2. [NEW MATERIAL] DEFINITIONS. --As used in the
Local Operational School Levy Act:

A. "department" means the state department of public
education;

B. "forty-day program costs" means program costs, as

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1 defined in the Public School Finance Act, for any school
2 district as calculated using membership, as defined in the
3 Public School Finance Act, on the fortieth day of the applicable
4 school year in that school district;

5 C. "local school board" means the governing body of
6 a school district;

7 D. "operational purposes" means those expenditure
8 categories for the general operation of a school district that
9 are defined in state board of education regulations for uniform
10 financial accounting and budgeting for New Mexico school
11 districts;

12 E. "superintendent" means the superintendent of
13 public instruction; and

14 F. "taxable value of property" means the sum of the
15 following:

16 (1) the "net taxable value", as that term is
17 defined in the Property Tax Code, of property subject to
18 taxation under the Property Tax Code;

19 (2) the "assessed value" of "products" as those
20 terms are defined in the Oil and Gas Ad Valorem Production Tax
21 Act;

22 (3) the "assessed value" of "equipment" as
23 those terms are defined in the Oil and Gas Production Equipment
24 Ad Valorem Tax Act; and

25 (4) the "taxable value" of "copper mineral

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1 property" as those terms are defined in the Copper Production Ad
2 Valorem Tax Act.

3 Section 3. [NEW MATERIAL] LOCAL SCHOOL BOARD--
4 AUTHORIZATION TO IMPOSE A TAX FOR SCHOOL DISTRICT OPERATIONAL
5 PURPOSES-- RESOLUTION-- ELECTION REQUIRED. --

6 A. A local school board may adopt a resolution
7 authorizing, for school district operational purposes, the
8 imposition of a property tax upon the taxable value of property
9 in the school district. The total tax imposition that may be
10 authorized under the Local Operational School Levy Act shall not
11 exceed a rate of four dollars (\$4.00) on each one thousand
12 dollars (\$1,000) of taxable value of property in the school
13 district.

14 B. The tax authorized pursuant to Subsection A of
15 this section shall not be imposed unless the question of
16 authorizing the imposition of the tax is submitted to the voters
17 of the district. The local school board shall not submit to the
18 voters at any one election a question authorizing the imposition
19 of a tax under the Local Operational School Levy Act at a rate
20 greater than two dollars (\$2.00) on each one thousand dollars
21 (\$1,000) of taxable value of property in the school district or
22 for a period of more than ten years. However, if a tax is
23 imposed pursuant to approval at a special school district
24 election prior to the 1999 regular school district election, the
25 period for which the tax is imposed shall be for a period ending

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1 no later than December 31, 2007.

2 C. During the three years prior to the expiration of
3 any period during which a tax has been authorized to be imposed
4 pursuant to the Local Operational School Levy Act, the local
5 school board may adopt a resolution under Subsection A of this
6 section and submit to the voters of the district the question of
7 authorizing the imposition of a tax under that act for an
8 additional period not to exceed ten years with the tax to be
9 certified and first imposed for the period immediately
10 succeeding the last year of the period the tax was previously
11 authorized to be imposed.

12 D. Any resolution adopted pursuant to Subsection A
13 of this section shall specify:

- 14 (1) the rate of the proposed tax;
- 15 (2) the date a referendum will be held to
16 submit the question of imposition of the tax to the voters of
17 the school district;
- 18 (3) the period of time the tax is authorized to
19 be imposed; and
- 20 (4) the proposed use of the revenues from the
21 proposed tax.

22 E. The local school board shall mail the
23 superintendent a copy of the resolution authorizing a tax
24 pursuant to Subsection A of this section within two weeks
25 following its adoption by the local school board.

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1 F. Any amounts received by the school district under
2 the provisions of the Local Operational School Levy Act shall be
3 expended only for operational purposes of the school district.

4 Section 4. [NEW MATERIAL] CONDUCT OF ELECTION--BALLOT.--

5 A. The question of authorizing the imposition of a
6 tax under the Local Operational School Levy Act shall be
7 submitted to the voters at the first regular school district
8 election following the adoption of a resolution pursuant to
9 Section 3 of the Local Operational School Levy Act. However, if
10 a local school board deems it necessary, it may call a special
11 school district election to submit to the voters the initial
12 question of the authorization of a tax under the Local
13 Operational School Levy Act. Thereafter, the question of
14 authorizing the imposition of any additional tax under the Local
15 Operational School Levy Act shall be submitted to the voters
16 only at regular school district elections.

17 B. The proclamation calling the election shall be
18 filed and published as required under the School Election Law
19 and shall specify:

20 (1) the date on which the election will be
21 held;

22 (2) the question of whether the imposition of a
23 property tax for school district operational purposes shall be
24 authorized pursuant to the Local Operational School Levy Act at
25 a rate not to exceed the rate specified in the authorizing

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1 resolution and for the period specified in that resolution;

2 (3) the precincts in each county in which the
3 election is to be held and the location of each polling place;

4 (4) the hours each polling place will be open;
5 and

6 (5) the date and time of the closing of the
7 registration books by the county clerk as required by law.

8 C. The ballot shall include the information
9 specified in Paragraph (2) of Subsection B of this section and
10 shall present the voter the choice of voting "for the local
11 operational school levy" or "against the local operational
12 school levy".

13 D. The election shall be held, conducted and
14 canvassed pursuant to the School Election Law.

15 E. The local school board shall notify the
16 superintendent of the results of the election immediately upon
17 completion of the canvass.

18 F. Any resolution authorizing a tax pursuant to the
19 Local Operational School Levy Act shall be adopted by a date
20 necessary to assure that the results of the election on the
21 question of imposing the tax shall be certified no later than
22 June 15 of the property tax year for which the tax rates will
23 first be certified.

24 Section 5. [NEW MATERIAL] IMPOSITION OF TAX--
25 CERTIFICATION BY DEPARTMENT OF FINANCE AND ADMINISTRATION--

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1 DISCONTINUANCE OF TAX. --

2 A. If a majority of the voters voting on the
3 question votes for a local operational school levy pursuant to a
4 resolution adopted under the Local Operational School Levy Act,
5 the tax shall be imposed for the earliest period for which the
6 tax rate may be certified, except as otherwise provided in that
7 act. The tax rate shall be certified by the department of
8 finance and administration and imposed, administered and
9 collected in accordance with the provisions of the Oil and Gas
10 Ad Valorem Production Tax Act, the Oil and Gas Production
11 Equipment Ad Valorem Tax Act, the Copper Production Ad Valorem
12 Tax Act and the Property Tax Code.

13 B. If a majority of the voters voting on the
14 question votes against a local operational school levy, the tax
15 shall not be imposed. The local school board shall not again
16 adopt a resolution authorizing the imposition of a tax under the
17 Local Operational School Levy Act for at least two years after
18 the date of the resolution that the voters rejected.

19 C. The department of finance and administration
20 shall not certify the tax rates for taxes authorized pursuant to
21 the Local Operational School Levy Act in any year in which the
22 superintendent certifies by July 1 of that year that money in
23 the local operational school fund for the next school year is
24 not sufficient to meet the demands on the fund. The tax rates
25 authorized but not certified shall be certified in the first

1 succeeding year for which the necessary appropriation to the
2 local operational school fund for the next school year has been
3 made.

4 D. The department of finance and administration
5 shall not certify the tax rate for a tax authorized pursuant to
6 the Local Operational School Levy Act for any school district in
7 the state in any year in which the state department of public
8 education notifies the department of finance and administration
9 by August 1 that the imposition of the taxes or the use of
10 revenues from the taxes would result in:

11 (1) the failure to qualify for certification by
12 the secretary of the United States department of education as
13 having in effect for the tax year in which the tax would
14 otherwise be imposed, administered and collected a program of
15 state aid that equalizes expenditures for free public education
16 among local educational agencies in the state; or

17 (2) when computed according to 20 U. S. C.
18 7709(d) (1), a proportion of less than eighty percent in any
19 school district.

20 E. The local school board may discontinue by
21 resolution the imposition of any tax authorized pursuant to the
22 Local Operational School Levy Act. The discontinuance
23 resolution shall be mailed to the department of finance and
24 administration and the superintendent no later than June 15 of
25 the year in which a tax rate pursuant to that act is not to be

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1 certified.

2 Section 6. [NEW MATERIAL] LOCAL OPERATIONAL SCHOOL FUND
3 CREATED-- APPROPRIATION. -- There is created in the state treasury
4 the "local operational school fund". The fund shall be invested
5 as other state funds are invested. Earnings on balances in the
6 local operational school fund shall be credited to the fund, and
7 amounts in the fund are appropriated for the purposes of the
8 Local Operational School Levy Act.

9 Section 7. [NEW MATERIAL] STATE GUARANTEE-- STATE
10 DISTRIBUTION-- REMITTANCE OF EXCESS AMOUNTS. --

11 A. The state guarantee for a school district that
12 has imposed a tax pursuant to the Local Operational School Levy
13 Act shall be an amount equal to the product obtained by
14 multiplying two and one-half percent by the tax rate certified
15 pursuant to that act and multiplying that product by the forty-
16 day program cost for the school year beginning in any year a tax
17 rate under that act is certified for that district.

18 B. The state distribution for a district for a
19 school year is an amount that shall not exceed the state
20 guarantee for that district and that is equal to the amount by
21 which the guarantee exceeds the revenue from the tax imposed in
22 that district pursuant to the Local Operational School Levy Act
23 received during the period beginning June 1 of the year during
24 which a tax rate under that act is certified for the district
25 and ending May 31 of the next year. If a school district is

1 entitled to a state distribution, the superintendent shall
2 distribute the calculated amount from the local operational
3 school fund to the school district not later than June 30 of the
4 calendar year following the year during which the tax rate was
5 certified.

6 C. If the revenue received during the period June 1
7 to ~~May~~ 31 from the imposition of the tax authorized by the Local
8 Operational School Levy Act exceeds the state guarantee for the
9 school year during which the revenue was received, the local
10 school board shall remit to the local operational school fund by
11 June 30 of the school year an amount equal to the sum of the
12 amounts derived from the following three calculations:

13 (1) one-fourth of the amount of revenue that
14 exceeds one hundred twenty-five percent of the state guarantee
15 but is less than one hundred fifty percent of the state
16 guarantee;

17 (2) one-half of the amount of revenue that is
18 one hundred fifty percent or more of the state guarantee but
19 less than one hundred seventy-five percent of the state
20 guarantee; and

21 (3) three-fourths of the amount of revenue that
22 is one hundred seventy-five percent or more of the state
23 guarantee.

24 D. If the balance in the local operational school
25 fund in any fiscal year is insufficient to pay the sum of the

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1 distribution amounts determined to be due to all the school
2 districts entitled to a distribution, the amount necessary to
3 pay all distribution amounts in full shall be transferred from
4 the state support reserve fund to the local operational school
5 fund for distribution to school districts as required pursuant
6 to this section. However, if there is not a sufficient balance
7 in the state support reserve fund to pay both the full state
8 equalization guarantee distribution and the state distributions
9 under this section, the state equalization guarantee
10 distribution shall be made in full and, based on the amount
11 available in the local operational school fund, each state
12 distribution amount due pursuant to this section shall be
13 reduced proportionately.

14 E. Distributions to school districts made pursuant
15 to the Local Operational School Levy Act shall be supplemental
16 to state equalization guarantee distributions made pursuant to
17 the Public School Finance Act. In no fiscal year shall the
18 amount of state funding pursuant to the Public School Finance
19 Act be reduced because of the imposition in one or more school
20 districts of a tax under the Local Operational School Levy Act.
21 The absence of a distribution to a school district under the
22 Local Operational School Levy Act shall not affect the amount of
23 any state equalization guarantee distributions to that district
24 pursuant to the Public School Finance Act.

25 Section 8. Section 7-37-7.1 NMSA 1978 (being Laws 1979,

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1 Chapter 268, Section 1, as amended) is amended to read:

2 "7-37-7. 1. ADDITIONAL LIMITATIONS ON PROPERTY TAX RATES. --

3 A. Except as provided in Subsections D and E of this
4 section, in setting the general property tax rates for
5 residential and nonresidential property authorized in Subsection
6 B of Section 7-37-7 NMSA 1978, the other rates and impositions
7 authorized in Paragraphs (2) and (3) of Subsection C of Section
8 7-37-7 NMSA 1978, except the portion of the rate authorized in
9 Paragraph (1) of Subsection A of Section 4-48B-12 NMSA 1978 used
10 to meet the requirements of Section 27-10-4 NMSA 1978 and except
11 rates authorized pursuant to the Local Operational School Levy
12 Act, and benefit assessments authorized by law to be levied upon
13 net taxable value of property, assessed value or a similar term,
14 neither the department of finance and administration nor any
15 other entity authorized to set or impose a rate or assessment
16 shall set a rate or impose a tax or assessment that will produce
17 revenue from either residential or nonresidential property in a
18 particular governmental unit in excess of the sum of a dollar
19 amount derived by multiplying the appropriate growth control
20 factor by the revenue due from the imposition on residential or
21 nonresidential property, as appropriate, for the prior property
22 tax year in the governmental unit of the rate, imposition or
23 assessment for the specified purpose plus, for the calculation
24 for the rate authorized for county operating purposes by
25 Subsection B of Section 7-37-7 NMSA 1978 with respect to

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1 residential property, any applicable tax rebate adjustment. The
2 calculation described in this subsection shall be separately
3 made for residential and nonresidential property. Except as
4 provided in Subsections D and E of this section, no tax rate or
5 benefit assessment that will produce revenue from either class
6 of property in a particular governmental unit in excess of the
7 dollar amount allowed by the calculation shall be set or
8 imposed. The rates imposed pursuant to Sections 7-32-4 and
9 7-34-4 NMSA 1978 shall be the rates for nonresidential property
10 that would have been imposed but for the limitations in this
11 section. As used in this section, "growth control factor" is a
12 percentage equal to the sum of "percent change I" plus V where:

13 (1)
$$V = \frac{\text{base year value} + \text{net new value}}{\text{base year value}}$$

14
15 expressed as a percentage, but if the percentage calculated is
16 less than one hundred percent, then V shall be set and used as
17 one hundred percent;

18 (2) "base year value" means the value for
19 property taxation purposes of all residential or nonresidential
20 property, as appropriate, subject to valuation under the
21 Property Tax Code in the governmental unit for the specified
22 purpose in the prior property tax year;

23 (3) "net new value" means the additional value
24 of residential or nonresidential property, as appropriate, for
25 property taxation purposes placed on the property tax schedule

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1 in the current year resulting from the elements in Subparagraphs
2 (a) through (d) of this paragraph reduced by the value of
3 residential or nonresidential property, as appropriate, removed
4 from the property tax schedule in the current year and, if
5 applicable, the reductions described in Subparagraph (e) of this
6 paragraph:

7 (a) residential or nonresidential
8 property, as appropriate, valued in the current year that was
9 not valued at all in the prior year;

10 (b) improvements to existing residential
11 or nonresidential property, as appropriate;

12 (c) additions to residential or
13 nonresidential property, as appropriate, or values that were
14 omitted from previous years' property tax schedules even if part
15 or all of the property was included on the schedule, but no
16 additions of values attributable to valuation maintenance
17 programs or reappraisal programs shall be included;

18 (d) additions to nonresidential property
19 due to increases in annual net production values of mineral
20 property valued in accordance with Section 7-36-23 or 7-36-25
21 NMSA 1978 or due to increases in market value of mineral
22 property valued in accordance with Section 7-36-24 NMSA 1978;
23 and

24 (e) reductions to nonresidential property
25 due to decreases in annual net production values of mineral

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1 property valued in accordance with Section 7-36-23 or 7-36-25
2 NMSA 1978 or due to decreases in market value of mineral
3 property valued in accordance with Section 7-36-24 NMSA 1978;
4 and

5 (4) "percent change I" means a percent not in
6 excess of five percent that is derived by dividing the annual
7 implicit price deflator index for state and local government
8 purchases of goods and services, as published in the United
9 States department of commerce monthly publication entitled
10 "survey of current business" or any successor publication, for
11 the calendar year next preceding the prior calendar year into
12 the difference between the prior year's comparable annual index
13 and that next preceding year's annual index if that difference
14 is an increase, and if the difference is a decrease, the
15 "percent change I" is zero. In the event that the annual
16 implicit price deflator index for state and local government
17 purchases of goods and services is no longer prepared or
18 published by the United States department of commerce, the
19 department shall adopt by regulation the use of any comparable
20 index prepared by any agency of the United States.

21 B. If, as a result of the application of the
22 limitation imposed under Subsection A of this section, a
23 property tax rate for residential or nonresidential property, as
24 appropriate, authorized in Subsection B of Section 7-37-7 NMSA
25 1978 is reduced below the maximum rate authorized in that

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1 subsection, no governmental unit or entity authorized to impose
2 a tax rate under Paragraph (2) of Subsection C of Section 7-37-7
3 NMSA 1978 shall impose any portion of the rate representing the
4 difference between a maximum rate authorized under Subsection B
5 of Section 7-37-7 NMSA 1978 and the reduced rate resulting from
6 the application of the limitation imposed under Subsection A of
7 this section.

8 C. If the net new values necessary to make the
9 computation required under Subsection A of this section are not
10 available for any governmental unit at the time the calculation
11 must be made, the department of finance and administration shall
12 use a zero amount for net new values when making the computation
13 for the governmental unit.

14 D. Any part of the maximum tax rate authorized for
15 each governmental unit for residential and nonresidential
16 property by Subsection B of Section 7-37-7 NMSA 1978 that is not
17 imposed for a governmental unit for any property tax year for
18 reasons other than the limitation required under Subsection A of
19 this section may be authorized by the department of finance and
20 administration to be imposed for that governmental unit for
21 residential and nonresidential property for the following tax
22 year subject to the restriction of Subsection D of Section
23 7-38-33 NMSA 1978.

24 E. If the base year value necessary to make the
25 computation required under Subsection A of this section is not

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1 available for any governmental unit at the time the calculation
2 must be made, the department of finance and administration shall
3 set a rate for residential and nonresidential property that will
4 produce in that governmental unit a dollar amount that is not in
5 excess of the property tax revenue due for all property for the
6 prior property tax year for the specified purpose of that rate
7 in that governmental unit.

8 F. For the purposes of this section:

9 (1) "nonresidential property" does not include
10 any property upon which taxes are imposed pursuant to the Oil
11 and Gas Ad Valorem Production Tax Act, the Oil and Gas
12 Production Equipment Ad Valorem Tax Act or the Copper Production
13 Ad Valorem Tax Act; and

14 (2) "tax rebate adjustment" means, for those
15 counties that have an ordinance in effect providing the property
16 tax rebate pursuant to the Income Tax Act for the property tax
17 year and that have not imposed for the property tax year either
18 a property tax, the revenue from which is pledged for payment of
19 the income tax revenue reduction resulting from the provision of
20 the property tax rebate, or a property transfer tax, the
21 estimated amount of the property tax rebate to be allowed with
22 respect to the property tax year, and for any other governmental
23 unit or purpose, zero; provided that any estimate of property
24 tax rebate to be allowed is subject to review for
25 appropriateness and approval by the department of finance and

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1 administration. "

2 Section 9. Section 22-8-25 NMSA 1978 (being Laws 1981,
3 Chapter 176, Section 5, as amended by Laws 1993, Chapter 226,
4 Section 23 and also by Laws 1993, Chapter 231, Section 14) is
5 amended to read:

6 "22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--
7 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 the Copper
21 Production Ad Valorem Tax Act and upon the assessed value of
22 equipment in the school district as determined under the Oil and
23 Gas Production Equipment Ad Valorem Tax Act.

24 C. "Federal revenue", as used in this section,
25 excludes amounts that if taken into consideration in the

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1 computation of the state equalization guarantee distribution
2 will result, under federal law or regulations, in the reduction
3 or elimination of federal school funding otherwise receivable by
4 the district, and means:

5 (1) ninety-five percent of receipts to the
6 school district [~~excluding amounts which that, if taken into~~
7 ~~account in the computation of the state equalization guarantee~~
8 ~~distribution, result, under federal law or regulations, in a~~
9 ~~reduction in or elimination of federal school funding otherwise~~
10 ~~receivable by the school district]~~ derived from the following:

11 [(1)] (a) the school district's share of
12 forest reserve funds distributed in accordance with Section
13 22-8-33 NMSA 1978; and

14 [(2)] (b) grants from the federal
15 government as assistance to those areas affected by federal
16 activity authorized in accordance with Sections [~~236 through~~
17 ~~240]~~ 7701 through 7714 of Title 20 of the United States Code
18 (commonly known as "PL 874 funds") or an amount equal to the
19 revenue the district was entitled to receive if no application
20 was made for such funds but [~~deducting from those grants the~~
21 ~~additional amounts to which school districts would be entitled~~
22 ~~because of the provisions of Subparagraph (D) of Paragraph (2)~~
23 ~~of Subsection (d) of Section 238 of Title 20 of the United~~
24 ~~States Code]~~ excluding from those grants amounts that the state
25 is prohibited by federal law or regulations from taking into

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1 consideration in the computation of the state equalization
2 guarantee distribution; or
3 (2) with respect to a school district that
4 received PL 874 funds and for which a proportion of less than
5 ninety-five percent is calculated for the purpose of taking PL
6 874 funds into consideration in determining the state
7 equalization guarantee distribution, that lesser proportion of
8 receipts to the school district derived from grants from the
9 federal government as assistance to those areas affected by
10 federal activity authorized in accordance with Sections 7701
11 through 7714 of Title 20 of the United States Code (commonly
12 known as "PL 874 funds") or an amount equal to the revenue the
13 district was entitled to receive if no application was made for
14 such funds but excluding from those grants amounts that the
15 state is prohibited by federal law or regulations from taking
16 into consideration in the computation of the state equalization
17 guarantee distribution.

18 D. To determine the amount of the state equalization
19 guarantee distribution, the state superintendent shall:

20 (1) calculate the number of program units to
21 which each school district is entitled using the membership of
22 the fortieth day of the school year, except for school districts
23 with a MEM of 200 or less where the number of program units
24 shall be calculated on the fortieth day membership of either the
25 prior year or the current year, whichever is greater, for all

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1 programs except special education, which shall be calculated by
2 using the membership on December 1 of the school year; or

3 (2) calculate the number of program units to
4 which a school district operating under an approved year-round
5 school calendar is entitled using the membership on an
6 appropriate date established by the state board;

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

12 (4) calculate the local and federal revenues as
13 defined in this section;

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

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

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

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1 F. The state equalization guarantee distribution
2 shall be distributed prior to June 30 of each fiscal year. The
3 calculation shall be based on the local and federal revenues
4 specified in this section received from June 1 of the previous
5 fiscal year through May 31 of the fiscal year for which the
6 state equalization guarantee distribution is being computed. In
7 the event that a district has received more state equalization
8 guarantee funds than its entitlement, a refund shall be made by
9 the district to the state general fund.

10 G. Notwithstanding the methods of calculating the
11 state equalization guarantee distribution in this section and
12 Laws 1974, Chapter 8, Section 22, if a school district received
13 funds under Section 2391 of Title 42 U.S.C.A. and if the federal
14 government takes into consideration grants authorized by
15 Sections [~~236 through 240~~] 7701 through 7714 of Title 20 of the
16 United States Code and all other revenues available to the
17 school district in determining the level of federal support for
18 the school district for the sixty-fourth and succeeding fiscal
19 years, the state equalization guarantee distribution for school
20 districts receiving funds under this subsection shall be
21 computed as follows:

22	fiscal year program cost		prior fiscal year
23	excluding special education		state equalization
24	for the year for which the	x	guarantee distribution
25	state equalization guarantee		excluding special

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1 distribution is being computed education
2 prior fiscal year program cost
3 excluding special education
4 plus special education funding in accordance with Paragraphs (1)
5 or (2) and (3) of Subsection D of this section and Section 22-8-21
6 NMSA 1978 plus an amount that would be produced by applying a rate
7 of eight dollars forty-two and one-half cents (\$8.425) to each one
8 thousand dollars (\$1,000) of net taxable value of property as
9 defined in the Property Tax Code for property taxation purposes in
10 the school district and to each one thousand dollars (\$1,000) of
11 the assessed value of products severed and sold in the school
12 district as determined under the Oil and Gas Ad Valorem Production
13 Tax Act and the Copper Production Ad Valorem Tax Act and upon the
14 assessed value of equipment in the school district as determined
15 under the Oil and Gas Production Equipment Ad Valorem Tax Act and
16 then reduced by the total amount of guaranteed energy savings
17 contract payments, if any, that the state superintendent
18 determines will be made to the school district from the public
19 school energy efficiency fund during the fiscal year for which the
20 state equalization guarantee distribution is being computed,
21 equals the fiscal year state equalization guarantee distribution
22 for the year for which the state equalization guarantee
23 distribution is being computed.

24 If at any time grants from the federal government as
25 assistance to those areas affected by federal activity authorized

Underscored material = new
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1 in accordance with Sections [~~236 through 240~~] 7701 through 7714 of
2 Title 20 of the United States Code (commonly known as "PL 874
3 funds") are reduced or are no longer available, the state
4 equalization guarantee distribution shall be computed by the
5 formula contained in this subsection plus an increase by fifty
6 percent of the amount the prior year's PL 874 funds exceed PL 874
7 funds for the year for which the state equalization guarantee
8 distribution is being computed. "

9 Section 10. Section 22-8-31 NMSA 1978 (being Laws 1967,
10 Chapter 16, Section 84, as amended) is amended to read:

11 "22-8-31. STATE-SUPPORT RESERVE FUND. --

12 A. The "state-support reserve fund" is created.

13 B. The state-support reserve fund shall be used only
14 to augment the appropriations for the state equalization guarantee
15 distribution and the distributions pursuant to the Local
16 Operational School Levy Act in order to [~~insure~~] ensure, to the
17 extent of the amount undistributed in the fund, that the ~~maximum~~
18 figures for such [~~distribution~~] distributions established by law
19 shall not be reduced.

20 C. The undistributed money in the state-support
21 reserve fund shall be invested by the state treasurer in interest-
22 bearing securities of the United States government or in
23 certificates of deposit in qualified banks and in savings and
24 [~~loans~~] loan associations whose deposits are insured with an
25 agency of the United States. The state treasurer may deposit

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[bracketed material] = delete

1 money from the state-support reserve fund or any other fund in one
2 or more accounts with any such bank or federally insured savings
3 and loan association, but the state treasurer, in any official
4 capacity, shall not deposit money from [~~said~~] that fund or any
5 other fund in any one [~~such~~] federally insured savings and loan
6 association the aggregate of which would exceed the amount of
7 federal savings and loan insurance corporation insurance for a
8 single public account. Income from these investments shall be
9 periodically credited to the general fund.

10 D. At least forty-five days before the money is
11 needed, the [~~chief~~] state superintendent shall notify the state
12 treasurer in writing of the amount that will be needed for the
13 state equalization guarantee distribution. At least twenty-five
14 days before the money is needed, the state superintendent shall
15 notify the state treasurer in writing of the amount that will be
16 needed for transfer to the local operational school fund for
17 distribution pursuant to the Local Operational School Levy Act.
18 The state treasurer shall transfer to the local operational school
19 fund the amount requested or the remaining unencumbered balance in
20 the state support reserve fund after the state equalization
21 guarantee distribution amount has been subtracted, whichever is
22 less.

23 E. In the event that local or federal revenues as
24 defined in Section [~~77-6-19 NMSA 1953~~] 22-8-25 NMSA 1978 are
25 received after ~~May~~ 31 of the fiscal year for which the state

Underscored material = new
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1 equalization guarantee distribution is being computed, and it is
2 therefore necessary to use money from the state-support reserve
3 fund to augment the appropriation for the state equalization
4 guarantee distribution, the [~~chief~~] state superintendent, upon
5 receipt by the school district of the delayed local or federal
6 revenues, shall deduct the appropriate amount from the current
7 state equalization guarantee distribution to that school district
8 and reimburse the state-support reserve fund in the amount of the
9 deduction.

10 F. It is the intent of the legislature that the state-
11 support reserve fund be reimbursed in the amount of the yearly
12 [~~distribution~~] distributions by appropriation in the year
13 following the distribution so that the fund at the beginning of
14 each fiscal year shall have a credit balance of at least ten
15 million dollars (\$10,000,000).

16 G. Distribution from [~~this~~] the state-support reserve
17 fund shall be made in the same manner and on the same basis as the
18 state equalization guarantee distribution. "

19 Section 11. EMERGENCY. --It is necessary for the public
20 peace, health and safety that this act take effect immediately.

1 FORTY-THIRD LEGISLATURE
2 FIRST SESSION, 1997
3
4

5 February 28, 1997
6

7 Mr. President:
8

9 Your WAYS AND MEANS COMMITTEE, to whom has been referred
10

11 SENATE BILL 476
12

13 has had it under consideration and reports same with recommendation
14 that it DO PASS, and thence referred to the FINANCE
15 COMMITTEE.
16

17 Respectfully submitted,
18
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20 _____
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22 Carlos R. Cisneros, Chairman
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Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

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Date _____

The roll call vote was 5 For 0 Against

Yes: 5

No: 0

Excused: Duran, Jennings, McSorley, Nava

Absent: None

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[bracketed material] = delete