

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 519

51st Legislature, 1st Session, 2013

Tracking Number: .192542.1

Short Title: Charter School Education Tech Act Proceeds

Sponsor(s): Senator Carlos Cisneros

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Bill Summary:

SB 519 amends the *Education Technology Equipment Act* to:

- expand the definition of a school district to include a “locally chartered or a state-chartered charter school located within the geographic boundaries of a school district”;
- require a local school board, after July 1, 2013, to include the lease-purchase of “education technology equipment” for all charter schools located within the school district if:
 - the charter school provides information regarding the use of the “education technology equipment” in time to be included in the board resolution; and
 - the lease-purchase is included in the five-year facilities plan of the school district if the school is locally chartered, or of the charter school if state-chartered; and
- add a new section that requires the revenue generated from the *Education Technology Equipment Act* for the purposes of “education technology equipment” to be distributed to charter schools each year based on enrollment data.

Fiscal Impact:

SB 519 does not contain an appropriation.

Substantive Issues:

According to the Public School Facilities Authority (PSFA) bill analysis:

- The proposed addition to include lease-purchase of education technology equipment in the five-year facilities plan is listed as part of the *Public School Capital Outlay Council (PSCOC) Facility Master Plan Components and Guidelines, Updated January 17, 2013*, but are not required for Facility Master Plan (FMP) approval.
- The proposed lease-purchase of education technology equipment should be included in the school district’s educational technology plan. Distributions to school districts from the educational technology fund require an approved school district’s educational technology plan.

- Some of the proposed additions mirror language found in the *Public School Buildings Act*, commonly known as HB 33, for charter schools to receive a pro-rata distribution of those property tax levy proceeds which may also be used for lease-purchase of education technology. The *Public School Capital Improvements Act*, commonly known as SB 9, also allows charter schools to receive a pro-rata distribution of those property tax levy proceeds, which may be used for lease-purchase of education technology but does not require equipment to be included in the five-year facilities plan.
- The bill makes locally and state-chartered charter schools eligible to receive a prorated share of *Education Technology Equipment Act* proceeds.

According to the Public Education Department (PED) bill analysis:

- revenue generated through the *Education Technology Equipment Act* is through an Education Technology Note (ETN) which:
 - is issued by approval of the school board; and
 - does not require voter approval;
- revenue generated through SB 9 and HB 33 requires:
 - voter approval; and
 - the school district to wait until the current election expires, because there can only be one current voter approved tax election.

The PED analysis further explains that an important difference between *Education Technology Equipment Act* versus SB 9 and HB 33, ad valorem taxes, is that ETNs:

- are issued bonds that are re-paid through property taxes;
- usually operate under five-year terms; and
- may require an annual principal payment.

Background:

Education Technology Equipment Act

The purpose of the *Education Technology Equipment Act* is to implement the provision of Article 9, Section 11 of the Constitution of New Mexico, which declares that a school district may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the school district.

Technology for Education Act

The purpose of the *Technology for Education Act* is to:

- establish the Education Technology Bureau¹ within PED;
- create the Council on Technology in Education with 17 members appointed by PED for terms of four years; and
- create the Educational Technology Fund in the state treasury.

Public School Capital Improvements Act

The purpose of the *Public School Capital Improvements Act* (SB 9), or commonly known as the “two-mill levy,” is to create a funding mechanism that allows districts to ask local voters to approve a property levy of up to two mills for a maximum of six years. Funds generated through imposition of the two-mill levy must be used for:

- building, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- purchasing or improving public school grounds;
- maintaining public school buildings or public school grounds, including the purchasing or repairing of maintenance equipment, participating in the facility information management system as required by the *Public School Capital Outlay Act*, and including payments under contract with regional education cooperatives for maintenance support services and expenditures for technical training and certification for maintenance and facilities management personnel, but excluding salary expenses of school district employees;
- purchasing activity vehicles for transporting students to extracurricular activities; and
- purchasing computer software and hardware for student use in public school classrooms.

Public School Buildings Act

The *Public School Buildings Act* (HB 33) allows districts to impose a tax not to exceed 10-mills for a maximum of six years on the net taxable value of property upon approval of qualified voters. Subject to certain limitations, these funds are to be used for:

- building, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- payments made pursuant to a financing agreement between a school district or a charter school for the leasing of a building or other real property, with an option to purchase for a price that is reduced according to payments made;
- purchasing or improving public school grounds;
- purchasing activity vehicles for transporting students to and from extracurricular activities, provided that this authorization for expenditure does not apply to school districts with a student MEM greater than 60,000; or
- administering projects, including expenditures for facility maintenance software, project management software, project oversight, and district personnel specifically related to administration of projects funded by the *Public School Buildings Act*, provided that expenditures pursuant to this subsection do not exceed 5.0 percent of the total project costs.

¹ The Education Technology Bureau no longer exists.

Charter Schools

Current provisions in the *Public School Buildings Act* began requiring, as of July 1, 2007, that a resolution submitted to the qualifying electors must include capital improvement funding for a locally chartered or state-chartered charter school located within the school district if the:

- charter school timely provides the necessary information to the school district for inclusion on the resolution that identifies the capital improvements of the charter school for which the revenue proposed to be produced will be used; and
- capital improvements are included in the five-year facilities plan.

Committee Referrals:

SEC/SFC

Related Bills:

SB 147 *Education Technology Definitions*

CS/SB 620 *Education Technology Equipment* (Identical to CS/HB 660)

CS/HB 660 *Education Technology Equipment* (Identical to CS/SB 620)