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**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**BILL ANALYSIS**  
**53rd Legislature, 1st Session, 2017**

<b>Bill Number</b>	<u>HB69/aHTRC/aHFI#1/aSEC</u>	<b>Sponsor</b>	<u>Gonzales</u>
<b>Tracking Number</b>	<u>.204468.1</u>	<b>Committee Referrals</b>	<u>HEC/HTRC;SEC/SFC</u>
<b>Short Title</b>	<u>Education Technology Improvements &amp; Admin</u>		
<b>Analyst</b>	<u>Rogne</u>	<b>Original Date</b>	<u>2/3/17</u>
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**BILL SUMMARY**

Synopsis of SEC Amendment

The Senate Education Amendment to HB69/aHTRC/aHFI#1 allows school districts to levy either a tax pursuant to the Education Technology and Improvements and Administration Act or the Public School Capital Improvements Act (commonly known as SB9), but not both.

Synopsis of HFI#1 Amendment

The House Floor Amendment to HB69/aHTRC adds several items to the definition of “education technology improvements” to expand available uses of revenue from the property tax mill levy created by the Education Technology Improvements and Administration Act. The amendment adds equipment recommended by the Department of Information Technology to the education technology improvements definition to help close the digital learning divide. The following items were added to page 2, between lines 24 and 25:

- internal broadband infrastructure network equipment, systems, and end-user devices capable of high-speed access to the internet that include:
  - wireless network systems and access points;
  - local area network and wide area network equipment and systems;
  - content filtering;
  - caching;
  - mobile hotspot devices; and
  - cable or fiber optics;
- infrastructure equipment support warranties; and
- high-speed internet access services.

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment to House Bill 69 eliminates the repeal of the Technology for Education Act, Section 22-15A-1 through 22-15A-13 NMSA 1978, provided for in Section 10 of the original bill. The Technology for Education Act establishes the education technology bureau in the Public Education Department, establishes the council on technology in education, and establishes the education technology fund and the educational deficiency correction fund. The amendment also strikes “repealing and” on page 1, line 15, to make the language consistent with the elimination of the repeal. Lastly, the amendment fixes a technical issue by striking “on the ballot” on page 6, line 25, and inserting “in the election resolution public proclamation” in its place.

Synopsis of Original Bill

House Bill 69 (HB69) adds a new section, the Education Technology Improvements and Administration Act, to the Public School Code. The Education Technology Improvements and Administration Act authorizes local school boards, on or after July 1, 2017, to submit a resolution to qualified voters asking whether a property tax mill levy should be imposed for the purpose of paying for education technology improvements or administration for the school district. The mill levy is not to exceed two mills, \$2 per \$1,000 of net taxable value, for a maximum of six property tax years and must be approved by the majority of voters at an election held according to the requirements of the act. Charter schools located within the school district must provide necessary information, including how the revenue will be used, in a timely fashion to the school district for inclusion in the resolution.

**FISCAL IMPACT**

HB69/aHTRC/aHFI#1/aSEC does not contain an appropriation. However, it will have a fiscal impact. Voters would decide whether to pay higher taxes by imposing the new property tax mill levy to fund education technology improvements in their school district. The revenue impact to school districts would depend on the extent to which school districts, with voter approval, impose the tax authorized by HB69/aHTRC/aHFI#1/aSEC.

According to the Department of Finance and Administration (DFA), if all 89 school districts imposed the maximum mill levy of \$2 per \$1,000 of net taxable value, based on tax year 2016 final valuations, statewide revenue would be approximately \$113.8 million. DFA notes that property tax mill levy rates imposed under the provisions of this bill would be subject to yield control, which may result in a reduction to the voter authorized mill levy rate. Revenues from mill levies are dependent on net taxable property values, so some school districts are better able than others to fund education technology. Disparity in school district property tax bases was the lynchpin of the Zuni lawsuit.

**SUBSTANTIVE ISSUES**

HB69/aHTRC/aHFI#1/aSEC provides school districts with the option of imposing a mill levy for the purpose of paying for educational technology, capping the tax rate at two mills or \$2 on each \$1,000 of net taxable value of property for a maximum of six years. The terms of the mill levy would be similar to the Public School Buildings Act (also known as HB33) and the Public School Capital Improvement Act (also known as SB9). Like the Public School Buildings Act,

there would be no matching funds from the state for HB69/aHTRC/aHFI#1/aSEC. School districts would be required to choose between imposing a tax pursuant to the Education Technology Improvements and Administration Act or the Public School Capital Improvements Act. The requirements for proposing and electing to adopt the taxes are identical, including requiring the resolution submitted to identify the improvements for which the revenue will be used; the maximum rate and duration of the tax; and the date of the election. Also identical is the requirement for school districts to include charter schools as long as charter schools provide the necessary information in a timely fashion for inclusion in the resolution. Revenue would be distributed based on the proportion of the enrollment of the charter school to the total enrollment of the school district.

Educational technology improvements are defined as “tools used in the educational process that constitute learning and administrative resources” including:

- closed-circuit television systems;
- educational television and radio broadcasting;
- cable television;
- network connection devices;
- digital communications equipment, including voice, video and data equipment;
- computer hardware and software, including software licenses, data storage and other technologies and services;
- local and remote servers;
- switches;
- portable media to contain data for electronic storage and playback, such as discs and drives;
- software licenses and other technologies and services;
- maintenance equipment;
- computer infrastructure information;
- tools used to implement technology in schools and related facilities; and
- internal broadband infrastructure network equipment, systems, and end-user devices capable of high-speed access to the internet that include:
  - wireless network systems and access points;
  - local area network/wide area network equipment and systems;
  - content filtering;
  - caching;
  - mobile hotspot devices; and
  - cable or fiber optics;
- infrastructure equipment support warranties; and
- high-speed internet access services.

HB69/aHTRC/aHFI#1/aSEC also covers improvements, modifications, and expansions of existing buildings or property used to house the tools listed. It includes the technical support and training of school district employees whose primary job is to administer education technology improvements.

School districts have the authority under existing law to impose property tax mill levies to purchase some education technology equipment. The Public School Buildings Act (HB33) allows school districts to ask voters to approve the imposition of up to 10 mills for a maximum of six years and the Public School Capital Improvements Act (SB9) allows up to two mills for a maximum of six years. HB33 funds may be used for capital improvements expenditures including facility maintenance and project management software, and SB9 funds allow for purchasing computer software and hardware for student use. HB69/aHTRC/aHFI#1/aSEC would allow for an additional two mills for the purpose of purchasing education technology equipment, provided that school districts cannot levy taxes from both the Education Technology Improvements and Administration Act and the Public School Capital Improvements Act.

In addition, school districts have the ability to purchase “ed tech notes” by entering into a lease purchase arrangement to acquire educational technology equipment pursuant to the Education Technology Equipment Act, Section 6-15A NMSA 1978. The Education Technology Equipment Act, enacted in 1997, allows school districts to create this debt without submitting the question to voters. The provisions of HB69/aHTRC/aHFI#1/aSEC allow school districts to impose a property tax to purchase those things already outlined under the Education Technology Equipment Act. However, school districts are limited to the amount of debt they can acquire pursuant to Article IX Section 11 of the Constitution of the State of New Mexico, “no school district shall ever become indebted in an amount exceeding 6 percent on the assessed valuation of the taxable property within the school district as shown by the preceding general assessment.”

## **ALTERNATIVES**

An alternative to HB69/aHTRC/aHFI#1/aSEC would be expanding the allowable uses of the Public School Buildings Act. The Public School Buildings Act allows school districts to impose up to 10 mills and the majority of school districts have not availed themselves of all 10 mills; all school districts appear to have at least 2 mills available to impose for education technology if the Public School Buildings Act was amended.

## **RELATED BILLS**

Relates to SB63, “Education Technology Improvement” Uses, a bill that expands the definition of education technology for which property tax revenues imposed pursuant to the Public School Buildings Act and the Public School Capital Improvements Act may be used.

Relates to SB147/aSFC, School Capital Outlay State-Local Matches, a bill that changes the formula determining state and local matches for capital outlay projects, including education technology infrastructure.

## **SOURCES OF INFORMATION**

- LESC Files
- Department of Finance and Administration
- Department of Information Technology
- Public School Facilities Authority

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