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

**Bill Number** HB161                      **Sponsor** Representative Roch

**Tracking Number** .204819.4SA              **Committee Referrals** HEC/HTRC

**Short Title** Prior Year Data for School Distributions

**Analyst** Rogne                                      **Original Date** 1/31/17  
**Last Updated** \_\_\_\_\_

**FOR THE PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**BILL SUMMARY**

Synopsis of Bill

House Bill 161 (HB161) amends the Public School Capital Improvements Act, Section 22-25-1 NMSA 1978, commonly referred to as SB9, to require the Public Education Department (PED) to use prior year data for determination of capital outlay distribution amounts to school districts and charter schools using prior year tax valuations at the rate certified by the Department of Finance and Administration (DFA). HB161 changes the calculation of total program units from the first 40 days to the prior year first reporting date.

**FISCAL IMPACT**

HB161 does not contain an appropriation.

The Public School Facilities Authority (PSFA) states the fiscal impact on the public school capital outlay fund is indeterminate.

According to the Legislative Finance Committee, the fiscal implications of HB161 depend on the number of school districts that have imposed a tax under the Public School Capital Improvements Act, reported property tax valuations from eligible school districts, and the first reporting date enrollment for eligible school districts. For example, total municipality taxable property values for 2016 were \$32 million and the 2016-2017 school year first reporting date enrollment generated 589 thousand program units. However, total municipality taxable property values for 2015 were \$31 million and the 2015-2016 school year first reporting date enrollment generated 597.4 thousand program units, as shown below.

Fiscal Year	Total Municipality Taxable Property Values	First Reporting Date Enrollment Program Units
FY16	\$32,000,000	589,000
FY15	\$31,000,000	597,400

Source: LFC

Although prior year total taxable property values are typically lower, first reporting date enrollment may fluctuate from year to year. Additionally, aggregate estimates may not clearly account for variations in property values and enrollment for each individual district. As such, fiscal impacts of HB161 are indeterminate.

## **SUBSTANTIVE ISSUES**

HB161 requires PED to use prior year reporting data to distribute SB9 revenue pursuant to the Public School Capital Improvements Act at a rate certified by DFA. The Public School Capital Improvements Act allows school districts to ask voters to approve the imposition of up to two mills for a maximum of six years on the net taxable value of property in the district for capital improvements.

HB161 amends the methodology for the distribution of SB9 revenue by PED to school districts. DFA will use school districts' prior year first reporting date for the purpose of calculating distribution amounts to school districts and charter schools. Using the prior year reporting period for distribution amounts to school districts and charter schools could enable more timely distribution of SB9 funds. Earlier distribution of revenues to school districts and charter schools could reduce fund balance carry over amounts and promote expeditious spending of SB9 revenue.

HB161 also changes the language of the calculation of total program units from 40 days to first reporting date. Several bills introduced in the 2017 Regular Session are also making this change to make the language more consistent with practice.

The effective date of this bill is July 1, 2017.

## **RELATED BILLS**

Relates to HB69, Education Technology Improvements & Admin, a bill providing a property tax for education technology improvements.

Relates to HB184, Property Tax Revenue to Charter Schools, a bill requiring school districts to distribute shares of property tax revenues, including from the Public School Capital Improvements Act, to charter schools.

Relates to SB63, "Education Technology Improvements" Uses, a bill expanding 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, School Capital Outlay State-Local Matches, which changes the formula determining state and local matches for capital outlay projects.

## **SOURCES OF INFORMATION**

- LESC Files
- Public School Facilities Authority
- Legislative Finance Committee

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