

- (b) local area network and wide area network equipment and systems;
 - (c) content filtering;
 - (d) caching;
 - (e) mobile hotspot devices; and
 - (f) cable or fiber optics;
3. infrastructure equipment support warranties;
 4. high-speed internet access services; and...

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amendment to House Bill 69 removes provisions that repeal the Technology for Education Act. Additionally, the bill makes a technical correction, changing “ballot” to “election resolution public proclamation.”

Synopsis of Original Bill

House Bill 69 establishes the Education Technology Improvements and Administration Act, which allows local school districts to levy property taxes to fund improvements for educational technology or educational technology administration. This bill lays out the framework for proposing and electing to adopt such taxes, as well as the amounts and duration for which a tax can be levied. The bill also requires that local- and state-chartered charter schools that receive funding from these taxes submit reports on how those funds will be spent. This bill also repeals the Technology for Education Act, Sections 22-15A-1 through 22-15A-13 NMSA 1978.

FISCAL IMPLICATIONS

Beginning in FY18, the bill allows local school boards to ask qualified electors of the school district to vote on levying a property tax for education technology improvements or education technology improvements administration. The property tax cannot exceed two mills or six property tax years for this purpose. If every district levied the maximum property tax authorized in this bill, LFC estimates revenue collection in the first year would be approximately \$107.6 million based on tax year 2016 final valuations. DFA notes total revenue could reach \$113.8 million.

Note: The Senate Education Committee amendment would require a school district to choose between levying a public school capital improvements tax or the education technology improvements tax created by this bill. In tax year 2016, the only two school districts that did not impose a tax pursuant to the Public School Capital Improvements Act are the Los Alamos Public Schools district and Truth or Consequences Municipal School District. The estimated additional revenue from these districts imposing the maximum education technology improvements tax would be almost \$2 million. The revenue impact assumes all other school districts would maintain the same mill levy rates and elect one of the improvement tax options.

According to DFA, the education technology fund, authorized under the Technology for Education Act, has not received a state appropriation since 2010 and the FY15 audited balance was approximately \$14,263.

DFA notes 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.

Taxable property values vary significantly by each school district, resulting in unequal revenue-generating capacities. Because revenues from mill levies are dependent on net taxable property values, some school districts would be better able than others to fund education technology. The state is currently facing an “adequacy” lawsuit filed by the Zuni Public School District, which alleges the state’s school capital financing system is inequitable and wealth-based.

SIGNIFICANT ISSUES

A charter school within a school district imposing the mill levy authorized in this bill would receive a distribution of the mill levy revenue based on a proration of its student enrollment on the first reporting date of the prior school year to the total such enrollment in the school district, as long as the charter school has met the reporting requirements contained in the bill.

The bill defines education technology improvements as “tools used in the educational process that constitute learning and administrative resources” and “improvements to, alterations of and modifications to, or expansions of, existing buildings or personal property to house or otherwise accommodate any” of those tools. Examples of such tools include:

- 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; and
- tools used to implement technology in schools and related facilities.

Education technology improvements administration is defined as “technical support and training of school district employees whose primary job is to administer education technology improvements projects.” PSFA notes expansion of allowable expenditures under the Public School Capital Improvements Act could reduce available district funding for capital improvements, maintenance of public school buildings and grounds.

ADMINISTRATIVE IMPLICATIONS

Any administrative impacts would be to PED, which is the state agency statutorily charged with calculating and certifying to DFA all property tax mill levies imposed by local school boards. The bill would also require PED to certify to the treasurer of the county the percentage of revenue distributed to each charter school if the charter school provides information to the school district for inclusion in the resolution. Additionally, PED would be required to review reports from charter schools receiving this property tax revenue and advise the charter school whether the proposed expenditures are consistent with the provisions of this bill.

DUPLICATION, RELATIONSHIP

This bill relates to SB63, which clarifies the uses of “education technology improvements” in the Public School Capital Improvements Act and Public School Buildings Act, and SB64, which removes time limitations for public school capital outlay awards to education technology infrastructure deficiency corrections initiatives.

TECHNICAL ISSUES

DoIT recommends adding the following equipment to the education technology improvements definition:

- Internal broadband infrastructure network equipment, systems, and end-user devices capable of high-speed access to the Internet that include:
 - Wi-Fi systems and access points;
 - LAN/WAN equipment and systems;
 - content filtering;
 - caching;
 - mobile hotspot devices; and
 - cable or fiber optics.
- Infrastructure equipment support warranties
- High-speed Internet access services

The House Floor amendment includes this list to the education technology improvements definition.

OTHER SUBSTANTIVE ISSUES

To invest and support digital learning, the Legislature established the broadband deficiency correction program (BDCP) during the 2014 legislative session to address education technology needs over the next five years. The Public School Capital Outlay Council expended \$5 million in FY16 and budgeted \$15 million for BDCP awards; however, project reversions are expected to be \$7.5 million by the end of the year. PSFA found 85 percent of schools were connected to fiber but 92 percent of schools needed wireless network upgrades. The study also indicated 77 percent of school Internet connection speeds were slower than 100 kilobytes per second (kbps) per user and estimated upgrading every school in New Mexico to that standard would cost up to \$8.6 million over current spending. To reach 1 megabyte per second per user (1,000 kbps), the state would have to spend up to \$130.6 million over current expenditure levels. PSFA recommends a demand aggregation strategy for broadband services, in conjunction with libraries and healthcare institutions of the state, to flatten prices for school districts and reduce geographic service disparities.

The Federal Communications Commission’s schools and libraries universal service support program, commonly known as the E-rate program, helps schools and libraries obtain affordable broadband. The E-rate program will cover up to 90 percent of the cost of installing fiber optics. The E-rate program will also match up to 85 percent of the cost for internal equipment, such as wired and wireless network equipment, but funding is capped to \$150 per student over five years. Several implementation issues exist, including how future requests from school districts for E-rate funding will align and be coordinated, the timeline for implementation, prioritization of projects, budget constraints, and the role of public and private entities in the process.

PSFA notes 65 broadband projects were developed in 2016, which included \$30 million in upgrades through a \$3 million state match. Additionally, 30 projects were funded but remained under development and 35 projects were pending E-rate program approval. Upgrades to fiber optic connections were made in 60 schools and 260 schools made network equipment upgrades. For FY18, PSFA anticipates 12 fiber optic connection projects will begin development and 40 to 50 projects for network equipment will be requested.

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