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SENATE BILL 170

**54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

INTRODUCED BY

Clemente Sanchez and George K. Munoz

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; PHASING OUT THE INCLUSION OF  
IMPACT AID IN THE DEFINITION OF "FEDERAL REVENUE" FOR THE  
PURPOSE OF DETERMINING THE STATE EQUALIZATION GUARANTEE  
DISTRIBUTION; MAKING AN APPROPRIATION.

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

**SECTION 1.** Section 22-8-25 NMSA 1978 (being Laws 1981,  
Chapter 176, Section 5, as amended) is amended to read:

"22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--  
DEFINITIONS--DETERMINATION OF AMOUNT.--

A. The state equalization guarantee distribution is  
that amount of money distributed to each school district to  
ensure that its operating revenue, including its local  
and federal revenues as defined in this section, is at least  
equal to the school district's program cost. For state-

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1 chartered charter schools, the state equalization guarantee  
2 distribution is the difference between the state-chartered  
3 charter school's program cost and the two percent withheld by  
4 the department for administrative services.

5 B. "Local revenue", as used in this section, means  
6 seventy-five percent of receipts to the school district derived  
7 from that amount produced by a school district property tax  
8 applied at the rate of fifty cents (\$.50) to each one thousand  
9 dollars (\$1,000) of net taxable value of property allocated to  
10 the school district and to the assessed value of products  
11 severed and sold in the school district as determined under the  
12 Oil and Gas Ad Valorem Production Tax Act and upon the assessed  
13 value of equipment in the school district as determined under  
14 the Oil and Gas Production Equipment Ad Valorem Tax Act.

15 C. "Federal revenue", as used in this section,  
16 means receipts to the school district or state-chartered  
17 charter school, excluding amounts that, if taken into account  
18 in the computation of the state equalization guarantee  
19 distribution, result, under federal law or regulations, in a  
20 reduction in or elimination of federal school funding otherwise  
21 receivable by the school district, derived from the following:

22 (1) seventy-five percent of the school  
23 district's share of forest reserve funds distributed in  
24 accordance with Section 22-8-33 NMSA 1978; and

25 (2) ~~[seventy-five percent of]~~ portions of

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1 grants from the federal government as assistance to those areas  
2 affected by federal activity authorized in accordance with  
3 Title 20 of the United States Code, commonly known as "PL 874  
4 funds" or "impact aid", as follows:

5 (a) for fiscal year 2020, fifty percent;

6 (b) for fiscal year 2021, twenty-five  
7 percent; and

8 (c) for fiscal year 2022 and subsequent  
9 fiscal years, no portion.

10 D. To determine the amount of the state  
11 equalization guarantee distribution, the department shall:

12 (1) calculate the number of program units to  
13 which each school district or charter school is entitled using  
14 an average of the MEM on the second and third reporting dates  
15 of the prior year; or

16 (2) calculate the number of program units to  
17 which a school district or charter school operating under an  
18 approved year-round school calendar is entitled using an  
19 average of the MEM on appropriate dates established by the  
20 department; or

21 (3) calculate the number of program units to  
22 which a school district or charter school with a MEM of two  
23 hundred or less is entitled by using an average of the MEM on  
24 the second and third reporting dates of the prior year or the  
25 fortieth day of the current year, whichever is greater; and

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1                   (4) using the results of the calculations in  
2 Paragraph (1), (2) or (3) of this subsection and the staffing  
3 cost multiplier from the October report of the prior school  
4 year, establish a total program cost of the school district or  
5 charter school;

6                   (5) for school districts and state-chartered  
7 charter schools, calculate the local and federal revenues as  
8 defined in this section;

9                   (6) deduct the sum of the calculations made in  
10 Paragraph (5) of this subsection from the program cost  
11 established in Paragraph (4) of this subsection;

12                   (7) deduct the total amount of guaranteed  
13 energy savings contract payments that the department determines  
14 will be made to the school district from the public school  
15 utility conservation fund during the fiscal year for which the  
16 state equalization guarantee distribution is being computed;  
17 and

18                   (8) deduct ninety percent of the amount  
19 certified for the school district by the department pursuant to  
20 the Energy Efficiency and Renewable Energy Bonding Act.

21                   E. Reduction of a school district's state  
22 equalization guarantee distribution shall cease when the school  
23 district's cumulative reductions equal its proportional share  
24 of the cumulative debt service payments necessary to service  
25 the bonds issued pursuant to the Energy Efficiency and

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1 Renewable Energy Bonding Act.

2 F. The amount of the state equalization guarantee  
3 distribution to which a school district is entitled is the  
4 balance remaining after the deductions made in Paragraphs (6)  
5 through (8) of Subsection D of this section.

6 G. The state equalization guarantee distribution  
7 shall be distributed prior to June 30 of each fiscal year. The  
8 calculation shall be based on the local and federal revenues  
9 specified in this section received from June 1 of the previous  
10 fiscal year through May 31 of the fiscal year for which the  
11 state equalization guarantee distribution is being computed.  
12 In the event that a school district or charter school has  
13 received more state equalization guarantee funds than its  
14 entitlement, a refund shall be made by the school district or  
15 charter school to the state general fund."

16 SECTION 2. APPROPRIATION.--Fifteen million one hundred  
17 eighty-eight thousand six hundred thirty-three dollars  
18 (\$15,188,633) is appropriated from the general fund to the  
19 state equalization guarantee distribution of the public school  
20 fund for expenditure in fiscal year 2020 to carry out the  
21 provisions of this act. Any unexpended or unencumbered balance  
22 remaining at the end of fiscal year 2020 shall revert to the  
23 general fund.

24 SECTION 3. EFFECTIVE DATE.--The effective date of the  
25 provisions of this act is July 1, 2019.

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