



LFC Requester: Carswell

**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2025 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 02/07 /25
Bill No: [HB277](#)

Sponsor: Mirabal Moya/Dow/Lara/
Vincent/Chatfield

Agency Name and Code: PED - 924

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Short Title: MILLAGE FOR CERTAIN
SCHOOL DISTRICTS

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SECTION II: FISCAL IMPACT

(Parenthesis () Indicate Expenditure Decreases)

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	N/A	N/A	NFA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
N/A	N/A	N/A	N/A	NFA

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act: [HB141](#), the current version of the General Appropriation Act of 2025, does not include language that duplicates or relates to this bill.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill (HB277) would amend [Section 22-24-5 NMSA 1978](#) to decrease the millage rate required for school districts with insufficient bonding capacity. The bill would reduce the required local property tax rate for school districts that lack sufficient bonding capacity, lowering the threshold from \$10 to \$8 per \$1,000 of taxable value.

To qualify under the revised criteria, a school district must demonstrate that it has insufficient bonding capacity over the next four years, meaning it cannot generate enough local revenue through general obligation bonds to meet the required match for capital projects. Additionally, the school district's residential property tax rate must be at least \$8 per \$1,000 of taxable value, including all local school board-imposed taxes and those used to repay outstanding school district bonds.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the Legislature enacting them, unless a later date is specified. If enacted, this bill would become effective June 20, 2025.

FISCAL IMPLICATIONS

The bill does not contain an appropriation.

SIGNIFICANT ISSUES

HB277 would reduce the millage rate from \$10 to \$8 per \$1,000 of taxable value, lowering the local tax burden on property owners within qualifying school districts. This change would allow districts with insufficient bonding capacity to access state capital outlay funds more easily, as they would no longer need to meet the higher \$10 threshold to qualify. By decreasing the required local contribution, HB277 could make it more feasible for under-resourced districts to complete essential infrastructure projects without overburdening taxpayers.

Qualifying districts are school districts that meet specific criteria related to their financial capacity and tax effort, particularly in relation to their ability to generate local revenue for capital outlay projects. Under HB277, a school district would qualify for state assistance if it:

1. Has insufficient bonding capacity – The district does not have enough bonding authority over the next four years to generate the local match required to complete a capital outlay project.
2. Meets the minimum property tax rate requirement – The district must have a residential property tax rate of at least \$8 per \$1,000 of taxable value, as opposed to the previous \$10 threshold. This rate includes the sum of all local school board-imposed taxes and those set to pay off outstanding school district general obligation bonds.

HB277 could place a burden on state resources by allowing more school districts to qualify for state capital outlay funds. This increased eligibility may lead to higher demand for funding and may increase dependence on state funds.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to:

- Senate Bill 125, School System Building Innovation Project, which proposes the project to provide grant assistance for the replacement of heating, ventilation, and air conditioning together with replacement of electrical systems to extend building life.
- Senate Bill 82, Public School Capital Outlay Changes, which proposes other amendments to Section 22-24-5 NMSA 1978, including those factors that must be considered before the Public School Capital Outlay Council may adjust a school district's local share of a capital project.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.