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HOUSE BILL 438

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,  
2000**

INTRODUCED BY

Leo C. Watchman Jr.

AN ACT

RELATING TO EDUCATION FUNDING; PROVIDING FOR THE EXPENDITURE  
OF CERTAIN REVENUE FOR CAPITAL OUTLAY; CHANGING THE  
PERCENTAGE OF CREDIT FOR CERTAIN FEDERAL FUNDS CALCULATED IN  
THE PUBLIC SCHOOL FINANCE ACT; AMENDING A SECTION OF THE NMSA  
1978.

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 the school district's operating revenue,  
including its local and federal revenues as defined in this  
section, is at least equal to the school district's program

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1 cost.

2 B. "Local revenue", as used in this section, means  
3 seventy-five percent of receipts to the school district  
4 derived from that amount produced by a school district  
5 property tax applied at the rate of fifty cents (\$.50) to  
6 each one thousand dollars (\$1,000) of net taxable value of  
7 property allocated to the school district and to the assessed  
8 value of products severed and sold in the school district as  
9 determined under the Oil and Gas Ad Valorem Production Tax  
10 Act and upon the assessed value of equipment in the school  
11 district as determined under the Oil and Gas Production  
12 Equipment Ad Valorem Tax Act. The school district shall  
13 budget and expend twenty percent of the total revenue  
14 receipts for capital outlay [~~as defined in the manual of~~  
15 ~~accounting and budgeting provided in]~~ pursuant to Section 22-  
16 8-5 NMSA 1978.

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

24 (1) seventy-five percent of the school  
25 district's share of forest reserve funds distributed in  
accordance with Section 22-8-33 NMSA 1978. The school  
district shall budget and expend twenty percent of the total

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1 forest reserve receipts for capital outlay [~~as defined in the~~  
2 ~~manual of accounting and budgeting provided in~~] pursuant to  
3 Section 22-8-5 NMSA 1978; and

4 (2) [~~seventy-five~~] fifty percent of grants  
5 from the federal government as assistance to those areas  
6 affected by federal activity authorized in accordance with  
7 Title 20 of the United States Code, commonly known as [~~"PE~~  
8 ~~874 funds" or~~] "impact aid". The school district shall  
9 budget and expend [~~twenty~~] thirty percent of the grant  
10 receipts for capital outlay [~~as defined in the manual of~~  
11 ~~accounting and budgeting provided in~~] pursuant to Section  
12 22-8-5 NMSA 1978.

13 D. To determine the amount of the state  
14 equalization guarantee distribution, the state superintendent  
15 shall:

16 (1) effective July 1, 1999 calculate the  
17 number of program units to which each school district is  
18 entitled using the basic program membership of the fortieth  
19 day of the prior year for all programs; provided that special  
20 education program units shall be calculated using the  
21 membership in special education programs on December 1 of the  
22 prior year; effective July 1, 2000, calculate the number of  
23 program units to which each school district is entitled using  
24 an average of the membership on the fortieth, eightieth and  
25 one hundred twentieth days of the prior year; or

(2) calculate the number of program units to  
which a school district operating under an approved year-

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1 round school calendar is entitled using the basic program  
2 membership on an appropriate date established by the state  
3 board; or

4 (3) calculate the number of program units to  
5 which a school district with a basic program MEM of two  
6 hundred or less is entitled by using the basic program  
7 membership on the fortieth day of either the prior or the  
8 current year, whichever is greater; provided that special  
9 education program units shall be calculated using the  
10 membership in special education programs on December 1 of  
11 either the prior or the current year; and

12 (4) using the results of the calculations in  
13 Paragraph (1), (2) or (3) of this subsection and the  
14 instructional staff training and experience index from the  
15 October report of the prior school year, establish a total  
16 program cost of the school district;

17 (5) calculate the local and federal revenues  
18 as defined in this section;

19 (6) deduct the sum of the calculations made  
20 in Paragraph (5) of this subsection from the program cost  
21 established in Paragraph (4) of this subsection; and

22 (7) deduct the total amount of guaranteed  
23 energy savings contract payments that the state  
24 superintendent determines will be made to the school district  
25 from the public school utility conservation fund during the  
fiscal year for which the state equalization guarantee  
distribution is being computed.

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E. The amount of the state equalization guarantee distribution to which a school district is entitled is the balance remaining after the deductions made in Paragraphs (6) and (7) of Subsection D of this section.

F. The state equalization guarantee distribution shall be distributed prior to June 30 of each fiscal year. The calculation shall be based on the local and federal revenues specified in this section received from June 1 of the previous fiscal year through May 31 of the fiscal year for which the state equalization guarantee distribution is being computed. In the event that a district has received more state equalization guarantee funds than its entitlement, a refund shall be made by the district to the state general fund."