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### FISCAL IMPACT REPORT

SPONSOR:	Gonzales	DATE TYPED:	01/31/00	HB	88
SHORT TITLE:	Public School Capital Outlay Match			SB	
				ANALYST:	Fernandez

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
		See Fiscal Narrative		Recurring	Public School Improvements Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB150

### SOURCES OF INFORMATION

State Department of Public Education (SDE)

LFC Files

## **SUMMARY**

### Synopsis of Bill

House Bill 88 amends the Public School Capital Improvements Act to increase the current state guarantee multiplier from \$35.00 to \$50.00 per mill per unit over a four-year period.

### Significant Issues

The Public School Capital Improvements Act commonly referred to as SB-9 or the two mill levy must be voted on by local residents and currently, allows the district to impose up to two mills of property tax for capital outlay projects. The funds can be used for the following: to erect, remodel, make additions to, provide equipment for, or furnish public school buildings; to purchase or improve public school grounds; to maintain public school buildings or public school grounds; to purchase buses for transporting students to extracurricular activities; and to purchase computer equipment and software for classrooms.

The Public School Capital Improvements Act guarantees a minimum level of funding to school districts that have imposed, with voter approval, a tax levy (not exceeding two mills). Also included is a provision that school districts must have imposed this tax levy and must be funded to at least the minimum level guaranteed by the Act.

According to the State Department of Education, in school year 1977-78, the state match of the public school capital improvements fund constituted 60 percent of the total program funding. Assessed valuations and student membership have increased significantly and the "state match" has declined to approximately 12 percent of the program. Local property taxes are the largest revenue source for this program, however, local property wealth varies widely among school districts.

SDE indicates that passage of the bill will increase the percentage of the total program funding from approximately 12 percent to 23 percent by fiscal year 2004. The department also indicates that the program guarantee multiplier has not been adjusted since the program's inception in 1975.

## **FISCAL IMPLICATIONS**

Pursuant to 22-25-8 NMSA 1978, the current program guarantee is based upon school district 40<sup>th</sup> day total program units multiplied times the matching dollar amount of \$35.00 multiplied times the mill rate stated in the voter approved resolution. The local revenue generated by the two mill levy is subtracted to determine the amount of matching funds the district will receive from the state.

According to SDE, increasing the multiplier will help to offset the individual differences in school district property tax bases. This bill will result in an increase in the number of districts that are eligible for state match from 50 to 69 by fiscal year 2004, assuming all districts have successful elections.

For fiscal year 2001, using the current multiplier of \$35.00 per mill and 2 mills, the cost of the state match would be \$5,732.8. The fiscal impact resulting from passage of this bill would occur in fiscal year 2002. In fiscal year 2002, using a multiplier of \$40.00 per mill and 2 mills, the projected state match would be \$8,856.9. In fiscal year 2003, using a multiplier of \$45.00 per mill and 2 mills, the projected state match would be \$12,257.8. In fiscal year 2004, using a multiplier of \$50.00 per mill and 2 mills, the projected state match would be \$15,972.4.

## **ADMINISTRATIVE IMPLICATIONS**

The State Department of Education (SDE) administers the Public School Capital Improvements Fund.

## **DUPLICATION**

This bill duplicates Senate Bill 150.

CTF/njw