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**HOUSE BILL 365**

**45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001**

**INTRODUCED BY**

**W. Ken Martinez**

**AN ACT**

**RELATING TO EDUCATION FUNDING; REDUCING THE RELIANCE OF THE  
STATE EQUALIZATION GUARANTEE DISTRIBUTION ON CERTAIN FEDERAL  
FUNDING.**

**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 cost.**

**B. "Local revenue", as used in this section, means**

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

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

21 (1) seventy-five percent of the school  
22 district's share of forest reserve funds distributed in  
23 accordance with Section 22-8-33 NMSA 1978. The school  
24 district shall budget and expend twenty percent of the total  
25 forest reserve receipts for capital outlay [~~as defined in the~~

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1 ~~manual of accounting and budgeting provided in Section 22-8-5~~  
2 ~~NMSA 1978~~]; and

3 (2) [~~seventy-five percent~~] of grants from the  
4 federal government [~~as~~] for assistance to those areas affected  
5 by federal activity authorized in accordance with Title 20 of  
6 the United States Code, commonly known as "PL 874 funds" or  
7 "impact aid", seventy-five percent through June 30, 2001;  
8 sixty percent from July 1, 2001 through June 30, 2002; forty-  
9 five percent from July 1, 2002 through June 30, 2003; thirty  
10 percent from July 1, 2003 through June 30, 2004; fifteen  
11 percent from July 1, 2004 through June 30, 2005; and zero  
12 percent beginning on July 1, 2005 and in subsequent years.

13 The school district shall budget and expend twenty percent of  
14 the grant receipts for capital outlay [~~as defined in the~~  
15 ~~manual of accounting and budgeting provided in Section 22-8-5~~  
16 ~~NMSA 1978~~].

17 D. To determine the amount of the state  
18 equalization guarantee distribution, the state superintendent  
19 shall:

20 (1) effective July 1, 1999, calculate the  
21 number of program units to which each school district is  
22 entitled using the basic program membership of the fortieth  
23 day of the prior year for all programs; provided that special  
24 education program units shall be calculated using the  
25 membership in special education programs on December 1 of the

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1 prior year; effective July 1, 2000, calculate the number of  
2 program units to which each school district is entitled using  
3 an average of the membership on the fortieth, eightieth and  
4 one hundred twentieth days of the prior year; or

5 (2) calculate the number of program units to  
6 which a school district operating under an approved year-round  
7 school calendar is entitled using the basic program membership  
8 on an appropriate date established by the state board; or

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

17 (4) using the results of the calculations in  
18 Paragraph (1), (2) or (3) of this subsection and the  
19 instructional staff training and experience index from the  
20 October report of the prior school year, establish a total  
21 program cost of the school district;

22 (5) calculate the local and federal revenues  
23 as defined in this section;

24 (6) deduct the sum of the calculations made  
25 in Paragraph (5) of this subsection from the program cost

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1 established in Paragraph (4) of this subsection; and

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

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

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