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**HOUSE BILL 874**

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

**INTRODUCED BY**

**Leo C. Watchman Jr.**

**AN ACT**

**RELATING TO EDUCATIONAL FUNDING; CAPPING IMPACT AID REVENUE  
THAT CAN BE CONSIDERED AS FEDERAL REVENUE FOR PURPOSES OF THE  
STATE EQUALIZATION GUARANTEE DISTRIBUTION.**

**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.**

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

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

- (1) seventy-five percent of the school 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 forest

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

4 (2) seventy-five percent of grants from the  
5 federal government as assistance to those areas affected by  
6 federal activity authorized in accordance with Title 20 of the  
7 United States Code, commonly known as "PL 874 funds" or "impact  
8 aid"; provided, however, that the amount of impact aid  
9 considered in any year to be federal revenue from a school  
10 district for purposes of the state equalization guarantee  
11 distribution shall not exceed the amount considered to be  
12 federal revenue from that school district in fiscal year 2001.  
13 Increases in impact aid above that amount received in fiscal  
14 year 2001 by a school district shall be retained by the school  
15 district and shall not be considered to be federal revenue for  
16 purposes of the state equalization guarantee distribution. The  
17 school district shall budget and expend twenty percent of the  
18 grant receipts for capital outlay [~~as defined in the manual of~~  
19 ~~accounting and budgeting provided in Section 22-8-5 NMSA 1978~~].

20 D. To determine the amount of the state  
21 equalization guarantee distribution, the state superintendent  
22 shall:

23 (1) effective July 1, 1999, calculate the  
24 number of program units to which each school district is  
25 entitled using the basic program membership of the fortieth day

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1 of the prior year for all programs; provided that special  
2 education program units shall be calculated using the  
3 membership in special education programs on December 1 of the  
4 prior year; effective July 1, 2000, calculate the number of  
5 program units to which each school district is entitled using  
6 an average of the membership on the fortieth, eightieth and one  
7 hundred twentieth days of the prior year; or

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

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

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

25 (5) calculate the local and federal revenues

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1 as defined in this section;

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

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

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

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

24 Section 2. EFFECTIVE DATE. -- The effective date of the  
25 provisions of this act is July 1, 2001.

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