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SENATE BILL 601

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

INTRODUCED BY

Phil A. Griego

AN ACT

**RELATING TO PUBLIC SCHOOLS; LOWERING THE MAINTENANCE OF EFFORT
PERCENTAGE FOR ELIGIBILITY FOR CAPITAL OUTLAY GRANT
ASSISTANCE.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. Section 22-24-5 NMSA 1978 (being Laws 1975,
Chapter 235, Section 5, as amended) is amended to read:**

"22-24-5. FUND-- DISTRIBUTION. --

**A. The council shall approve an application for
grant assistance from the fund when the council determines
that:**

(1) a critical need exists requiring action;

**(2) the residents of the school district have
provided available resources to the school district to meet
its capital outlay requirements;**

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1 (3) the school district has used its capital
2 resources in a prudent manner;

3 (4) the school district is in a county or
4 counties [~~which~~] that have participated in a reappraisal
5 program and the reappraised values are on the tax rolls or
6 will be used for the tax year 1979 as certified by the
7 property tax division of the taxation and revenue department;

8 (5) the school district has provided
9 insurance for buildings of the school district in accordance
10 with the provisions of Section 13-5-3 NMSA 1978;

11 (6) unless a determination and certification
12 have been made pursuant to Subsection D of this section, the
13 school district:

14 (a) is indebted at not less than
15 [~~seventy-five~~] thirty-five percent of the total debt
16 authorized by law; or

17 (b) within the last three years, was
18 indebted at the level required in Subparagraph (a) of this
19 paragraph and received a grant pursuant to this section for
20 the initial stages of a project and currently has a critical
21 need for an additional grant to complete the same project; and

22 (7) the school district has submitted a five-
23 year facilities plan that includes enrollment projections.

24 B. The council shall consider all applications for
25 assistance from the fund and, after a public hearing, shall

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1 either approve or deny the application. Applications for
2 grant assistance shall only be accepted by the council after a
3 school district has complied with the provisions of this
4 section. The council shall list all applications in order of
5 priority, and all allocations shall be made on a priority
6 basis, except:

7 (1) twenty million dollars (\$20,000,000) of
8 the proceeds from supplemental severance tax bonds issued
9 annually in fiscal years 2001 through 2003 shall be set aside
10 for allocation solely for projects in districts that are
11 eligible for funding from the fund and that receive grants
12 from the federal government as assistance to areas affected by
13 federal activity authorized in accordance with Title 20 of the
14 United States Code, commonly known as "PL 874 funds" or
15 "impact aid"; and

16 (2) in the case of an emergency, the order of
17 priority shall first reflect those projects [~~which~~] that have
18 been previously funded but are not as yet completed, excluding
19 expansion of those projects and contingent upon maintenance of
20 the required local support.

21 C. Money in the fund shall be disbursed by warrant
22 of the department of finance and administration on vouchers
23 signed by the secretary of finance and administration
24 following certification by the council that the application
25 has been approved.

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1 D. If the council makes a determination and
2 certifies to the state board that, after January 1, 2001,
3 either a constitutional amendment has been adopted that
4 provides additional or supplemental revenue sources for public
5 school capital outlay funding or another long-term revenue
6 source exists that is expected to exceed sixty million dollars
7 (\$60,000,000) per year, then, in all subsequent application
8 and allocation cycles, the following provisions apply:

9 (1) all school districts are eligible to
10 apply for funding from the fund, regardless of percentage of
11 indebtedness;

12 (2) priorities for funding shall be given to
13 those capital projects that:

14 (a) are necessary for health and
15 safety;

16 (b) were previously funded by the
17 council but are not yet completed;

18 (c) are for school districts with low
19 assessed valuation compared to other districts;

20 (d) provide necessary classrooms due to
21 student population increases or that improve existing school
22 facilities, including portable classroom facilities that have
23 been used for a long period of time; and

24 (e) are renovation projects that will
25 forestall substantial capital outlay costs in the future

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1 rather than new construction, unless health and safety
2 concerns require new construction;

3 (3) in establishing the priority for capital
4 projects to be funded, the council shall consider:

5 (a) the school district's total
6 assessed valuation per student;

7 (b) the school district's remaining
8 bonding capacity;

9 (c) other sources of revenue available
10 to the school district for capital outlay projects; and

11 (d) whether the project is shown as a
12 priority project in the school district's most recent five-
13 year facilities plan;

14 (4) after consulting with the staff architect
15 of the property control division of the general services
16 department, the council shall establish criteria and standards
17 to be used in public school capital outlay projects that
18 receive grant assistance pursuant to the Public School Capital
19 Outlay Act. In establishing the criteria and standards, the
20 council shall consider:

21 (a) the feasibility of using design,
22 build and finance arrangements for public school capital
23 outlay projects;

24 (b) the potential use of more durable
25 construction materials that may reduce long-term operating

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1 costs; and

2 (c) any other financing or construction
3 concept that may maximize the dollar effect of the state grant
4 assistance;

5 (5) no more than ten percent of the combined
6 total of grants in a funding cycle shall be used for
7 retrofitting existing facilities for technology
8 infrastructure;

9 (6) a project approved and ranked by the
10 council shall be funded within available resources in
11 accordance with the following formula:

12 (school district final prior year
13 assessed valuation per MEM ÷ the state
14 average final prior year assessed
15 valuation per MEM) x 0.5. The product
16 is subtracted from 1.0 and the
17 difference is then multiplied by
18 seventy-five percent. The product of
19 that calculation added to (the percent
20 of bonding capacity used x 0.25) equals
21 the percentage of the cost of the
22 approved project to be funded from the
23 fund. "MEM" means the total enrollment
24 of students attending public school in a
25 school district in the final funded

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prior school year, with kindergarten
being counted as 0.5. In those
instances in which the formula provides
less than 0.1, 0.1 shall be used as the
state's share; and

(7) in those instances in which a school
district has used all of its local resources, the council may
fund the total amount of a project.

E. The council shall promulgate such rules as are
necessary to carry out the provisions of the Public School
Capital Outlay Act. "