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**HOUSE BILL 23**  
**45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002**

**INTRODUCED BY**  
**Rick Miera**

**FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE**

**AN ACT**  
**RELATING TO PUBLIC SCHOOL FINANCE; CHANGING THE PROGRAM UNIT**  
**CALCULATION FOR CERTAIN SCHOOL DISTRICTS.**

**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**  
**seventy-five percent of receipts to the school district**

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

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

20 (1) seventy-five percent of the school  
21 district's share of forest reserve funds distributed in  
22 accordance with Section 22-8-33 NMSA 1978. The school  
23 district shall budget and expend twenty percent of the total  
24 forest reserve receipts for capital outlay [~~as defined in the~~  
25 ~~manual of accounting and budgeting provided in Section 22-8-5~~

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1 ~~NMSA 1978~~]; and

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

10 D. To determine the amount of the state  
11 equalization guarantee distribution, the state superintendent  
12 shall:

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

23 (2) calculate the number of program units to  
24 which a school district operating under an approved year-round  
25 school calendar is entitled using [the basic program

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1 ~~membership]~~ an average of the MEM on [~~an~~] appropriate [~~date~~]  
2 dates established by the state board; or

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

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

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

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

23 (7) deduct the total amount of guaranteed  
24 energy savings contract payments that the state superintendent  
25 determines will be made to the school district from the public

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1 school utility conservation fund during the fiscal year for  
2 which the state equalization guarantee distribution is being  
3 computed.

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

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

18 Section 2. EFFECTIVE DATE. -- The effective date of the  
19 provisions of this act is July 1, 2002.