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HOUSE BILL 361

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Ray Rui z

AN ACT

**RELATING TO EDUCATION FUNDING; REDUCING AMOUNTS CONSIDERED TO
BE FEDERAL REVENUE FOR PURPOSES OF THE STATE EQUALIZATION
GUARANTEE DISTRIBUTION; AMENDING A SECTION OF THE NMSA 1978.**

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 assistance to those areas affected by
5 federal activity authorized in accordance with Title 20 of the
6 United States Code, commonly known as [~~"PL 874 funds" or~~]
7 "impact aid", ~~seventy-five percent through June 30, 2002;~~
8 sixty-four percent from July 1, 2002 through June 30, 2003;
9 fifty-three percent from July 1, 2003 through June 30, 2004;
10 forty-two percent from July 1, 2004 through June 30, 2005;
11 thirty-one percent from July 1, 2005 through June 30, 2006;
12 twenty percent from July 1, 2006 and in subsequent years;
13 provided, however, that the amount of impact aid considered in
14 any year prior to July 1, 2007 to be federal revenue from a
15 school district for purposes of the state equalization
16 guarantee distribution shall not exceed the amount considered
17 to be federal revenue from that school district in fiscal year
18 2003; and provided further that the amount of impact aid
19 considered in any year after July 1, 2007 to be federal
20 revenue from a school district for purposes of the state
21 equalization guarantee distribution shall not exceed the
22 amount considered to be federal revenue from that school
23 district in fiscal year 2007. Increases in impact aid above
24 the amount considered to be federal revenue in any year shall
25 be retained by the school district. The school district shall

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1 budget and expend twenty percent of the grant receipts for
2 capital outlay [~~as defined in the manual of accounting and~~
3 ~~budgeting provided in Section 22-8-5 NMSA 1978~~].

4 D. To determine the amount of the state
5 equalization guarantee distribution, the state superintendent
6 shall:

7 (1) effective July 1, 1999, calculate the
8 number of program units to which each school district is
9 entitled using the basic program membership of the fortieth
10 day of the prior year for all programs; provided that special
11 education program units shall be calculated using the
12 membership in special education programs on December 1 of the
13 prior year; effective July 1, 2000, calculate the number of
14 program units to which each school district is entitled using
15 an average of the membership on the fortieth, eightieth and
16 one hundred twentieth days of the prior year; or

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

21 (3) calculate the number of program units to
22 which a school district with a basic program MEM of two
23 hundred or less is entitled by using the basic program
24 membership on the fortieth day of either the prior or the
25 current year, whichever is greater; provided that special

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1 education program units shall be calculated using the
2 membership in special education programs on December 1 of
3 either the prior or the current year; and

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

9 (5) calculate the local and federal revenues
10 as defined in this section;

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

14 (7) deduct the total amount of guaranteed
15 energy savings contract payments that the state superintendent
16 determines will be made to the school district from the public
17 school utility conservation fund during the fiscal year for
18 which the state equalization guarantee distribution is being
19 computed.

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

24 F. The state equalization guarantee distribution
25 shall be distributed prior to June 30 of each fiscal year.

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1 The calculation shall be based on the local and federal
2 revenues specified in this section received from June 1 of the
3 previous fiscal year through May 31 of the fiscal year for
4 which the state equalization guarantee distribution is being
5 computed. In the event that a district has received more
6 state equalization guarantee funds than its entitlement, a
7 refund shall be made by the district to the state general
8 fund. "

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