

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Taylor, T.C. DATE TYPED 2/5/04 HB 286

SHORT TITLE Create Education Stabilization Fund SB _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(\$8,375.0)	(\$8,375.0)	Recurring	General Fund
	\$8,375.0	\$8,375.0	Recurring	Education Stabilization Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 286 creates the Education Stabilization Fund in the state treasury into which a portion of the increased distributions from the constitutional amendment to the permanent school fund shall be transferred along with other money appropriated or transferred to the fund that Legislature determines will be necessary to ensure that enough money will be reserved to maintain future funding levels for educational reforms.

Significant Issues

HB 286 stipulates that at the end of each month in FY05 through FY12, after the authorized transfers have been made, the state treasurer shall transfer an amount from the current school fund to the education stabilization fund equal to 1/8 of the distribution made in that month as allowed by the State Constitution (Paragraph 1 of Subsection G of Section 7 of Article 12).

HB 286 also stipulates that:

- money in the fund shall be invested by the State Investment Officer and shall be appropriated only for educational reforms as provided by law and subject to the following criteria:

1. in FY05 through FY12, no money shall be appropriated from that portion of the fund attributable to transfers made as provided for in the State Constitution,
2. in FY17 and subsequent fiscal years, the remaining balance in the fund may be appropriated for education reforms.

FISCAL IMPLICATIONS

This bill reduces the general fund revenue by an estimated \$8.4 million annually beginning in FY05. Revenue from the constitutional amendment distributed to the Common School Fund (part of the general fund) is estimated to be \$67.0 million in FY05. One-eighth of this is \$8.4 million.

Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

RS/njw