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SENATE BILL 58

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

Cynthia Nava

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; ALLOWING THE STATE-SUPPORT RESERVE FUND TO BE USED FOR CERTAIN EMERGENCY NEEDS OF SCHOOL DISTRICTS; MAKING AN APPROPRIATION.

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

Section 1. Section 22-8-31 NMSA 1978 (being Laws 1967, Chapter 16, Section 84, as amended) is amended to read:

"22-8-31. STATE-SUPPORT RESERVE FUND.--

A. The "state-support reserve fund" is created.

B. The state-support reserve fund shall be used ~~[only]~~ to augment the appropriations for the state equalization guarantee distribution in order to ~~[insure]~~ ensure, to the extent of the amount undistributed in the fund, that the maximum figures for such distribution established by law shall not be reduced or to provide for emergency needs of school

underscored material = new
[bracketed material] = delete

1 districts over and above the emergency distributions provided
2 to school districts in financial need pursuant to Paragraph (2)
3 of Subsection A of Section 22-8-30 NMSA 1978. The secretary
4 shall certify that a school district has exhausted its
5 resources, including any supplemental distribution, before
6 providing emergency funding from the state-support reserve
7 fund.

8 C. The undistributed money in the state-support
9 reserve fund shall be invested by the state treasurer in
10 interest-bearing securities of the United States government or
11 in certificates of deposit in qualified banks and in savings
12 and [~~loans~~] loan associations whose deposits are insured with
13 an agency of the United States. The state treasurer may
14 deposit money from the state-support reserve fund or any other
15 fund in one or more accounts with any such bank or federally
16 insured savings and loan association, but the state treasurer,
17 in any official capacity, shall not deposit money from [~~said~~]
18 that fund or any other fund in any one [~~such~~] federally insured
19 savings and loan association the aggregate of which would
20 exceed the amount of federal savings and loan insurance
21 corporation insurance for a single public account. Income from
22 these investments shall be periodically credited to the general
23 fund.

24 D. At least forty-five days before the money is
25 needed, the [~~chief~~] secretary shall notify the state treasurer

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1 in writing of the amount that will be needed for distribution.

2 E. In the event that local or federal revenues as
3 defined in Section [~~77-6-19 NMSA 1953~~] 22-8-25 NMSA 1978 are
4 received after May 31 of the fiscal year for which the state
5 equalization guarantee distribution is being computed and it is
6 therefore necessary to use money from the state-support reserve
7 fund to augment the appropriation for the state equalization
8 guarantee distribution, the [~~chief~~] secretary, upon receipt by
9 the school district of the delayed local or federal revenues,
10 shall deduct the appropriate amount from the current state
11 equalization guarantee distribution to that school district and
12 reimburse the state-support reserve fund in the amount of the
13 deduction.

14 F. It is the intent of the legislature that the
15 state-support reserve fund be reimbursed in the amount of the
16 yearly distribution by appropriation in the year following the
17 distribution so that the fund at the beginning of each fiscal
18 year shall have a credit balance of at least ten million
19 dollars (\$10,000,000).

20 G. Distribution from [~~this~~] the state-support
21 reserve fund shall be made in the same manner and on the same
22 basis as the state equalization guarantee distribution."

23 Section 2. APPROPRIATION.--Ten million dollars
24 (\$10,000,000) is appropriated from the general fund to the
25 state-support reserve fund for expenditure in fiscal year 2006

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1 and subsequent fiscal years to carry out the purposes of the
2 fund. Any unexpended or unencumbered balance remaining at the
3 end of a fiscal year shall not revert to the general fund.

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