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FISCAL IMPACT REPORT

SPONSOR Sanchez, B. ORIGINAL DATE 2/9/06
LAST UPDATED _____ HB _____
SHORT TITLE Public School Capital Outlay Act Changes SB 247
ANALYST Aguilar

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$300,000.0		Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB-211, SB-450, HB-432

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

New Mexico Finance Authority (NMFA)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 247 appropriates \$300 million from the general fund to the public schools capital outlay fund for the purpose of funded new or expanded school facilities in high growth areas of the state.

The bill makes technical changes to language and declares an emergency.

FISCAL IMPLICATIONS

The appropriation of \$300 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

SIGNIFICANT ISSUES

Provisions in the bill allow for allocations from the fund for the construction of new or expanded school facilities in high growth areas without regard for local effort or indebtedness. The Eleventh Judicial District Court in response to the Zuni lawsuit ordered the state to establish and implement a uniform funding system for capital improvements of New Mexico school districts. In response to the judge's order, New Mexico changed the way in which the state funds public school capital outlay expenditures by making extensive amendments to the Public School Capital Outlay Act. One of the changes was to implement a state-share formula based upon a local school district's property tax wealth and its local effort. Provisions contained in this bill appear to minimize the local effort component. Whenever a subset of districts is created for the purposes of special funding, the equity and uniformity of the funding system may be in jeopardy. Since the court has not completed its oversight, SB-247 could potentially reopen the entire case.

TECHNICAL ISSUES

The bill appropriates funds from the general fund to the public school capital outlay fund. Reversion language requires unexpended or unencumbered funds remaining at the end of fiscal year 2009 to revert to the general fund. The public school capital outlay fund is a non-reverting fund.

PA/yr