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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/2007

SPONSOR Miera LAST UPDATED \_\_\_\_\_ HB 63

SHORT TITLE Reversions to State-Support Reserve Fund SB \_\_\_\_\_

ANALYST Aguilar

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$2,000.0		Recurring	State Support Reserve Fund
	(\$2,000.0)		Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

House Bill 63 provides for the State-Support Reserve Fund to become a non-reverting fund. The bill also allows for any balances in general fund appropriations to the Public Education Department and the State Equalization Guarantee to revert to the State-Support Reserve Fund rather than the general fund.

### FISCAL IMPLICATIONS

Provision contained in this bill will reduce revenues to the general fund by diverting reversions into the state support reserve fund.

This bill changes the reversion status of a fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for funds, as earmarking reduces the ability of the legislature to establish spending priorities.

**SIGNIFICANT ISSUES**

New Mexico currently implements a floating unit value when determining distributions from the State Equalization Guarantee. The sole purpose of the State Support Reserve Fund is to support the unit value in the event revenues do not materialize as budgeted. The effect is to prevent a reduction in the unit value late in the school year which in turn would require schools districts to decrease budgets after most of the fiscal year is complete.

Current statute provides for \$10 million to be deposited in the fund, no funds are currently held in the fund.

PA/nt