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FISCAL IMPACT REPORT

SPONSOR Harden **ORIGINAL DATE** 1/29/09
LAST UPDATED 2/20/09 **HB** _____
SHORT TITLE School District Revenue For Activity Buses **SB** 38/aSFI#1
ANALYST Wilson

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|------|-------------------------|------------------|
| FY09 | FY10 | | |
| | | | |
| | NFI | | |

(Parenthesis () Indicate Expenditure Decreases)
 Relates to HB 205

SOURCES OF INFORMATION

LFC Files

Responses Received From

- Attorney General's Office (AGO)
- Public Education Department (PED)
- Public School Facilities Authority (PSFA)

SUMMARY

Synopsis of SFI #1 Amendment

The Senate Floor amendment #1 to SB 38 provides that the authorization for expenditure in this bill does not apply to school districts with a membership greater than 60,000.

Synopsis of Original Bill

Senate Bill 38 amends the Public School Buildings Act to add purchasing activity vehicles for transporting students to and from extracurricular school activities to the allowed uses for capital improvements from the proceeds of the local property tax.

FISCAL IMPLICATIONS

Districts imposing this tax to allow the purchase of activity vehicles will have a corresponding reduction in funds available for the other capital expenditures allowed under the Act.

SIGNIFICANT ISSUES

The following is an excerpt from the 2008 Capital Outlay Information Package prepared by the Public Education Department Capital Outlay Bureau:

The Public School Buildings Act allows districts to impose a tax not to exceed 10-mills for a maximum of six years on the net taxable value of property upon approval of qualified voters. These funds are to be used for:

1. Erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings;
2. payments made pursuant to a financing agreement entered into by a school district or a charter school for the leasing of a building or other real property with an option to purchase for a price that is reduced according to payments made;
3. Purchasing or improving public school grounds; or
4. Administering the projects undertaken pursuant to Subsections 1 and 3 of this section, including expenditures for facility maintenance software, project management software, project oversight and district personnel specifically related to administration of projects funded by the Public School Buildings Act; provided that expenditures pursuant to this subsection shall not exceed five percent of the total project costs.

There are limitations and restrictions associated with this act: (1) the authorized tax rate made under the Public School Buildings Act, when added to the tax rates for servicing the debt of the school district and the rate authorized under the Public School Capital Improvements Act, cannot exceed 15-mills. If it does exceed 15-mills, the rate authorized under the Public School Buildings Act will be adjusted downward to compensate; and (2) the revenues generated from the Public School Buildings Act are only to be used for specific capital improvements (as defined above). This funding mechanism is most useful for districts with high-assessed valuation and low bonded indebtedness.

After July 1, 2007, a resolution submitted to the qualified electors pursuant to Subsection 1 of this section shall include capital improvements funding for a locally chartered or state-chartered charter school located within the school district if: (1) the charter school timely provides the necessary information to the school district for inclusion on the resolution that identifies the capital improvements of the charter school for which the revenue proposed to be produced will be used; and (2) The capital improvements are included in the five-year facilities plan: (a) Of the school district, if the charter school is a locally chartered charter school; or (b) Of the charter school, if the charter school is a state-chartered charter school.

According to PED records, there are currently 12 districts that have the Public School Buildings Act in place:

| PUBLIC SCHOOL BUILDINGS ACT (HB-33) | SUCCESSFUL PASSED, FAILED, NO ELECTION ELECTION DATE | MILLS | EXPIRATION DATE OF CURRENT MILL LEVY |
|--------------------------------------------|-------------------------------------------------------------|--------------|---------------------------------------------|
| ALBUQUERQUE | 2/1/2005 | 3.874 | 2010 |

| | | | |
|-------------|-----------|-------|------|
| ALBUQUERQUE | 2/1/2005 | 4.344 | |
| ARTESIA | 2/1/2005 | 5.0 | 2010 |
| CARLSBAD | 2/1/2005 | 2.0 | 2010 |
| CIMARRON | 4/11/2006 | 3.0 | 2011 |
| DULCE | 3/25/2008 | 4.0 | 2014 |
| EUNICE | 2/1/2005 | 2.0 | 2010 |
| HOBBS | 2/3/2004 | 4.0 | 2009 |
| LAS CRUCES | 4/1/2008 | 3.0 | 2014 |
| LOS ALAMOS | 6/17/2005 | 3.246 | 2010 |
| LOS LUNAS | 2/5/2002 | 3.0 | 2012 |
| LOVINGTON | 2/1/2005 | 2.0 | 2010 |
| SANTA FE | 2/3/2004 | 1.5 | 2009 |

ADMINISTRATIVE IMPLICATIONS

Districts wishing to use Public School Buildings Act funds to purchase activity vehicles would have to wait until their next election in order to have voters approve the bus purchase as an allowed use

RELATIONSHIP

SB 38 relates to HB 205, School District Bus Purchasing Authority

DW/mt:mc