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FISCAL IMPACT REPORT

ORIGINAL DATE 02/27/09

SPONSOR Campos, P. LAST UPDATED _____ HB _____

SHORT TITLE Community College District Expansions SB 679

ANALYST Williams

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$.01	Recurring in FY11	Institutional Budgets—Other State Funds
	\$.01	Recurring in FY11	General Fund --- Higher Education Funding Formula

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 Public Education Department (PED)
 Higher Education Department (HED)
 New Mexico Independent Community Colleges

SUMMARY

Synopsis of Bill

Senate Bill 679 repeals current statutes regarding adding school districts to existing community college districts and additional school districts (or portions of districts) to existing technical and vocational institute districts. The bill then authorizes the addition of school districts or portions of school districts to community college districts, within the College District Tax Act.

PED also notes the bill eliminates the role of that agency in examining petitions from qualified votes to expand a TVI or Community College district by adding a school district or group of school districts to the TVI or Community College district. HED would be charged with these responsibilities under the bill.

The bill contains an emergency clause.

FISCAL IMPLICATIONS

Community colleges may generate operating and debt service revenue based on an imposed mill levy which is applied to property located within the boundaries of its taxing district. The state's higher education funding formula takes credit for a portion of the mill levy revenue generated for operating purposes.

This legislation effectively authorizes six colleges organized under the Community College Act to expand their community college districts and the associated property tax base. As such, over time, operating and debt service funds available to these six community colleges would be expected to rise. The state funding formula assumes a credit for a portion of the operating revenue collected under mill levy assessments.

The extent of these fiscal impacts depends on the timing of adding school districts to community college districts, the characteristics of the underlying property tax base and associated property tax values and long-term growth rates, as well as the level of the imposed mill levy rate. Further, changes to the taxing district would be subject to local voter approval.

SIGNIFICANT ISSUES

HED discusses there are two separate statutory procedures for adding school districts to community college districts and technical vocational districts. This bill repeals those two provisions, collapsing them into one statutory provision providing one procedure for both. All responsibilities and duties for the procedure of adding school districts to community college districts are moved to the Higher Education Department.

HED notes the current 21-13-21 NMSA 1978 is unusable as it requires reference to statutory provisions repealed in 1998. The procedure currently being followed for adding school districts is based on 21-16-14 NMSA 1978.

Currently, there are seven community college districts in the state. There are no technical vocational districts. In 2005, Mesalands and Luna were renamed as community colleges and were organized under the community college statutes pursuant to 21-13-4.2 NMSA 1978.

New Mexico Independent Community Colleges notes the bill proposes the establish new provisions in the College District Tax Act to expand community college districts to mirror existing provision of the Technical and Vocational Institute Act, which is currently only available to Central New Mexico Community College.

ADMINISTRATIVE IMPLICATIONS CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HED discusses significant additional administrative responsibilities to comply with passage of this legislation, which would require additional staff. The bill would “require HED to examine petitions for expansion, cause a survey to be made of petitioning districts, ascertain the attitude of the community college or technical and vocational institution board and collect other needed information. The Secretary of Higher Education would be required to call elections. NMHED would also be responsible for notifying the local school board of each affected school district and the community college or technical and vocational institute board of the results of the election.”

DFA notes HED would require one additional FTE to carry out these additional duties and responsibilities.

TECHNICAL ISSUES

The word “department” on Page 2, lines 15 and 20 is unclear whether it refers to the Public Education Department or the Higher Education Department.

HED suggests amendments to Chapter 7 of state regarding taxation and Chapter 21 regarding state and private education institutions would also be required to conform with the proposed statutory changes in this bill.

OTHER SUBSTANTIVE ISSUES

HED discuss its plans “in the near future to examine both the Community College Act and the Technical and Vocational Act to develop a plan for consolidation.”

AW/svb