

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 39

51st Legislature, 1st Session, 2013

Tracking Number: .191094.2

Short Title: College District Bonds for Hard & Software

Sponsor(s): Senator Sander Rue

Analyst: Sarah Amador-Guzman

Date: February 6, 2013

Bill Summary:

SB 39 amends the *College District Tax Act* to allow college district boards to borrow money for:

- real property improvements and the purchase of grounds exclusive to stadiums; and
- purchase and installation of computer hardware or software with a useful life equal to or exceeding the maturity of the bonds.

SB 39 also:

- allows for the public/private sale of bonds to the state or the New Mexico Finance Authority (NMFA);
- replaces the option that bonds and attached coupons be made payable or “registerable” to the bearer for the principal or principal and interest, and instead allows the price, terms, and conditions to be determined by the board, state, or NMFA;
- eliminates a provision of law requiring a bond to have a minimum term of five years;
- allows for the redemption of bonds prior to maturity for payment of 1.0 percent of the principal of the bonds; and
- eliminates a requirement that interest coupons bear the original or facsimile signature of the chairman of the board.

Fiscal Impact:

According to the Higher Education Department (HED) bill analysis, SB 39 provides flexibility to community colleges to use debt-service mill levy funds for broader purposes while having zero direct impact on the General Fund and severance tax bond funds. Additionally, this would decrease the number of specific capital outlay project requests.

Substantive Issues:

According to HED’s bill analysis, community colleges have limited sources of revenue for technology projects and their priorities of keeping tuition low for minimal impact to the lottery scholarships, does not allow for additional revenues either.

Technical Issues:

According to HED, the shelf life of most software is five years or less; SB 39 allows for the purchase of software, which could lead to software becoming outdated before the bonds are paid off.

Background:

The purpose of the *College District Tax Act* is to provide a uniform procedure for the authorization, imposition, and collection of tax levies for the operation of college districts and the issuance of college district general obligation and revenue bonds for capital improvements in a college district. The act applies to all educational institutions included in the *Community College Act*, the *Technical and Vocational Institute Act*, and the *Off-Campus Instruction Act*.

Committee Referrals:

SEC/SFC

Related Bills:

None as of February 6, 2013.