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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/13

SPONSOR Morales LAST UPDATED _____ HB _____

SHORT TITLE Payment of School Lease-Purchase Arrangements SB 186

ANALYST Roberts

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill 186 amends Section 6-15A-1 NMSA 1978 which would allow lease purchase arrangements made by school districts to be paid from the state equalization guarantee distributions for education technology equipment under certain circumstances.

FISCAL IMPLICATIONS

The DFA notes that SB186 requires that if a school district is late in payments to the lease-purchase paying agent for principal and interest, the department (DFA) must allocate funds to the school district from the SEG fund for payment. The school district must then replenish the fund with other revenues from the school district. If, however, the school district cannot replenish the SEG fund, the department will withhold the amount from SEG allocations to the school district. This ensures a payment is made to paying agent, however based on the reason for the unmade payment from the school district, the SEG fund may not be replenished in a timely matter.

SIGNIFICANT ISSUES

The PED cites that the revenue source for lease-purchase arrangements, for educational technology equipment, of school districts for educational technology equipment is based upon a

property tax levied on behalf of the school district and collected through property tax assessments by the county in which the school district is located. This bill is requiring, in the event of potential late payment by the school district to the lease-purchase paying agent, the use of state equalization guarantee (SEG) as a temporary funding source. Therefore, the appropriation for SEG would not be impacted as a result of this bill.

ADMINISTRATIVE IMPLICATIONS

The DFA in coordination with the PED would be responsible for administering lease purchase arrangements made by school districts to be paid from the state equalization guarantee distributions for education technology equipment under certain circumstances.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without the knowledge of knowing the number of missed or delayed payments to paying agents for lease-purchase arrangements by school districts for a specified period of time, the consequences cannot be determined or quantified.

MIR/svb