

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: CS/CS HB 19

52nd Legislature, 1st Session, 2015

Tracking Number: 200823.1

Short Title: Charter School Educational Tech Equipment

Sponsor(s): Representative Roberto “Bobby” J. Gonzales

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**HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR
HOUSE EDUCATION COMMITTEE SUBSTITUTE FOR
HOUSE BILL 19**

Bill Summary:

CS/CS HB 19 amends and adds new material to the *Education Technology Equipment Act* (ETEA).

Among its provisions, the bill:

- defines “department” as the Public Education Department (PED);
- expands the definition of “education technology equipment” to include:
 - the “purchase or lease of” software licenses or other technologies and services, maintenance, equipment and computer infrastructure information, techniques, and tools used to implement technology in schools and related facilities; and
 - “expenditures for technical support and training expenses of school district employees who administer education technology projects funded by a lease-purchase arrangement and may include training by contractors”; and
- defines “eligible charter school” as a “locally chartered or state-chartered charter school located within the geographic boundaries of a school district:
 - that timely provides the information necessary to identify the lease-purchase education technology equipment needed in the charter school to be included in the local school board resolution for lease-purchase of education technology equipment; and
 - for which the proposed lease-purchase of education technology equipment is included in the school district’s approved technology master plan.”

CS/CS/HB 19 also adds a new section to the ETEA to require:

- that, on or after July 1, 2015, a school district that assumes a debt through a lease-purchase arrangement under the provisions of the ETEA must provide, to each eligible charter school in the school district, education technology equipment equal in value to an amount that is:

- based upon the net proceeds from the debt after payment of cost of issuing the debt through a lease-purchase arrangement; and
- prorated by the number of students enrolled in the school district and in eligible charter schools as reported by the first reporting date of the prior school year; and
- that, in the case of an approved eligible charter school that had not commenced classroom instruction in the prior school year, the amount must be based on the estimated full-time equivalent enrollment in the first year of instruction, as shown in the approved charter school application, subject to adjustment after the first reporting date.

Finally, CS/CS HB 19 adds language to the ETEA allowing school districts to submit the question of creating debt pursuant to the ETEA to a vote of the qualified electors of the district. If the school board chooses this option, CS/CS HB 19 requires the school board to abide by the vote of the majority of those voting on the question.

Fiscal Impact:

CS/CS HB 19 does not contain an appropriation.

Fiscal Issues:

Currently, the ETEA, along with provisions in the Constitution of the State of New Mexico, states that a school district may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the school district (see “Background,” below). As further discussed below, school districts generate the revenue to pay for this equipment through the sale of Education Technology Notes (ETNs).

According to PED:

- school districts that generate revenue through the sale of ETNs “keep the entire amount generated and do not distribute proceeds to charter schools located within their physical boundaries”; and
- these ETNs are sold using the district’s property tax capacity, which includes property owned by parents of children who attend charter schools; therefore, “an argument can be made that a portion of the proceeds received from the sale of ETNs should be distributed to those charter schools located within the district boundaries.”

On this last point raised by PED, it may be important to note that charter school enrollment is not limited to the same geographic boundaries that school districts must follow. Therefore, parents may not necessarily pay property taxes in the school district in which their student’s charter school is located.

According to PED, there are 17 school districts that utilize ETNs for technology equipment; among them, there are eight school districts that have at least one charter school residing within the school district’s boundaries:

1. Albuquerque Public Schools;
2. Carlsbad Municipal Schools;
3. Cimarron Municipal Schools;

4. Farmington Municipal Schools;
5. Gadsden Independent Schools;
6. Questa Independent Schools;
7. Santa Fe Public Schools; and
8. Taos Municipal Schools.

Background:

Education Technology Equipment Act

The purpose of the ETEA is to implement a provision of Article IX, Section 11 of the Constitution of the State of New Mexico, which declares that a school district may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the school district.

Technology for Education Act

The purpose of the *Technology for Education Act* is to:

- establish the Education Technology Bureau within PED;
- outline functions and duties of the Education Technology Bureau, including:
 - assist school districts to develop and implement a strategic, long-term plan for utilizing education technology in the classroom; and
 - recommend funding mechanisms that will support the development and maintenance of an effective education technology infrastructure in the state;
- create the Council on Technology in Education with 17 members appointed by PED for terms of four years; and
- create the Educational Technology Fund and the Educational Technology Deficiency Correction Fund in the State Treasury.

Public School Capital Improvements Act

The purpose of the *Public School Capital Improvements Act* (commonly known as SB 9), or the “two-mill levy,” is to create a funding mechanism that allows districts to ask local voters to approve a property levy of up to two mills for a maximum of six years. Funds generated through imposition of the two-mill levy must be used for:

- building, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- purchasing or improving public school grounds;
- maintaining public school buildings or public school grounds, including the purchasing or repairing of maintenance equipment, participating in the facility information management system as required by the *Public School Capital Outlay Act*, and including payments under contract with regional education cooperatives for maintenance support services and expenditures for technical training and certification for maintenance and facilities management personnel, but excluding salary expenses of school district employees;
- purchasing activity vehicles for transporting students to extracurricular activities; and
- purchasing computer software and hardware for student use in public school classrooms.

Public School Buildings Act

The *Public School Buildings Act* (commonly known as HB 33) 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. Subject to certain limitations, these funds are to be used for:

- building, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- payments made pursuant to a financing agreement between 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;
- purchasing or improving public school grounds;
- purchasing activity vehicles for transporting students to and from extracurricular activities, provided that this authorization for expenditure does not apply to school districts with a student membership greater than 60,000; or
- administering projects, 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 do not exceed 5.0 percent of the total project costs.

Both the *Public School Capital Improvements Act* and the *Public School Buildings Act* contain provisions for the inclusion of charter schools.

Committee Referrals:

HEC/HAFC/SEC/SFC

Related Bills:

HB 382 *Some Debt Questions to School District Voters*

CS/SB 8 *Charter School Education Tech Equipment (Identical)*