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HOUSE BILL 492

52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015

INTRODUCED BY

W. Ken Martinez

AN ACT

RELATING TO EDUCATION FINANCE; REDUCING THE STATE EQUALIZATION
GUARANTEE DISTRIBUTION RELIANCE ON CERTAIN FEDERAL FUNDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 22-8-25 NMSA 1978 (being Laws 1981,
Chapter 176, Section 5, as amended) is amended to read:

"22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--
DEFINITIONS--DETERMINATION OF AMOUNT.--

A. The state equalization guarantee distribution is
that amount of money distributed to each school district to
ensure that its operating revenue, including its local and
federal revenues as defined in this section, is at least equal
to the school district's program cost. For state-chartered
charter schools, the state equalization guarantee distribution
is the difference between the state-chartered charter school's

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1 program cost and the two percent withheld by the department for
2 administrative services.

3 B. "Local revenue", as used in this section, means
4 seventy-five percent of receipts to the school district derived
5 from that amount produced by a school district property tax
6 applied at the rate of fifty cents (\$.50) to each one thousand
7 dollars (\$1,000) of net taxable value of property allocated to
8 the school district and to the assessed value of products
9 severed and sold in the school district as determined under the
10 Oil and Gas Ad Valorem Production Tax Act and upon the assessed
11 value of equipment in the school district as determined under
12 the Oil and Gas Production Equipment Ad Valorem Tax Act.

13 C. "Federal revenue", as used in this section,
14 means receipts to the school district, excluding amounts that,
15 if taken into account in the computation of the state
16 equalization guarantee distribution, result, under federal law
17 or regulations, in a reduction in or elimination of federal
18 school funding otherwise receivable by the school district,
19 derived from the following:

20 (1) seventy-five percent of the school
21 district's share of forest reserve funds distributed in
22 accordance with Section 22-8-33 NMSA 1978; and

23 (2) ~~[seventy-five percent]~~ the following
24 percentages of grants from the federal government as assistance
25 to those areas affected by federal activity authorized in

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1 accordance with Title 20 of the United States Code, commonly
2 known as "PL 874 funds" or "impact aid":

3 (a) seventy-five percent through June
4 30, 2015;

5 (b) sixty percent from July 1, 2015
6 through June 30, 2016;

7 (c) forty-five percent from July 1, 2016
8 through June 30, 2017;

9 (d) thirty percent from July 1, 2017
10 through June 30, 2018;

11 (e) fifteen percent from July 1, 2018
12 through June 30, 2019; and

13 (f) zero percent beginning on July 1,
14 2020 and in subsequent fiscal years.

15 D. To determine the amount of the state
16 equalization guarantee distribution, the department shall:

17 (1) calculate the number of program units to
18 which each school district or charter school is entitled using
19 an average of the MEM on the second and third reporting dates
20 of the prior year; or

21 (2) calculate the number of program units to
22 which a school district or charter school operating under an
23 approved year-round school calendar is entitled using an
24 average of the MEM on appropriate dates established by the
25 department; or

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1 (3) calculate the number of program units to
2 which a school district or charter school with a MEM of two
3 hundred or less is entitled by using an average of the MEM on
4 the second and third reporting dates of the prior year or the
5 fortieth day of the current year, whichever is greater; and

6 (4) using the results of the calculations in
7 Paragraph (1), (2) or (3) of this subsection and the
8 instructional staff training and experience index from the
9 October report of the prior school year, establish a total
10 program cost of the school district or charter school;

11 (5) for school districts, calculate the local
12 and federal revenues as defined in this section;

13 (6) deduct the sum of the calculations made in
14 Paragraph (5) of this subsection from the program cost
15 established in Paragraph (4) of this subsection;

16 (7) deduct the total amount of guaranteed
17 energy savings contract payments that the department determines
18 will be made to the school district from the public school
19 utility conservation fund during the fiscal year for which the
20 state equalization guarantee distribution is being computed;
21 and

22 (8) deduct ninety percent of the amount
23 certified for the school district by the department pursuant to
24 the Energy Efficiency and Renewable Energy Bonding Act.

25 E. Reduction of a school district's state

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1 equalization guarantee distribution shall cease when the school
2 district's cumulative reductions equal its proportional share
3 of the cumulative debt service payments necessary to service
4 the bonds issued pursuant to the Energy Efficiency and
5 Renewable Energy Bonding Act.

6 F. The amount of the state equalization guarantee
7 distribution to which a school district is entitled is the
8 balance remaining after the deductions made in Paragraphs (6)
9 through (8) of Subsection D of this section.

10 G. The state equalization guarantee distribution
11 shall be distributed prior to June 30 of each fiscal year. The
12 calculation shall be based on the local and federal revenues
13 specified in this section received from June 1 of the previous
14 fiscal year through May 31 of the fiscal year for which the
15 state equalization guarantee distribution is being computed.
16 In the event that a school district or charter school has
17 received more state equalization guarantee funds than its
18 entitlement, a refund shall be made by the school district or
19 charter school to the state general fund."