

1 A MEMORIAL

2 REQUESTING THAT THE LEGISLATIVE FINANCE COMMITTEE AND THE
3 LEGISLATIVE EDUCATION STUDY COMMITTEE, TOGETHER WITH THE
4 PUBLIC EDUCATION DEPARTMENT, THE DEPARTMENT OF FINANCE AND
5 ADMINISTRATION, THE PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL AND
6 REPRESENTATIVES OF STAKEHOLDER GROUPS, STUDY THE PROVISIONS
7 OF THE PUBLIC SCHOOL CODE RELATING TO FEDERAL IMPACT AID AND
8 OTHER FEDERAL PAYMENT-IN-LIEU-OF-TAXES PROVISIONS; THE
9 PUBLIC SCHOOL FUNDING FORMULA SIZE ADJUSTMENT FACTOR
10 RELATING TO POPULATION CENTERS AND RURAL, ISOLATED SCHOOLS
11 IN THE SAME SCHOOL DISTRICT; THE EFFECT OF FEDERAL
12 "SEQUESTRATION" OF FUNDS; AND RELEVANT CHANGES IN FEDERAL
13 AND STATE LAW SINCE IMPLEMENTATION OF THE PUBLIC SCHOOL
14 CAPITAL OUTLAY
15 STANDARDS-BASED PROCESS.

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17 WHEREAS, many local school districts across the
18 United States include within their boundaries parcels of
19 land that are owned by the federal government or that have
20 been removed from the local tax rolls by the federal
21 government, including Indian lands; and

22 WHEREAS, these school districts face special challenges
23 in providing a quality education to children living on
24 Indian lands and federal lands, such as military bases and
25 other federal installations; and

1 WHEREAS, until the mid-1970s, almost all school
2 districts in the United States relied primarily on property
3 tax receipts for both their operational and capital outlay
4 expenditures; and

5 WHEREAS, in 1950, President Harry S. Truman signed
6 federal legislation that provides impact aid funds for
7 general operational purposes to school districts burdened by
8 an inability to raise substantial property taxes; and

9 WHEREAS, a total of twenty-nine New Mexico school
10 districts have a portion of tax-exempt lands, such as
11 military bases, Indian lands, low-rent housing properties or
12 other federal properties, and, to a lesser extent,
13 concentrations of children who have parents in the uniformed
14 services or who are employed on eligible federal properties
15 but do not live on federal property; and

16 WHEREAS, in 1974, the New Mexico legislature passed and
17 the governor signed into law an equalized public school
18 operational funding formula that relies on the tax resources
19 of the entire state rather than the property tax wealth of
20 individual school districts; and

21 WHEREAS, during the same time, New Mexico experienced
22 what could be described as solid and reliable revenue
23 growth; and

24 WHEREAS, using a combination of other tax resources and
25 property taxes, New Mexico was able to fund its public

1 school districts through a state equalization guarantee
2 provision in the operational funding formula; and

3 WHEREAS, in 1981, the legislature enacted and the
4 governor signed tax relief bills that became known as the
5 "Big Mac", named after one of the bills' sponsors,
6 Representative Colin McMillan of Roswell; and

7 WHEREAS, provisions of the Big Mac reduced the property
8 tax rate for school districts from eight dollars ninety-two
9 and one-half cents (\$8.925) per one thousand dollars
10 (\$1,000) in taxable valuation to fifty cents (\$.50), making
11 property tax no longer a source of public school funding and
12 requiring public school operations to be funded almost
13 entirely by the state's general fund; and

14 WHEREAS, as a result, New Mexico has avoided the
15 litigation that many states using local funding for public
16 schools have faced; and

17 WHEREAS, since school districts no longer relied on
18 property taxes to fund public schools, state law was amended
19 to allow the state to take credit for ninety-five percent of
20 all impact aid basic support payments while taking no credit
21 for special education students and students residing on
22 Indian lands; and

23 WHEREAS, New Mexico school districts continued to rely
24 primarily on locally generated property taxes to fund their
25 capital outlay needs; and

1 WHEREAS, in 2000, a state district court found that
2 New Mexico's method for funding public school capital outlay
3 violated the state constitution's requirement for
4 establishment and maintenance of a "uniform" and
5 "sufficient" free public school system; and

6 WHEREAS, from 2003 to the present time, public school
7 capital outlay funding has been based on a needs-based
8 sliding scale, with districts that have a greater need and
9 that have made a local match commitment receiving priority
10 in funding requests;

11 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE
12 STATE OF NEW MEXICO that the legislative finance committee
13 and the legislative education study committee, together with
14 the public education department, the department of finance
15 and administration, the public school capital outlay council
16 and representatives of the public school facilities
17 authority, the New Mexico association of school business
18 officials and the New Mexico coalition of educational
19 leaders to study the provisions of federal and state laws
20 related to federal impact aid and payment in lieu of taxes,
21 the effect of federal "sequestration" of funds and the so-
22 called "sparsity factor" in the public school funding
23 formula in light of changes in federal and state law since
24 the 2003 implementation of the standards-based capital
25 outlay funding formula; and

1 BE IT FURTHER RESOLVED that the results of this study
2 be reported to the legislative finance committee, the
3 legislative education study committee and the governor
4 before the 2016 legislative session; and

5 BE IT FURTHER RESOLVED that copies of this memorial be
6 transmitted to the respective directors of the legislative
7 finance committee and the legislative education study
8 committee, the respective secretaries of public education
9 and finance and administration, the director of the public
10 school facilities authority and the respective executive
11 directors of the New Mexico association of school business
12 officials and the New Mexico coalition of educational
13 leaders.

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