

HOUSE MEMORIAL 133

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

INTRODUCED BY

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A MEMORIAL

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

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

4 WHEREAS, these school districts face special challenges in  
5 providing a quality education to children living on Indian  
6 lands and federal lands, such as military bases and other  
7 federal installations; and

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

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

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

22 WHEREAS, in 1974, the New Mexico legislature passed and  
23 the governor signed into law an equalized public school  
24 operational funding formula that relies on the tax resources of  
25 the entire state rather than the property tax wealth of

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1 individual school districts; and

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

4 WHEREAS, using a combination of other tax resources and  
5 property taxes, New Mexico was able to fund its public school  
6 districts through a state equalization guarantee provision in  
7 the operational funding formula; and

8 WHEREAS, in 1981, the legislature enacted and the governor  
9 signed tax relief bills that became known as the "Big Mac",  
10 named after one of the bills' sponsors, Representative Colin  
11 McMillan of Roswell; and

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

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

22 WHEREAS, since school districts no longer relied on  
23 property taxes to fund public schools, state law was amended to  
24 allow the state to take credit for ninety-five percent of all  
25 impact aid basic support payments while taking no credit for

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1 special education students and students residing on Indian  
2 lands; and

3 WHEREAS, New Mexico school districts continued to rely  
4 primarily on locally generated property taxes to fund their  
5 capital outlay needs; and

6 WHEREAS, in 2000, a state district court found that New  
7 Mexico's method for funding public school capital outlay  
8 violated the state constitution's requirement for establishment  
9 and maintenance of a "uniform" and "sufficient" free public  
10 school system; and

11 WHEREAS, from 2003 to the present time, public school  
12 capital outlay funding has been based on a needs-based sliding  
13 scale, with districts that have a greater need and that have  
14 made a local match commitment receiving priority in funding  
15 requests;

16 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF  
17 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the legislative  
18 finance committee and the legislative education study  
19 committee, together with the public education department, the  
20 department of finance and administration, the public school  
21 capital outlay council and representatives of the public school  
22 facilities authority, the New Mexico association of school  
23 business officials and the New Mexico coalition of educational  
24 leaders to study the provisions of federal and state laws  
25 related to federal impact aid and payment in lieu of taxes, the

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1 effect of federal "sequestration" of funds and the so-called  
2 "sparsity factor" in the public school funding formula in light  
3 of changes in federal and state law since the 2003  
4 implementation of the standards-based capital outlay funding  
5 formula; and

6 BE IT FURTHER RESOLVED that the results of this study be  
7 reported to the legislative finance committee, the legislative  
8 education study committee and the governor before the 2016  
9 legislative session; and

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