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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/17

SPONSOR Stewart LAST UPDATED _____ HB _____

SHORT TITLE Statewide Millage for School Funding, CA SJR 6

ANALYST Romero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY20		
\$113,845.1	\$113,845.1	\$113,845.1	Recurring	Common School Current Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)
 Office of the Attorney General (AGO)
 Department of Finance and Administration (DFA)
 Public Education Department (PED)

SUMMARY

Synopsis of Joint Resolution

This joint resolution proposes an amendment to Article 8, Section 2 of the Constitution of New Mexico to increase the statewide maximum property tax levy for operational purposes from 20 mills annually to 22 mills (\$22.00 per \$1,000 of net taxable value). The increase of 2 mills would be imposed statewide and solely used for public school support through the state equalization guarantee (SEG) funding formula.

SJR6 also clarifies the constitutional language which allows laws to be passed authorizing additional tax levies outside of the 22 mill maximum by more accurately defining qualified electors. The statement “who paid a property tax therein during the preceding year” is removed. This revision makes the language consistent with current election practices, which do not require an individual to pay property tax during the preceding year in order to be considered a qualified elector for a mill levy election.

FISCAL IMPLICATIONS

A statewide levy of 2 mills (\$2.00 per \$1,000 of net taxable value) based on Tax Year 2016 final valuations of \$56,922,567,412 would generate approximately \$113,845,135 of operating revenue for public schools, assuming 100 percent collection rate.

SIGNIFICANT ISSUES

If passed by the legislature, SJR6 would then be submitted to the electorate at the next general election, or at any special election prior to that date called for that purpose. It is assumed that any voter approval would become effective on November 6, 2018, which is the date of the next general election.

PED notes, “The provisions of this Joint Resolution focus on the idea that more money is needed for public education rather than ensuring it is used better. Since about 2004, more than \$1 billion has been introduced into public education and all of that money has not resulted on more instructional days nor improved student achievement. It is not always about the money but rather how it is spent. Rio Rancho and Hobbs are continuously at the lower end of per pupil distributions from the SEG yet are among the highest performing districts in the state.”

“The funds raised through these additional two mills are not to be used to supplant the state’s general fund effort to fund public education. Although voter approval is required to implement the increased levy, this will result in higher tax rates on every citizen of New Mexico. Additionally, if the provisions of SJR6 were to amend the Constitution, residential and non-residential property owners would experience increases in their tax bills based on any increases in the assessed valuations of their property.”

ADMINISTRATIVE IMPLICATIONS

The Department of Finance and Administration, along with local county treasurers, will be responsible for ensuring amounts related to the statewide property tax increase are properly distributed in the fund enabling available SEG funding that does not fluctuate. Additionally, ensuring no amounts collected are used for any other purpose.

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