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SENATE BILL 130

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

RICHARD M. ROMERO

AN ACT

RELATING TO PUBLIC SCHOOLS; PROVIDING FOR A LOCAL OPTION
PROPERTY TAX FOR SCHOOL DISTRICT OPERATIONAL PURPOSES;
CREATING A FUND; PROVIDING FOR DISTRIBUTION; AMENDING AND
ENACTING SECTIONS OF THE NMSA 1978; MAKING AN APPROPRIATION;
DECLARING AN EMERGENCY.

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

Section 1. [NEW MATERIAL] SHORT TITLE. -- Sections 1
through 7 of this act may be cited as the "Local Operational
School Levy Act".

Section 2. [NEW MATERIAL] DEFINITIONS. -- As used in the
Local Operational School Levy Act:

A. "average daily attendance program costs" means
program costs, as defined in the Public School Finance Act,
for any school district as calculated using membership, as

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1 defined in the Public School Finance Act, on the fortieth, one
2 hundred twentieth and one hundred sixtieth day of the
3 applicable school year in that school district;

4 B. "department" means the state department of
5 public education;

6 C. "local school board" means the governing body
7 of a school district;

8 D. "operational purposes" means those expenditure
9 categories for the general operation of a school district that
10 are defined in state board of education rules for uniform
11 financial accounting and budgeting for New Mexico school
12 districts;

13 E. "superintendent" means the superintendent of
14 public instruction; and

15 F. "taxable value of property" means the sum of
16 the following:

17 (1) the "net taxable value", as that term is
18 defined in the Property Tax Code, of property subject to
19 taxation pursuant to the Property Tax Code;

20 (2) the "assessed value" of "products" as
21 those terms are defined in the Oil and Gas Ad Valorem
22 Production Tax Act;

23 (3) the "assessed value" of "equipment" as
24 those terms are defined in the Oil and Gas Production
25 Equipment Ad Valorem Tax Act; and

1 (4) the "taxable value" of "copper mineral
2 property" as those terms are defined in the Copper Production
3 Ad Valorem Tax Act.

4 Section 3. [NEW MATERIAL] LOCAL SCHOOL BOARD--
5 AUTHORIZATION TO IMPOSE A TAX FOR SCHOOL DISTRICT OPERATIONAL
6 PURPOSES-- RESOLUTION-- ELECTION REQUIRED. --

7 A. A local school board may adopt a resolution
8 authorizing, for school district operational purposes, the
9 imposition of a property tax upon the taxable value of
10 property in the school district. The total tax imposition
11 that may be authorized under the Local Operational School Levy
12 Act shall not exceed a rate of four dollars (\$4.00) on each
13 one thousand dollars (\$1,000) of taxable value of property in
14 the school district.

15 B. The tax authorized pursuant to Subsection A of
16 this section shall not be imposed unless the question of
17 authorizing the imposition of the tax is submitted to the
18 voters of the district. The local school board shall not
19 submit to the voters at any one election a question
20 authorizing the imposition of a tax under the Local
21 Operational School Levy Act at a rate greater than two dollars
22 (\$2.00) on each one thousand dollars (\$1,000) of taxable value
23 of property in the school district or for a period of more
24 than ten years. However, if a tax is imposed pursuant to
25 approval at a special school district election prior to the

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1 1999 regular school district election, the period for which
2 the tax is imposed shall be for a period ending no later than
3 December 31, 2007.

4 C. During the three years prior to the expiration
5 of any period during which a tax has been authorized to be
6 imposed pursuant to the Local Operational School Levy Act, the
7 local school board may adopt a resolution pursuant to
8 Subsection A of this section and submit to the voters of the
9 district the question of authorizing the imposition of a tax
10 pursuant to that act for an additional period not to exceed
11 ten years with the tax to be certified and first imposed for
12 the period immediately succeeding the last year of the period
13 the tax was previously authorized to be imposed.

14 D. Any resolution adopted pursuant to Subsection A
15 of this section shall specify:

- 16 (1) the rate of the proposed tax;
- 17 (2) the date a referendum will be held to
18 submit the question of imposition of the tax to the voters of
19 the school district;
- 20 (3) the period of time the tax is authorized
21 to be imposed; and
- 22 (4) the proposed use of the revenues from the
23 proposed tax.

24 E. The local school board shall mail the
25 superintendent a copy of the resolution authorizing a tax

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1 pursuant to Subsection A of this section within two weeks
2 following its adoption by the local school board.

3 F. Any amounts received by the school district
4 pursuant to the provisions of the Local Operational School
5 Levy Act shall be expended only for operational purposes of
6 the school district.

7 Section 4. [NEW MATERIAL] CONDUCT OF ELECTION--BALLOT.--

8 A. The question of authorizing the imposition of a
9 tax pursuant to the Local Operational School Levy Act shall be
10 submitted to the voters at the first regular school district
11 election following the adoption of a resolution pursuant to
12 Section 3 of the Local Operational School Levy Act. However,
13 if a local school board deems it necessary, it may call a
14 special school district election to submit to the voters the
15 initial question of the authorization of a tax pursuant to the
16 Local Operational School Levy Act. Thereafter, the question
17 of authorizing the imposition of any additional tax pursuant
18 to that act shall be submitted to the voters only at regular
19 school district elections.

20 B. The proclamation calling the election shall be
21 filed and published as required pursuant to the School
22 Election Law and shall specify:

23 (1) the date on which the election will be
24 held;

25 (2) the question of whether the imposition of

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1 a property tax for school district operational purposes shall
2 be authorized pursuant to the Local Operational School Levy
3 Act at a rate not to exceed the rate specified in the
4 authorizing resolution and for the period specified in that
5 resolution;

6 (3) the precincts in each county in which the
7 election is to be held and the location of each polling place;

8 (4) the hours each polling place will be
9 open; and

10 (5) the date and time of the closing of the
11 registration books by the county clerk as required by law.

12 C. The ballot shall include the information
13 specified in Paragraph (2) of Subsection B of this section and
14 shall present the voter the choice of voting "for the local
15 operational school levy" or "against the local operational
16 school levy".

17 D. The election shall be held, conducted and
18 canvassed pursuant to the School Election Law.

19 E. The local school board shall notify the
20 superintendent of the results of the election immediately upon
21 completion of the canvass.

22 F. Any resolution authorizing a tax pursuant to
23 the Local Operational School Levy Act shall be adopted by a
24 date necessary to ensure that the results of the election on
25 the question of imposing the tax shall be certified no later

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1 than June 15 of the property tax year for which the tax rates
2 will first be certified.

3 Section 5. [NEW MATERIAL] IMPOSITION OF TAX--
4 CERTIFICATION BY DEPARTMENT OF FINANCE AND ADMINISTRATION--
5 DISCONTINUANCE OF TAX. --

6 A. If a majority of the voters voting on the
7 question votes for a local operational school levy pursuant to
8 a resolution adopted pursuant to the Local Operational School
9 Levy Act, the tax shall be imposed for the earliest period for
10 which the tax rate may be certified, except as otherwise
11 provided in that act. The tax rate shall be certified by the
12 department of finance and administration and imposed,
13 administered and collected in accordance with the provisions
14 of the Oil and Gas Ad Valorem Production Tax Act, the Oil and
15 Gas Production Equipment Ad Valorem Tax Act, the Copper
16 Production Ad Valorem Tax Act and the Property Tax Code.

17 B. If a majority of the voters voting on the
18 question votes against a local operational school levy, the
19 tax shall not be imposed. The local school board shall not
20 again adopt a resolution authorizing the imposition of a tax
21 pursuant to the Local Operational School Levy Act for at least
22 two years after the date of the resolution that the voters
23 rejected.

24 C. The department of finance and administration
25 shall not certify the tax rates for taxes authorized pursuant

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1 to the Local Operational School Levy Act in any year in which
2 the superintendent certifies by July 1 of that year that money
3 in the local operational school fund for the next school year
4 is not sufficient to meet the demands on the fund. The tax
5 rates authorized but not certified shall be certified in the
6 first succeeding year for which the necessary appropriation to
7 the local operational school fund for the next school year has
8 been made.

9 D. The department of finance and administration
10 shall not certify the tax rate for a tax authorized pursuant
11 to the Local Operational School Levy Act for any school
12 district in the state in any year in which the state
13 department of public education notifies the department of
14 finance and administration by August 1 that the imposition of
15 the taxes or the use of revenues from the taxes would result
16 in:

17 (1) the failure to qualify for certification
18 by the secretary of the United States department of education
19 as having in effect for the tax year in which the tax would
20 otherwise be imposed, administered and collected a program of
21 state aid that equalizes expenditures for free public
22 education among local educational agencies in the state; or

23 (2) when computed according to 20 U. S. C.
24 7709(d) (1), a proportion of less than eighty percent in any
25 school district.

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1 E. The local school board may discontinue by
2 resolution the imposition of any tax authorized pursuant to
3 the Local Operational School Levy Act. The discontinuance
4 resolution shall be mailed to the department of finance and
5 administration and the superintendent no later than June 15 of
6 the year in which a tax rate pursuant to that act is not to be
7 certified.

8 Section 6. [NEW MATERIAL] LOCAL OPERATIONAL SCHOOL FUND
9 CREATED-- APPROPRIATION.-- There is created in the state
10 treasury the "local operational school fund". The fund shall
11 be invested as other state funds are invested. Earnings on
12 balances in the local operational school fund shall be
13 credited to the fund, and amounts in the fund are appropriated
14 for the purposes of the Local Operational School Levy Act.

15 Section 7. [NEW MATERIAL] STATE GUARANTEE-- STATE
16 DISTRIBUTION-- REMITTANCE OF EXCESS AMOUNTS.--

17 A. The state guarantee for a school district that
18 has imposed a tax pursuant to the Local Operational School
19 Levy Act shall be an amount equal to the product obtained by
20 multiplying two and one-half percent by the tax rate certified
21 pursuant to that act and multiplying that product by the
22 average daily attendance program cost for the school year
23 beginning in any year a tax rate pursuant to that act is
24 certified for that district.

25 B. The state distribution for a district for a

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1 school year is an amount that shall not exceed the state
2 guarantee for that district and that is equal to the amount by
3 which the guarantee exceeds the revenue from the tax imposed
4 in that district pursuant to the Local Operational School Levy
5 Act received during the period beginning June 1 of the year
6 during which a tax rate under that act is certified for the
7 district and ending May 31 of the next year. If a school
8 district is entitled to a state distribution, the
9 superintendent shall distribute the calculated amount from the
10 local operational school fund to the school district not later
11 than June 30 of the calendar year following the year during
12 which the tax rate was certified.

13 C. If the revenue received during the period June
14 1 to May 31 from the imposition of the tax authorized by the
15 Local Operational School Levy Act exceeds the state guarantee
16 for the school year during which the revenue was received, the
17 local school board shall remit to the local operational school
18 fund by June 30 of the school year an amount equal to the sum
19 of the amounts derived from the following three calculations:

20 (1) one-fourth of the amount of revenue that
21 exceeds one hundred twenty-five percent of the state guarantee
22 but is less than one hundred fifty percent of the state
23 guarantee;

24 (2) one-half of the amount of revenue that is
25 one hundred fifty percent or more of the state guarantee but

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1 less than one hundred seventy-five percent of the state
2 guarantee; and

3 (3) three-fourths of the amount of revenue
4 that is one hundred seventy-five percent or more of the state
5 guarantee.

6 D. If the balance in the local operational school
7 fund in any fiscal year is insufficient to pay the sum of the
8 distribution amounts determined to be due to all the school
9 districts entitled to a distribution, the amount necessary to
10 pay all distribution amounts in full shall be transferred from
11 the state-support reserve fund to the local operational school
12 fund for distribution to school districts as required pursuant
13 to this section. However, if there is not a sufficient
14 balance in the state support reserve fund to pay both the full
15 state equalization guarantee distribution and the state
16 distributions pursuant to this section, the state equalization
17 guarantee distribution shall be made in full and, based on the
18 amount available in the local operational school fund, each
19 state distribution amount due pursuant to this section shall
20 be reduced proportionately.

21 E. Distributions to school districts made pursuant
22 to the Local Operational School Levy Act shall be supplemental
23 to state equalization guarantee distributions made pursuant to
24 the Public School Finance Act. In no fiscal year shall the
25 amount of state funding pursuant to the Public School Finance

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1 Act be reduced because of the imposition in one or more school
2 districts of a tax pursuant to the Local Operational School
3 Levy Act. The absence of a distribution to a school district
4 pursuant to that act shall not affect the amount of any state
5 equalization guarantee distributions to that district pursuant
6 to the Public School Finance Act.

7 Section 8. Section 7-37-7.1 NMSA 1978 (being Laws 1979,
8 Chapter 268, Section 1, as amended) is amended to read:

9 "7-37-7.1. ADDITIONAL LIMITATIONS ON PROPERTY TAX
10 RATES. --

11 A. Except as provided in Subsections D and E of
12 this section, in setting the general property tax rates for
13 residential and nonresidential property authorized in
14 Subsection B of Section 7-37-7 NMSA 1978, the other rates and
15 impositions authorized in Paragraphs (2) and (3) of Subsection
16 C of Section 7-37-7 NMSA 1978, except the portion of the rate
17 authorized in Paragraph (1) of Subsection A of Section
18 4-48B-12 NMSA 1978 used to meet the requirements of Section
19 27-10-4 NMSA 1978 and except rates authorized pursuant to the
20 local operational school levy act, and benefit assessments
21 authorized by law to be levied upon net taxable value of
22 property, assessed value or a similar term, neither the
23 department of finance and administration nor any other entity
24 authorized to set or impose a rate or assessment shall set a
25 rate or impose a tax or assessment that will produce revenue

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1 from either residential or nonresidential property in a
2 particular governmental unit in excess of the sum of a dollar
3 amount derived by multiplying the appropriate growth control
4 factor by the revenue due from the imposition on residential
5 or nonresidential property, as appropriate, for the prior
6 property tax year in the governmental unit of the rate,
7 imposition or assessment for the specified purpose plus, for
8 the calculation for the rate authorized for county operating
9 purposes by Subsection B of Section 7-37-7 NMSA 1978 with
10 respect to residential property, any applicable tax rebate
11 adjustment. The calculation described in this subsection
12 shall be separately made for residential and nonresidential
13 property. Except as provided in Subsections D and E of this
14 section, no tax rate or benefit assessment that will produce
15 revenue from either class of property in a particular
16 governmental unit in excess of the dollar amount allowed by
17 the calculation shall be set or imposed. The rates imposed
18 pursuant to Sections 7-32-4 and 7-34-4 NMSA 1978 shall be the
19 rates for nonresidential property that would have been imposed
20 but for the limitations in this section. As used in this
21 section, "growth control factor" is a percentage equal to the
22 sum of "percent change I" plus V where:

$$(1) \quad V = \frac{\text{base year value} + \text{net new value}}{\text{base year value}},$$

23
24 expressed as a percentage, but if the percentage calculated is
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1 less than one hundred percent, then V shall be set and used as
2 one hundred percent;

3 (2) "base year value" means the value for
4 property taxation purposes of all residential or
5 nonresidential property, as appropriate, subject to valuation
6 under the Property Tax Code in the governmental unit for the
7 specified purpose in the prior property tax year;

8 (3) "net new value" means the additional
9 value of residential or nonresidential property, as
10 appropriate, for property taxation purposes placed on the
11 property tax schedule in the current year resulting from the
12 elements in Subparagraphs (a) through (d) of this paragraph
13 reduced by the value of residential or nonresidential
14 property, as appropriate, removed from the property tax
15 schedule in the current year and, if applicable, the
16 reductions described in Subparagraph (e) of this paragraph:

17 (a) residential or nonresidential
18 property, as appropriate, valued in the current year that was
19 not valued at all in the prior year;

20 (b) improvements to existing
21 residential or nonresidential property, as appropriate;

22 (c) additions to residential or
23 nonresidential property, as appropriate, or values that were
24 omitted from previous years' property tax schedules even if
25 part or all of the property was included on the schedule, but

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1 no additions of values attributable to valuation maintenance
2 programs or reappraisal programs shall be included;

3 (d) additions to nonresidential
4 property due to increases in annual net production values of
5 mineral property valued in accordance with Section 7-36-23 or
6 7-36-25 NMSA 1978 or due to increases in market value of
7 mineral property valued in accordance with Section 7-36-24
8 NMSA 1978; and

9 (e) reductions to nonresidential
10 property due to decreases in annual net production values of
11 mineral property valued in accordance with Section 7-36-23 or
12 7-36-25 NMSA 1978 or due to decreases in market value of
13 mineral property valued in accordance with Section 7-36-24
14 NMSA 1978; and

15 (4) "percent change I" means a percent not in
16 excess of five percent that is derived by dividing the annual
17 implicit price deflator index for state and local government
18 purchases of goods and services, as published in the United
19 States department of commerce monthly publication entitled
20 "survey of current business" or any successor publication, for
21 the calendar year next preceding the prior calendar year into
22 the difference between the prior year's comparable annual
23 index and that next preceding year's annual index if that
24 difference is an increase, and if the difference is a
25 decrease, the "percent change I" is zero. In the event that

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1 the annual implicit price deflator index for state and local
2 government purchases of goods and services is no longer
3 prepared or published by the United States department of
4 commerce, the department shall adopt by regulation the use of
5 any comparable index prepared by any agency of the United
6 States.

7 B. If, as a result of the application of the
8 limitation imposed under Subsection A of this section, a
9 property tax rate for residential or nonresidential property,
10 as appropriate, authorized in Subsection B of Section 7-37-7
11 NMSA 1978 is reduced below the maximum rate authorized in that
12 subsection, no governmental unit or entity authorized to
13 impose a tax rate under Paragraph (2) of Subsection C of
14 Section 7-37-7 NMSA 1978 shall impose any portion of the rate
15 representing the difference between a maximum rate authorized
16 under Subsection B of Section 7-37-7 NMSA 1978 and the reduced
17 rate resulting from the application of the limitation imposed
18 under Subsection A of this section.

19 C. If the net new values necessary to make the
20 computation required under Subsection A of this section are
21 not available for any governmental unit at the time the
22 calculation must be made, the department of finance and
23 administration shall use a zero amount for net new values when
24 making the computation for the governmental unit.

25 D. Any part of the maximum tax rate authorized for

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1 each governmental unit for residential and nonresidential
2 property by Subsection B of Section 7-37-7 NMSA 1978 that is
3 not imposed for a governmental unit for any property tax year
4 for reasons other than the limitation required under
5 Subsection A of this section may be authorized by the
6 department of finance and administration to be imposed for
7 that governmental unit for residential and nonresidential
8 property for the following tax year subject to the restriction
9 of Subsection D of Section 7-38-33 NMSA 1978.

10 E. If the base year value necessary to make the
11 computation required under Subsection A of this section is not
12 available for any governmental unit at the time the
13 calculation must be made, the department of finance and
14 administration shall set a rate for residential and
15 nonresidential property that will produce in that governmental
16 unit a dollar amount that is not in excess of the property tax
17 revenue due for all property for the prior property tax year
18 for the specified purpose of that rate in that governmental
19 unit.

20 F. For the purposes of this section:

21 (1) "nonresidential property" does not
22 include any property upon which taxes are imposed pursuant to
23 the Oil and Gas Ad Valorem Production Tax Act, the Oil and Gas
24 Production Equipment Ad Valorem Tax Act or the Copper
25 Production Ad Valorem Tax Act; and

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1 (2) "tax rebate adjustment" means, for those
2 counties that have an ordinance in effect providing the
3 property tax rebate pursuant to the Income Tax Act for the
4 property tax year and that have not imposed for the property
5 tax year either a property tax, the revenue from which is
6 pledged for payment of the income tax revenue reduction
7 resulting from the provision of the property tax rebate, or a
8 property transfer tax, the estimated amount of the property
9 tax rebate to be allowed with respect to the property tax
10 year, and for any other governmental unit or purpose, zero;
11 provided that any estimate of property tax rebate to be
12 allowed is subject to review for appropriateness and approval
13 by the department of finance and administration. "

14 Section 9. Section 22-8-25 NMSA 1978 (being Laws 1981,
15 Chapter 176, Section 5, as amended) is amended to read:

16 "22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--
17 DEFINITIONS-- DETERMINATION OF AMOUNT. --

18 A. The state equalization guarantee distribution
19 is that amount of money distributed to each school district to
20 ensure that the school district's operating revenue, including
21 its local and federal revenues as defined in this section, is
22 at least equal to the school district's program cost.

23 B. "Local revenue", as used in this section, means
24 ninety-five percent of receipts to the school district derived
25 from that amount produced by a school district property tax

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1 applied at the rate of fifty cents (\$.50) to each one thousand
2 dollars (\$1,000) of net taxable value of property allocated to
3 the school district and to the assessed value of products
4 severed and sold in the school district as determined under
5 the Oil and Gas Ad Valorem Production Tax Act and upon the
6 assessed value of equipment in the school district as
7 determined under the Oil and Gas Production Equipment Ad
8 Valorem Tax Act.

9 C. "Federal revenue", as used in this section,
10 excludes amounts that if taken into consideration in the
11 computation of the state equalization guarantee distribution
12 will result, under federal law or regulations, in the
13 reduction or elimination of federal school funding otherwise
14 receivable by the district, and means:

15 (1) ninety-five percent of receipts to the
16 school district [~~excluding amounts which, if taken into~~
17 ~~account in the computation of the state equalization guarantee~~
18 ~~distribution, result, under federal law or regulations, in a~~
19 ~~reduction in or elimination of federal school funding~~
20 ~~otherwise receivable by the school district]~~ derived from the
21 following:

22 [(1)] (a) the school district's share of
23 forest reserve funds distributed in accordance with Section
24 22-8-33 NMSA 1978; and

25 [(2)] (b) grants from the federal government

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1 as assistance to those areas affected by federal activity
2 authorized in accordance with Sections [~~236 through 240~~] 7701
3 through 7714 of Title 20 of the United States Code (commonly
4 known as "PL 874 funds") or an amount equal to the revenue the
5 district was entitled to receive if no application was made
6 for such funds but [~~deducting from those grants the additional~~
7 ~~amounts to which school districts would be entitled because of~~
8 ~~the provisions of Subparagraph (D) of Paragraph (2) of~~
9 ~~Subsection (d) of Section 238 of Title 20 of the United States~~
10 ~~Code~~] excluding from those grants amounts that the state is
11 prohibited by federal law or regulations from taking into
12 consideration in the computation of the state equalization
13 guarantee distribution; or

14 (2) with respect to a school district that
15 receives PL 874 funds and for which a proportion of less than
16 ninety-five percent is calculated for the purpose of taking
17 PL 874 funds into consideration in determining the state
18 equalization guarantee distribution, that lesser proportion of
19 receipts to the school district derived from grants from the
20 federal government as assistance to those areas affected by
21 federal activity authorized in accordance with Sections 7701
22 through 7714 of Title 20 of the United States Code (commonly
23 known as "PL 874 funds") or an amount equal to the revenue the
24 district was entitled to receive if no application was made
25 for such funds but excluding from those grants amounts that

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1 the state is prohibited by federal law or regulations from
2 taking into consideration in the computation of the state
3 equalization guarantee distribution.

4 D. To determine the amount of the state
5 equalization guarantee distribution, the state superintendent
6 shall:

7 (1) calculate the number of program units to
8 which each school district is entitled using the basic program
9 membership of the fortieth day for all programs; provided that
10 special education program units shall be calculated using the
11 membership in special education programs on December 1; or

12 (2) calculate the number of program units to
13 which a school district operating under an approved year-round
14 school calendar is entitled using the basic program membership
15 on an appropriate date established by the state board; or

16 (3) calculate the number of program units to
17 which a school district with a basic program MEM of [200] two
18 hundred or less is entitled by using the basic program
19 membership on the fortieth day of either the prior or the
20 current year, whichever is greater; provided that special
21 education program units shall be calculated using the
22 membership in special education programs on December 1 of
23 either the prior or the current year; and

24 (4) using the results of the calculations in
25 Paragraph (1), (2) or (3) of this subsection and the

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1 instructional staff training and experience index from the
2 October report of the prior school year, establish a total
3 program cost of the school district;

4 (5) calculate the local and federal revenues
5 as defined in this section;

6 (6) deduct the sum of the calculations made
7 in Paragraph (5) of this subsection from the program cost
8 established in Paragraph (4) of this subsection; and

9 (7) deduct the total amount of guaranteed
10 energy savings contract payments that the state superintendent
11 determines will be made to the school district from the
12 [~~public school energy efficiency fund~~] public school utility
13 conservation fund during the fiscal year for which the state
14 equalization guarantee distribution is being computed.

15 E. The amount of the state equalization guarantee
16 distribution to which a school district is entitled is the
17 balance remaining after the deductions made in Paragraphs (6)
18 and (7) of Subsection D of this section.

19 F. The state equalization guarantee distribution
20 shall be distributed prior to June 30 of each fiscal year.
21 The calculation shall be based on the local and federal
22 revenues specified in this section received from June 1 of the
23 previous fiscal year through May 31 of the fiscal year for
24 which the state equalization guarantee distribution is being
25 computed. In the event that a district has received more

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1 state equalization guarantee funds than its entitlement, a
2 refund shall be made by the district to the state general
3 fund.

4 G. Notwithstanding the methods of calculating the
5 state equalization guarantee distribution in this section and
6 Laws 1974, Chapter 8, Section 22, if a school district
7 received funds under Section 2391 of Title 42 USCA and if the
8 federal government takes into consideration grants authorized
9 by Sections [~~236 through 240~~] 7701 through 7714 of Title 20 of
10 the United States Code and all other revenues available to the
11 school district in determining the level of federal support
12 for the school district for the sixty-fourth and succeeding
13 fiscal years, the state equalization guarantee distribution
14 for school districts receiving funds under this subsection
15 shall be computed as follows:

16	fiscal year program cost	prior fiscal year
17	excluding special education	state equalization
18	for the year for which the	x guarantee distribution
19	state equalization guarantee	excluding special
20	<u>distribution is being computed</u>	education
21	prior fiscal year program cost	
22	excluding special education	

23 plus special education funding in accordance with Paragraphs
24 (1), (2) or (3) and (4) of Subsection D of this section and
25 Section 22-8-21 NMSA 1978 plus an amount that would be

Underscored material = new
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1 produced by applying a rate of eight dollars forty-two and
2 one-half cents (\$8.425) to each one thousand dollars (\$1,000)
3 of net taxable value of property as defined in the Property
4 Tax Code for property taxation purposes in the school district
5 and to each one thousand dollars (\$1,000) of the assessed
6 value of products severed and sold in the school district as
7 determined under the Oil and Gas Ad Valorem Production Tax Act
8 and the Copper Production Ad Valorem Tax Act and upon the
9 assessed value of equipment in the school district as
10 determined under the Oil and Gas Production Equipment Ad
11 Valorem Tax Act and then reduced by the total amount of
12 guaranteed energy savings contract payments, if any, that the
13 state superintendent determines will be made to the school
14 district from the [~~public school energy efficiency fund~~]
15 public school utility conservation fund during the fiscal year
16 for which the state equalization guarantee distribution is
17 being computed, equals the fiscal year state equalization
18 guarantee distribution for the year for which the state
19 equalization guarantee distribution is being computed.

20 If at any time grants from the federal government as
21 assistance to those areas affected by federal activity
22 authorized in accordance with Sections [~~236 through 240~~] 7701
23 through 7714 of Title 20 of the United States Code (commonly
24 known as "PL 874 funds") are reduced or are no longer
25 available, the state equalization guarantee distribution shall

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1 be computed by the formula contained in this subsection plus
2 an increase by fifty percent of the amount the prior year's
3 PL 874 funds exceed PL 874 funds for the year for which the
4 state equalization guarantee distribution is being computed."

5 Section 10. Section 22-8-31 NMSA 1978 (being Laws 1967,
6 Chapter 16, Section 84, as amended) is amended to read:

7 "22-8-31. STATE-SUPPORT RESERVE FUND. --

8 A. The "state-support reserve fund" is created.

9 B. The state-support reserve fund shall be used
10 only to augment the appropriations for the state equalization
11 guarantee distribution and the distributions pursuant to the
12 local Operational School Levy Act in order to [~~insure~~] ensure,
13 to the extent of the amount undistributed in the fund, that
14 the maximum figures for such [~~distribution~~] distributions
15 established by law shall not be reduced.

16 C. The undistributed money in the state-support
17 reserve fund shall be invested by the state treasurer in
18 interest-bearing securities of the United States government or
19 in certificates of deposit in qualified banks and in savings
20 and [~~loans~~] loan associations whose deposits are insured with
21 an agency of the United States. The state treasurer may
22 deposit money from the state-support reserve fund or any other
23 fund in one or more accounts with any such bank or federally
24 insured savings and loan association, but the state treasurer,
25 in any official capacity, shall not deposit money from [~~said~~]

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1 that fund or any other fund in any one [~~such~~] federally
2 insured savings and loan association the aggregate of which
3 would exceed the amount of federal savings and loan insurance
4 corporation insurance for a single public account. Income
5 from these investments shall be periodically credited to the
6 general fund.

7 D. At least forty-five days before the money is
8 needed, the [~~chief~~] state superintendent shall notify the
9 state treasurer in writing of the amount that will be needed
10 for the state equalization guarantee distribution. At least
11 twenty-five days before the money is needed, the state
12 superintendent shall notify the state treasurer in writing of
13 the amount that will be needed for transfer to the local
14 operational school fund for distribution pursuant to the Local
15 Operational School Levy Act. The state treasurer shall
16 transfer to the local operational school fund the amount
17 requested or the remaining unencumbered balance in the state-
18 support reserve fund after the state equalization guarantee
19 distribution amount has been subtracted, whichever is less.

20 E. In the event that local or federal revenues as
21 defined in Section [~~77-6-19 NMSA 1953~~] 22-8-25 NMSA 1978 are
22 received after May 31 of the fiscal year for which the state
23 equalization guarantee distribution is being computed and it
24 is therefore necessary to use money from the state-support
25 reserve fund to augment the appropriation for the state

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1 equalization guarantee distribution, the [~~chief~~] state
2 superintendent, upon receipt by the school district of the
3 delayed local or federal revenues, shall deduct the
4 appropriate amount from the current state equalization
5 guarantee distribution to that school district and reimburse
6 the state-support reserve fund in the amount of the deduction.

7 F. It is the intent of the legislature that the
8 state-support reserve fund be reimbursed in the amount of the
9 yearly [~~distribution~~] distributions by appropriation in the
10 year following the distribution so that the fund at the
11 beginning of each fiscal year shall have a credit balance of
12 at least ten million dollars (\$10,000,000).

13 G. Distribution from [~~this~~] the state-support
14 reserve fund shall be made in the same manner and on the same
15 basis as the state equalization guarantee distribution. "

16 Section 11. EMERGENCY.--It is necessary for the public
17 peace, health and safety that this act take effect
18 immediately.

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
3
4
5

6 January 28, 1998
7

8 Mr. President:
9

10 Your COMMITTEES' COMMITTEE, to whom has been referred
11

12 SENATE BILL 130
13

14 has had it under consideration and finds same to be GERMANE, in
15 accordance with constitutional provisions, and thence referred to the
16 EDUCATION COMMITTEE.
17

18
19 Respectfully submitted,
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25 _____
Manny M. Aragon, Chairman

Underscored material = new
~~[bracketed material] = delete~~

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Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

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