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HOUSE BILL 345

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

Mimi Stewart

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; CHANGING THE DEFINITION OF
"LOCAL REVENUE".

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; and
13 seventy-five percent of any other receipts provided to the
14 school district for noncapital purposes and derived from
15 locally imposed gross receipts tax.

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

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

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1 (2) seventy-five percent of grants from the
2 federal government as assistance to those areas affected by
3 federal activity authorized in accordance with Title 20 of the
4 United States Code, commonly known as "PL 874 funds" or "impact
5 aid".

6 D. To determine the amount of the state
7 equalization guarantee distribution, the department shall:

8 (1) calculate the number of program units to
9 which each school district or charter school is entitled using
10 an average of the MEM on the second and third reporting dates
11 of the prior year; or

12 (2) calculate the number of program units to
13 which a school district or charter school operating under an
14 approved year-round school calendar is entitled using an
15 average of the MEM on appropriate dates established by the
16 department; or

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

22 (4) using the results of the calculations in
23 Paragraph (1), (2) or (3) of this subsection and the
24 instructional staff training and experience index from the
25 October report of the prior school year, establish a total

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1 program cost of the school district or charter school;

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

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

7 (7) deduct the total amount of guaranteed
8 energy savings contract payments that the department determines
9 will be made to the school district from the public school
10 utility conservation fund during the fiscal year for which the
11 state equalization guarantee distribution is being computed;
12 and

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

16 E. Reduction of a school district's state
17 equalization guarantee distribution shall cease when the school
18 district's cumulative reductions equal its proportional share
19 of the cumulative debt service payments necessary to service
20 the bonds issued pursuant to the Energy Efficiency and
21 Renewable Energy Bonding Act.

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

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1 G. The state equalization guarantee distribution
2 shall be distributed prior to June 30 of each fiscal year. The
3 calculation shall be based on the local and federal revenues
4 specified in this section received from June 1 of the previous
5 fiscal year through May 31 of the fiscal year for which the
6 state equalization guarantee distribution is being computed.
7 In the event that a school district or charter school has
8 received more state equalization guarantee funds than its
9 entitlement, a refund shall be made by the school district or
10 charter school to the state general fund."

11 **SECTION 2. EFFECTIVE DATE.**--The effective date of the
12 provisions of this act is June 1, 2014.