

LFC Requester:	Gudgel, Rachel
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**AGENCY BILL ANALYSIS
2014 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

And

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original X **Amendment**
Correction **Substitute**

Date January 7, 2014
Bill No: HB13-305 Jan 9

Sponsor: Rep. Sheryl Williams Stapleton **Reviewing** Attorney General's Office
Short School Equalization Guarantee **Person Writing** Joseph Dworak, AAG
Title: "Local Revenue" **Phone:** 827-6986 **Email** jdworak@nmag.gov

SECTION II: FISCAL IMPACT **FOR LFC OFFICIAL PURPOSES******
AGO STAFF SHOULD LEAVE SHADED AREAS BLANK

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Unknown.

Duplicates/Relates to Appropriation in the General Appropriation Act: Unknown.

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY14	FY15	FY16		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to: Unknown.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Opinion Letter. This is a staff analysis in response to the agency’s committee’s or legislator’s request.

BILL SUMMARY

Summary Synopsis: HB 13 proposes revisions to the definition of “local revenue” for calculating a school district’s state equalization guarantee distribution under NMSA 1978, Section 22-8-25. The State Equalization Guarantee Distribution (“SEG”) generally accounts for more than 90 percent of school districts’ operational revenue. The legislation offers three primary modifications to the SEG definition: (1) itemizing the sources of local revenue into four distinguishable line-items; (2) clarifying ad valorem tax revenues by changing the definition of their amount from “assessed value” to “property tax receipts derived from assessed value” of products served and sold and equipment in the school district; and (3) the additional inclusion of any local tax imposed to provide operational funding to a district.

FISCAL IMPLICATIONS WITH ENACTING THIS BILL

SIGNIFICANT LEGAL ISSUES

See Other Substantive Legal Issues, below.

PERFORMANCE IMPLICATIONS WITH ENACTING THIS BILL

ADMINISTRATIVE IMPLICATIONS WITH ENACTING THIS BILL

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP WITH BILLS INTRODUCED THIS SESSION

HB 37 adds language to Section 22-8-25 to prohibit deductions from taking place in the mandated calculation in Section 22-8-25(D)(6) if the school district is entirely within Indian land and those deductions were made pursuant to Section 22-8-25(C)(2). HB 13 and HB 37 do not conflict with one another.

TECHNICAL ISSUES OR DRAFTING ERROR

OTHER SUBSTANTIVE LEGAL ISSUES

The proposed change would incorporate an all-inclusive definition which may prohibit any and all local tax from being levied by a municipality, county, or school district to provide direct funding for a school district's operational costs. The Public School Finance Act, NMSA 1978, Sections 22-8-1 to -48, does not provide for local revenue sources for school districts' operational costs. HB 13's inclusion of the new language would clarify the calculation for the SEG by explicitly requiring any local taxes, whether authorized or not, to be incorporated into the SEG distribution.

ALTERNATIVES TO ENACTING THIS BILL

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Leaving the text of the statute as is should not significantly affect its implementation. Certain ambiguities may remain and readability will not be improved.

AMENDMENTS NEEDED TO IMPROVE THIS BILL