

<b>LFC Requester:</b>	<b>Sunny Liu, LFC</b>
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**AGENCY BILL ANALYSIS  
2018 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)

*and*

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*{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: Date 01/25/18  
**Original**     **Amendment**        **Bill No:** HB39  
**Correction**     **Substitute**   

**Sponsor:** Rep. Monica Youngblood    **Agency Code:** 924  
**Short Title:** SCHOOL DISTRICT TAX REVENUE DISTRIBUTION    **Person Writing:** Marian Rael  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
None Noted			

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: HB-39 requires school districts to distribute the proportionate share of ad valorem tax revenues to charter schools in instances where the taxes are not collected by the local county treasurer and are distributed directly to the school districts by the state. This bill pertains to local taxes from the Public School Capital Improvements Act, also known as SB09(PSCIA) and The Public Buildings Act, also known as HB-33 (PSBA).

**FISCAL IMPLICATIONS**

Provisions contained in HB-39 will ensure that charter schools receive their proportionate share of local taxes generated from the PSCIA and the PSBA. These funds are a major revenue source for charter schools to use for lease purchase arrangements to ensure they are in public buildings. The passage of HB-39 is not additional tax revenue for charter schools; it is simply correcting an unforeseen issue when the PSCIA and the PSBA were originally amended. The intent of the original amendments was to ensure charter schools received their proportionate share of these funds on a membership basis and this bill will ensure this occurs.

**SIGNIFICANT ISSUES**

HB-39 is a friendly amendment to current statute supported by the PED.

In 2007 and 2009 the PSCIA and the PSBA were amended so that charter schools receive a proportionate share of the local taxes pursuant to these Acts (residential, non-residential, gas and oil). After a school district has a successfully conducted an election, the Public Education Department (PED) is required to submit to each local county Treasurer the percentages that should be distributed to the school district and to each charter school that was included in the district's resolution. Since these amendments were made, the PED and every local county treasurer have been carrying out their duties as prescribed in statute.

Last year it was brought to the PED's attention that a particular charter school was not receiving their proportionate share of the gas and oil tax revenues pursuant to these acts because there are certain instances in which the county treasurers do not collect or distribute these taxes. The gas and oil tax revenues pursuant to these acts are collected by the state and then distributed directly to the school districts by the Department of Finance and Administration. This issue never surfaced before because all charter schools currently receiving local tax revenues pursuant to these acts are all in school districts that do not receive gas and oil tax revenues. This issue recently surfaced because a charter school residing in a school district that receives gas and oil

tax revenues was recently included in their school district's resolution however, after the fact, they realized that they were not receiving the appropriate amount of revenue.

PED and local county treasurers are doing exactly what is prescribed in statute pursuant to these Acts. HB-39 is a technical fix to ensure charter schools receive their proportionate share of local gas and oil tax revenues pursuant to the PSCIA and the PSBA because of the distribution mechanism currently in place for these revenues. This is not an issue with county treasurers since they do not receive these revenues for distribution, rather they are distributed directly to school district by the State (see the attached chart for a distribution map).

### **ADMINISTRATIVE IMPLICATIONS**

The PED must ensure school districts are notified regarding the percentage of revenues that should be distributed to their qualifying charter schools within their school districts.