

LFC Requester:	Sunny Liu
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**AGENCY BILL ANALYSIS
2018 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: **Date** 01/30/18
Original **Amendment** **Bill No:** HB41
Correction **Substitute**

Sponsor: Representative James E. Smith **Agency Code:** 924
Senator Daniel A. Ivey-Soto
Short Title: CHARTER SCHOOL FACILITY OWNERSHIP **Person Writing:** Marian Rael
Phone: _____ **Email:** Marian.rael@state.nm.us

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	None		

(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)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			Indeterminate		Recurring	PSCOC Fund

(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-41 adds language to the Charter School Act to require that a non-profit specifically organized for the purpose of providing a facility for a charter school shall enter into a legally binding agreement with the charter school to transfer the title of the building to the charter school after the non-profit obtains title to the facility. Language is also added to require that charter schools obtain this legal agreement prior to the Public School Capital Outlay Council (PSCOC) making lease payment assistance grants to the charter schools. This bill is endorsed by the Public School Capital Outlay Oversight task Force and the Legislative Education Study Committee.

FISCAL IMPLICATIONS

The Lease Assistance program has grown from \$2 million in FY05 to approximately \$14.4 million in FY18. The current Public School Capital Outlay Fund (PSCOF) is funded from the Supplemental Severance Tax Bonds (SSTB’s). This revenue stream was originally dedicated solely for projects under the PSCOA. However in recent years many programs have been added to the act. Currently funds are used to fund the Capital Improvements Act (SB-9), the lease payment assistance program, Construction Industries Division reimbursements, Public School Facilities Authority (PSFA) operating budget, assistance for master facility plans, broadband deficiencies, demolition allocations, school buses, instructional materials and emergency allocations. The annual uses from the fund have increased which means that available revenues for standard based projects are reduced by the additional programs.

ADMINISTRATIVE IMPLICATIONS

The Public School Facilities Authority will be required to review all legal binding agreements between charter schools and their non-profit organizations before Lease Assistance awards are made by the PSCOC.

Of note, if the foundations wish to continue leasing, they could change their agreements to be private lessors and state that suitable public facilities are not available. While that option remains available, any entity trying to controvert the requirement may be able to do so.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP