

<b>LFC Requester:</b>	<b>Graeser</b>
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**PUBLIC EDUCATION DEPARTMENT  
BILL ANALYSIS  
2023 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

*Check all that apply:*

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

**Date Prepared:** 02/21/23

**Bill No:** SB474

**Agency Name  
and Code**

**Number:** PED - 924

**Sponsor:** Shendo

**Person Writing** Gregory Frostad

**Short Title:** SCHOOL DISTRICT IN-LIEU-OF-TAXES

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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
None	None	N/A	NFA

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
None	None	None	N/A	NFA

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	None	None	None	N/A	N/A	NFA

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in the General Appropriation Act: None.

**SECTION III: NARRATIVE**

**BILL SUMMARY**

**Synopsis:** House Bill 474 (HB474) amends the [City Industrial Revenue Bond Act](#) and the [County Industrial Revenue Bond Act](#) to adjust how certain payment-in-lieu-of-taxes payments

are shared among school districts located within the same municipality. The bill requires the in-lieu payment to be allocated as follows:

- 50 percent allocated equally among the school districts in which the project is located;
- 40 percent allocated to the school districts within the municipality in proportion to the area of each school district within the municipality; and
- 10 percent allocated to the school districts in proportion to the average of each school district's student membership reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of the bonds.

The effective date of the bill is July 1, 2023. The bill is applicable to the distribution of pertinent in-lieu tax payments required to be made to school districts on or after January 1, 2023.

### **FISCAL IMPLICATIONS**

The bill does not contain an appropriation.

### **SIGNIFICANT ISSUES**

None.

### **PERFORMANCE IMPLICATIONS**

None.

### **ADMINISTRATIVE IMPLICATIONS**

None.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

### **TECHNICAL ISSUES**

None.

### **OTHER SUBSTANTIVE ISSUES**

According to Investopedia, industrial revenue bonds, sometimes called industrial development bonds, are a class of municipal bonds issued to fund public projects, which then repay investors from the income created by that project. For instance, a toll road or utility can be financed with municipal bonds with creditors' interest and principal repaid from the tolls or fees collected. Revenue bonds, unlike general obligation bonds, are project-specific and are not funded by taxpayers.

### **ALTERNATIVES**

None.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

None.

### **AMENDMENTS**

None.