

<b>LFC Requester:</b>	
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**AGENCY BILL ANALYSIS  
2017 REGULAR SESSION**

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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** 3-6-17  
**Original**  **Amendment**  **Bill No:** HB184hec  
**Correction**  **Substitute**

**Sponsor:** Rep. Monica Youngblood **Agency Code:** 924  
**Short Title:** PROPERTY TAX REVENUE TO CHARTER SCHOOLS **Person Writing:** Aguilar/Ortiz  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
	None Noted		

(Parenthesis ( ) Indicate Expenditure Decreases)

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis of House Education Committee Amendment: In 2007 and 2009 the Public School Capital Improvements Act (PSCIA) and the Public School Buildings Act (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 successful 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 districts resolution. Since these amendments were made the PED and every local county Treasurer have been carrying out their duties as prescribed in statute.

During the interim it was brought to the PED's attention that a charter school was not receiving their proportionate share of the gas and oil tax revenues pursuant to these acts because there are certain instances where 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 the 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 just surfaced because a charter school that resides in a school district that receives gas and oil tax revenues was recently included in their school districts resolution however they noticed they were not receiving the appropriate amount of revenues.

The original bill is simply amending current statute so that all charter schools included in their school districts resolutions will receive a proportionate share of all the revenues collected pursuant to these Acts including the gas and oil tax revenues (see attached chart). During the first hearing of HB-184 in the House Education Committee, a county Treasurer made a comment during the "public comment". She stated that her interpretation of the language proposed in HB-184 insinuated that local county Treasurers were not doing what they were supposed to be doing. Local county Treasurers are in fact doing exactly what is prescribed in statute. HB-184 is simply trying to ensure charter schools are receiving their proportionate share of local gas and oil tax revenues pursuant to the PSCIA and the PSBA which is not currently happening. This is not currently happening due to existing statutes and is at no fault of any county Treasurer. However, due to this comment, HB-184 has been amended to clarify this concern. The intent of the amended bill is exactly the same as the original bill. The amendment is simply changing the language so that it does not imply or appear that charter schools are not receiving their gas and oil tax revenues due to county Treasures not doing their jobs.

Again, HB-184 is a friendly amendment to current statute to support the original intent of the amendments made to the PSCIA and the PSBA made in 2007 and 2009.

Synopsis: HB-184 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 (PSCIA) and The Public Buildings Act (PSBA).

## **FISCAL IMPLICATIONS**

The passage of HB-184 will ensure that charter schools collect 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-184 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 continues to occur.

## **SIGNIFICANT ISSUES**

HB-184 is a friendly amendment to current statute supported by the PED.

In 2007 and 2009 amendments were made to the PSBA and the PSIA. The amendments required school districts to include locally chartered and state chartered charters on the resolution submitted to the qualified electors whenever these tax impositions were renewed. The amendments also required the PED to certify annually to the local county treasurers the percentage of the revenue that should be distributed to each charter school. The percentage is based on 40<sup>th</sup> day membership of the prior year. The county treasurer shall then distribute the charter. These amendments have been in place for over 10 years and have given charter schools access to these respective funds. However, it was recently brought to the attention of the PED that certain charter schools were not receiving their proportionate share of the property tax revenues. After further study by the PED, it was discovered that certain gas and oil tax revenues generated from these two Acts are not always distributed by the local county treasurers. It was further discovered that these revenues are collected by the state and distributed directly to the school districts. Current statute does not take into account these situations where the county treasurers do not collect and distribute certain tax collections. HB-184 is simply requiring school districts to distribute the proportionate share calculated by the PED in instances where the local taxes are distributed directly to the school district. In essence certain school districts will distribute the funds exactly like the county treasurers are required to distribute them.

#### **ADMINISTRATIVE IMPLICATIONS**

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