

LFC Requester:	Sunny Liu
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**AGENCY BILL ANALYSIS
2017 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 2-27-17
Original **Amendment** **Bill No:** HB69a/HTRC/aFl#1
Correction **Substitute**

Sponsor: Rep. Roberto "Bobby" J. Gonzales **Agency Code:** 924
Short Title: EDUCATION TECHNOLOGY IMPROVEMENTS & ADMIN **Person Writing:** Aguilar/Ortiz
Phone: 505-827-6519 **Email:** Paulj.aguilar@state.nm

SECTION II: FISCAL IMPACT

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
None	None	\$111,000.0	Recurring	Local Ad-valorem Taxes

(Parenthesis () Indicate Expenditure Decreases)

Relates to: SB63

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of House Floor Amendment 1: The amendment adds the following uses to the definition of "education technology improvements":

- (2) Internal broadband infrastructure network equipment, systems and end-used devices capable of high-speed access to the internet that include:
 - (a) wireless network systems and access points;
 - (b) local area network and wide area network equipment and systems;
 - (c) content filtering;

- (d) caching;
- (e) mobile hotspot devices; and
- (f) cable or fiber optics;
- (3) infrastructure equipment support warranties;
- (4) high-speed internet access services; and".

Synopsis of House Taxation and Revenue Committee: The original bill attempts to repeal the "Technology for Education Act" (22-15A-1 through 22-15A-13). The amendment strikes the repeal language. The amendment also adds clarifying language that the amount to be distributed to charters should be identified on the "election resolution public proclamation" and not on the actual ballot.

Synopsis: HB-69 is proposing to add a new section to the Public School Code to allow school districts to impose a local tax of up to 2 mills for educational technology improvements.

FISCAL IMPLICATIONS

If HB-69 is enacted it would provide another local tax revenue for school districts to purchase education technology. A local tax of 2 mills could potentially raise \$111 million dollars statewide. (see attached spreadsheet).

SIGNIFICANT ISSUES

With blended learning, personalized learning, and other learning processes taking place, districts and charters need a funding stream to purchase and upgrade computer equipment used in classroom instruction. This legislation allows for technology to be purchased for direct educational impact as well as administrative purposes (e.g. closed circuit TV often used to provide security).

While this can provide a valuable revenue stream for some districts, other districts may not have the capacity to generate funds of any significance earmarked for technology. This legislation has the potential to create an unintended digital divide in the state. Rural areas of the state have the most need for improved technology to access online courses, including AP courses, yet some of these districts have a limited tax base and will not have the capacity to indebt themselves further. This inability to generate funds as a result of the provisions contained in this bill will cause inequities to occur among districts and charter schools.

A similar inequity existed in New Mexico regarding capital funding for public school building that led to the filing of the "Zuni Lawsuit" in 1998. The result of this lawsuit was the legislature dedicating the supplemental severance tax bond capacity of the state to public school facilities. To date, this has resulted in more than \$1 billion dollars diverted for these purposes. The provisions contained in this bill could create a similar environment.

ADMINISTRATIVE IMPLICATIONS

This bill will require the PED to track the election status for those districts choosing to impose an ad-valorem tax for the purposes which can be achieved with existing staff.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates SB-63.

ALTERNATIVES

School districts can continue to use the Technology for Education Act (22-15A-1) and the Public School Capital Improvement Act (Section 22-25-1) to generate funds for technology. An additional solution may be to increase the statewide GOB limit to be used for technology statewide.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

This can provide needed money for technology in some districts. Without the ability to ask for a mill levy dedicated to educational technology, some districts risk falling behind in being able to avail themselves of online learning opportunities such as personalized or blended learning and distance education opportunities.