

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

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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 3/11/17

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

Bill No: HB69a/HTRC/aFl#1/aSEC

Sponsor: Rep. Roberto "Bobby" J. Gonzales
Short Title: EDUCATION TECHNOLOGY IMPROVEMENTS & ADMIN

Agency Code: 924
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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 Senate Education Committee Amendment: The amendment to House Bill 69 adds a new section to the Education Technology Improvements and Administration Act and the Public School Capital Improvements Act that states a school district that levies a tax pursuant to the Educational Technology Improvements and Administration Act shall not simultaneously levy a tax pursuant to the provisions in the Public School Capital Improvements Act.

It appears this amendment does not achieve the intent of the sponsor to ensure school districts do not have a tax pursuant to the Educational Technology Improvements and Administrative Act and the *Education Technology Equipment Act (6-15A-1 NMSA 1978)*. The main purpose of the Public School Capital Improvements Act is for maintenance of school district buildings and not technology. The legislature should consider amending the amendment to change the Public School Improvements Act to the Education Technology Equipment Act.

Currently 87 of the 89 school districts have an approved tax levy in place pursuant to the Public School Capital Improvements Act. If this bill is passed only two school districts will be eligible to impose a tax levy for technology pursuant to the newly created Educational Technology Improvements and Administrative Act within HB-69.

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.