

# Generating Capital Outlay Revenue Through Bond and Mill Levy Elections

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# Sources of Revenue

- General Obligation Bonds\*
  - Capital Improvements (SB9) Taxes\*
  - School Building Act (HB33) Taxes\*
  - Education Technology Equipment Lease-Purchase Arrangements
  - Teacher Housing (Teacherage) Revenue Bonds
  - Tax Anticipation Certificates
  - Bond Anticipation Notes
  - Qualified Zone Academy Bonds
  - Qualified School Construction Bonds
  - Defeasing Bonds
- \* Requires an election

# General Obligation Bonds

## What They Are

- Promissory notes between the taxpayers of the District and the providers of revenue
- Paid from a tax on all taxable property in the District

# General Obligation Bonds

## What Proceeds Can Be Used For

- Erecting, remodeling, making additions to and furnishing school grounds
- Purchasing or improving school grounds
- Purchasing computer software and hardware for student use in public schools
- Providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act
- Any combination of these purposes

# General Obligation Bonds

## What Proceeds Cannot Be Used For

- Salaries or benefits
- Activity buses
- Administrative computer equipment/network

# General Obligation Bonds

## How They Work

- The District holds a bond election
  - If successful, bonds are issued
  - Requires the Attorney General's approval
  - Purchasers are usually financial institutions
  - Must mature/be paid off within 20 years
  - Interest paid annually or semiannually
  - First interest paid not more than 1 year from date of bonds
  - Must be sold within 4 years from date of the election

# Capital Improvements Act (SB9) Taxes

## What They Are

- A tax of up to 2 mills\* of the District's total assessed value
  - Levied for capital improvements in the District
- \* A mill is  $1/10^{\text{th}}$  of a cent or  $1/1000^{\text{th}}$  of a dollar

# Capital Improvements Act (SB9) Taxes

## How They Work

- The District holds a Capital Improvements Tax election
- Tax can be levied for up to 6 years
- Tax is assessed on property within District

# Capital Improvements Act (SB9) Taxes

## What Proceeds Can Be Used For

- Erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings
- Purchasing or improving public school grounds
- Purchasing activity vehicles for transporting students to extracurricular school activities
- Purchasing computer software and hardware for student use in public school classrooms
- Maintenance of public school buildings or public school grounds, including

# Capital Improvements Act (SB9) Taxes

- Purchasing or repairing of maintenance equipment
- Participating in the facility information management system as required by the Public School Capital Outlay Act
- Payments under contracts with regional education cooperatives for maintenance support services
- Expenditures for technical training and certification for maintenance and facilities management personnel
- But excluding salary expenses of District employees

# Capital Improvements Act (SB9) Taxes

## What Proceeds Cannot Be Used for

- Ongoing janitorial expenses
- Building administration
- Constructing teacherages
- Salaries

# School Buildings Act (HB33) Taxes

## What They Are

- A tax of up to 10 mills of the District's total assessed value
- Levied for capital improvements in the District

# School Buildings Act (HB33) Taxes

## How They Work

- The District holds a School Buildings Tax election
- Tax can be levied for up to 6 years
- Tax is assessed on property within District

# School Buildings Act (HB33) Taxes

## What Proceeds Can Be Used For

- A) Erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings
- B) Payments made pursuant to a financing agreement entered into by the District for the leasing of a building or other real property with an option to purchase for a price that is reduced according to payments made
- C) Purchasing or improving public school grounds
- D) Purchasing activity vehicles for transporting students to and from extracurricular school activities

# School Building Act (HB33) Taxes

- Or Administering the projects undertaken pursuant to A) and C) including expenditures for facility maintenance software, project oversight, and District personnel specifically related to administration of projects funded by the Public School Buildings Act provided that expenditures shall not exceed 5% of the total project costs

# School Building Act (HB33) Taxes

What Proceeds Cannot Be Used for

- Computers

# Elections

## Bonding Capacity

- Estimate of how much money the District can raise in a bond election over a particular period of time according to the District's assessed valuation
- Determines size of a bond election
- N.M. Const. art. IX, § 11
- Total Bonding Capacity
  - (District Taxable Value) x .06
- Current Available Bonding Capacity
  - Total Bonding Capacity - Outstanding Debt

# Elections

## Needs

- Use of the proceeds
- Community involvement
  - Blue Ribbon Committee
  - School Community
- New Mexico Public School Facilities Authority

# Elections

## Timing

- Economy
- Impact on community
- Other elections
- Success of other District elections
- Challenges to other District elections

Calendar, page 113

# Education Technology Equipment Lease-Purchase Arrangements

Do Not Require an election

What They Are

- A financial instrument that can be used to provide revenue for education technology equipment for Districts

# Education Technology Equipment Lease-Purchase Arrangements

## How They Work

- A debt is created by the District through certificates of participation or similar instrument
- Paid through local taxes levied on property in the District
- Maturities up to 5 years
- Must be a true lease-purchase arrangement

# Education Technology Equipment Lease-Purchase Arrangements

## What Proceeds Can Be Used For

- Education Technology Equipment, which includes
  - Closed-circuit television systems
  - Educational television and radio broadcasting
  - Cable television
  - Satellite, copper and fiber-optic transmission
  - Computer, video and audio laser and CD ROM discs
  - Video and audio tapes or other technologies

# Education Technology Equipment Lease-Purchase Arrangements

- Improvements, alterations and modifications to, or expansions of, existing buildings or personal property necessary or advisable to house or otherwise accommodate any of the tools listed
- Maintenance, equipment and computer infrastructure information, techniques and tools used to implement technology in schools and related facilities

# Education Technology Equipment Lease- Purchase Arrangements

## What Proceeds Cannot Be Used For

- No stand alone desks or other pieces of furniture
- Must be a nexus between the property and technology tasks

## What They Are Not

- Indefinite

# Resources

Checklists and Step-by-Step Instructions for  
Successful Bond Elections in New Mexico

[www.nmpsfa.org](http://www.nmpsfa.org)