

TITLE 6 PRIMARY AND SECONDARY EDUCATION
CHAPTER 20 PUBLIC SCHOOL FINANCE - BUDGETING AND ACCOUNTING
PART 5 PROCEDURES FOR PROVIDING PUBLIC SCHOOL DISTRICTS WITH FINANCIAL ASSISTANCE REGARDING GENERAL OBLIGATION INDEBTEDNESS

6.20.5.1 ISSUING AGENCY: Public Education Department
[01-15-99; 07-30-99; 6.20.5.1 NMAC - Rn, 6 NMAC 2.2.3.1, 06-14-01; A, 11-13-09]

6.20.5.2 SCOPE: This rule applies to local school boards and local school districts.
[01-15-99; 6.20.5.2 NMAC - Rn, 6 NMAC 2.2.3.2, 06-14-01; A, 11-13-09]

6.20.5.3 STATUTORY AUTHORITY: This rule is promulgated pursuant to Section 22-18A-4, NMSA 1978.
[01-15-99; 6.20.5.3 NMAC - Rn, 6 NMAC 2.2.3.3, 06-14-01; A, 11-13-09]

6.20.5.4 DURATION: Permanent
[01-15-99; 6.20.5.4 NMAC - Rn, 6 NMAC 2.2.3.4, 06-14-01]

6.20.5.5 EFFECTIVE DATE: January 15, 1999
[01-15-99; 6.20.5.5 NMAC - Rn, 6 NMAC 2.2.3.5, 06-14-01]

6.20.5.6 OBJECTIVE: This rule establishes procedures and requirements to provide principal and interest due on outstanding school district general obligation indebtedness in the event ad valorem taxes or other revenues of the public school district are either insufficient or are not received by the public school district at the time due or anticipated.
[01-15-99; 6.20.5.6 NMAC - Rn, 6 NMAC 2.2.3.6, 06-14-01; A, 11-13-09]

6.20.5.7 DEFINITIONS:
A. "School District Loan Act" means the act, Sections 22-18A-1 through 5 NMSA 1978, creating a revolving loan fund to provide loans when property tax proceeds are insufficient to meet debt service on general obligation indebtedness.
B. "Public school district general obligation bond loan fund" means the revolving loan fund created in the state treasury as an additional source for payments of principal and interest due on public school district general obligation indebtedness already incurred or incurred in the future or for payments of any other obligations arising in connection with that indebtedness.
[01-15-99; 6.20.5.7 NMAC - Rn, 6 NMAC 2.2.3.7, 06-14-01]

6.20.5.8 FINANCIAL CRITERIA: If it is determined by the public education department and the department of finance and administration that there are insufficient ad valorem taxes or other public school district revenues to meet a payment of principal or interest due on public school district general obligation indebtedness or to meet any other obligation arising in connection with that indebtedness lawfully payable from ad valorem taxes, or that the receipt of ad valorem taxes or other revenues to be used to make any such payment will be delayed and not available to make the payment when due, the public education department and the department of finance and administration may request the state board of finance to direct a temporary transfer of a sufficient amount of money to the public school district general obligation loan fund so that the payment becoming due may be made and a default avoided.
[01-15-99; 6.20.5.8 NMAC - Rn, 6 NMAC 2.2.3.8, 06-14-01; A, 11-13-09]

6.20.5.9 REQUIREMENTS: Application procedures:
A. A public school district may apply for a loan from the public school district general obligation bond loan fund upon certification by the local board of education that there are insufficient ad valorem taxes or other school district revenues to meet the payment of principal or interest or both, due on the school district's general obligation indebtedness or to meet other obligations arising in connection with that indebtedness lawfully payable from ad valorem taxes, or that the receipt of ad valorem taxes to make such payment will be delayed and not be available to make the payment when due.

B. The application will be made on forms developed by the public education department and will require the following minimum information from the applicant public school district:

(1) a detailed explanation as to the reasons for the public school district's inability to meet its general obligation indebtedness;

(2) a certified statement from the local board of education of the public school district's current financial status;

(3) a detailed explanation on efforts taken by the public school district to generate additional revenues to meet its general obligation indebtedness;

(4) a proposed repayment schedule by the applicant public school district must be submitted with the application; such proposed repayment schedule shall be for a period of time not to exceed five (5) years.

C. The application must be submitted to the public education department forty five (45) days prior to the due date of the payment on the public school district's general obligation indebtedness. An application submitted after the forty-five (45) days will be considered only upon the public education department's determination that the public school district has demonstrated compelling circumstances.

D. The applicant public school district must meet the financial criteria set forth in Sections 8 and 9 of this rule.

E. The applicant shall provide any other information required by the public education department to determine a public school district's eligibility for a loan pursuant to the School District Loan Act.

F. With prior approval from the state board of finance, all loans requested by public school districts from the public school district general obligation bonds loan fund shall be made by the public education department. [01-15-99; 6.20.5.9 NMAC - Rn, 6 NMAC 2.2.3.9, 06-14-01; A, 11-13-09]

6.20.5.10 REPAYMENT PROCEDURES:

A. The loan shall be made for a period of time not to exceed five years with an annual interest rate to be the lesser of five (5) percent or a rate of interest determined by the public education department comply with federal arbitrage requirements.

B. The loan shall be repaid in annual installments as determined by the public education department in consultation with the department of finance and administration.

C. Notwithstanding, the provisions of Subsections A and B of 6.20.5.10 NMAC, loans made to a public school district to meet its general obligation indebtedness due to late or delayed receipts of ad valorem taxes shall be repaid within ten (10) working days following receipt of these taxes in order to reduce interest expenses. [01-15-99; 6.20.5.10 NMAC - Rn, 6 NMAC 2.2.3.10, 06-14-01; A, 11-13-09]

6.20.5.11 SEVERABILITY: If any part or application of this rule is held invalid, the remainder or its application to other situations or persons shall not be affected.

[01-15-99; 6.20.5.11 NMAC - Rn, 6 NMAC 2.2.3.11, 06-14-01; A, 11-13-09]

HISTORY OF 6.20.5 NMAC:

PRE-NMAC HISTORY: The material in this part was derived from that previously filed with the State Records Center and Archives under: State Board of Education Regulation 89-3, Procedures For Providing Public School Districts With Financial Assistance To Meet Debt Service On General Obligation Indebtedness, filed July 14, 1989.