# Tax question looms for APS voters

##### **BY**[**SHELBY PEREA / JOURNAL STAFF WRITER**](https://www.abqjournal.com/author/sperea)

###### **Monday, January 7th, 2019 at 12:02am**

*Copyright © 2019 Albuquerque Journal*

In the coming weeks, residents within Albuquerque Public Schools’ district boundaries will cast their ballots on whether a property tax rate increase moves forward or not.

There’s a total of $900 million on the line for APS in this special election, with the money earmarked for construction, maintenance, security, instructional equipment and technology.

Superintendent Raquel Reedy said the election is about looking to the future and investing in the community.

“Here we are. We are coming to the community. These buildings, this school district is the community’s,” she said in an interview with the Journal. “They have paid in the past and voted saying, ‘Yes, go forth and build the best schools you can.’ And we have … we are trying to keep those buildings up and provide the best learning environment for our students.”

But the debate between supporters and opponents rages on with some saying it’s an investment in the future of students and a way to help ensure equity across the district, while others say property taxes are already too high and point out that the district gets the second highest cut of property tax revenue.

Local experts even disagree on the scope of the tax rate increase.

Chris Erickson, interim head of New Mexico State University’s Economics, Applied Statistics and International Business Department, called the proposed increase “modest” and encouraged voters to analyze the pros, cons and long-term effects. But Allen Parkman, regents’ professor emeritus of Management at the University of New Mexico, disagrees that it would be a modest increase and questions the need for it at all.

APS is proposing upping its tax rate from 10.45 to 12.45 – a 19 percent jump. As a result, residents could expect their combined property taxes to go up an average of 4.7 percent.

For a $220,000 home, APS has said its proposed tax increase will add another $147 to the tax bill a year.

APS has more than $1 billion in school improvements in the queue for the next six years. But to get those projects done, it says voters need to sign off on all three questions on the ballot. That would raise an estimated $700 million in tax revenue over the next six years and another $200 million in bond sales.

The capital plan calls for 11 new projects and 23 ongoing projects. In addition, the money would go to an array of other needs, from about $20 million for school security measures to technology and instructional materials for students.

APS officials say that since last year’s Parkland school massacre – in which 17 people were killed in Florida – they’re feeling a sense of urgency to get the security improvements done as quickly as possible. Such measures range from card-key access and fencing to secure front entryways.

Some opponents have criticized APS’ capital master plan priorities, pointing to the $22.3 million Berna Facio Teacher and Professional Development Facility that is under construction on Louisiana NE. They question why that money was spent on a training center instead of on badly needed school renovations that would directly help students. APS officials say the facility gives the district a much-needed training space for educators.

Reedy said it’s a catch-22 because people want the best teachers and, yet, APS is getting pushback on a center that’s aimed at professional development for those teachers. She said the center alleviates renting costs in the future and the conflict of finding a space big enough to house large groups of teachers.

“We put this in front of the voter and they approved it,” Scott Elder, APS chief operations officer, added.

**Influence on the economy**

Erickson, the expert from NMSU, said APS’ proposed tax increase could affect the economy in various ways – both good and bad.

“This is a pretty modest increase from what I can tell but increases in taxes do lower the spending power of people; that’s going to lower the demand for goods and services in the community,” he told the Journal. “On the other hand, having a well-educated, productive workforce is vital for the future of our state.”

The most “critical issue” facing New Mexico’ economic development is workforce development, especially within K-12 education, Erickson said, adding this should be taken into account when voters make their decision to put more money into education.

Erickson also noted a tax rate increase would be a sacrifice for some property owners. For instance, for a $150,000 home it would mean an additional $100 in taxes a year.

“That’s not zero,” Erickson stressed, though he speculates that most would be able to absorb the increase.

And there are also positive long-term effects projected.

Passage of the questions would also boost the construction industry, as well as the ripple effect caused by that.

Reedy highlighted recently that during the recession, more than 70 percent of all construction in Albuquerque was tied to APS.

Erickson also emphasized one of the strongest relationships he has seen in housing prices is that good schools lead to higher housing prices in the area.

**School needs change**

APS has said rising construction costs is a major reason for the proposed increase.

Carla Kugler, president of the New Mexico chapter of Associated Builders and Contractors, said construction costs have increased due to a combination of things such as material and design costs and workforce demand.

She said construction workers are leaving New Mexico for states that offer higher wages. And she said even before any tariffs begin, the announcement of such tariffs has affected material costs.

“What I have heard, some suppliers – manufacturers, wholesellers – they can’t hold their prices for more than 24 to 48 hours,” Kugler said.

Even so, Parkman, the UNM economist, questioned the need for the tax rate increase, saying increased construction costs should be counteracted by rising property values, and therefore, property taxes that increase with inflation.

“Over any extended period of time you’re going to get an increased source of revenue that reflects inflation and the growth of the property in the community,” he told the Journal.

Kizito Wijenje, executive director of APS Capital Master Plan, said it’s not just rising construction prices that warrant a tax rate increase. Extra revenue is needed to address heightened security concerns and help cover the costs of fortifying schools.

He also emphasized that needs across the district fluctuate.

“With all due respect to the tax experts, they are knowledgeable and are considering just one side of the issue – the revenue and tax side. However, the need for revenue is generated by assessed school and educational capital needs. It should not be assumed that these needs stay static and consistent over time,” he said.

**Housing more costly**

If voters approve the tax, Erickson said, another ripple effect is how much people can pay for property.

“There are a few people who won’t qualify for a house who otherwise would’ve and there’s a few other people who might have spent more on a house and this will pair down their spending,” he said.

Higher residential rent and higher retail prices could result, too, as landlords and merchants try to alleviate some of the new costs.

“It gets spread through the economy as a higher cost,” Erickson said.

The NMSU economist speculates that residents could see “a little bit” of these effects from this tax increase alone, but he noted that the proposed APS tax increase doesn’t exist in a vacuum. Rather, residents pay to several entities that also have the potential to up their taxes, and other increases would contribute to more significant economic impacts, he said.

“This particular property tax increase is so small it may not be perceptible, but when you aggregate all the property taxes together it can have a significant impact on housing values,” he said.

Meanwhile, Parkman suspects that if APS is citing construction costs as a reason for increased taxes, then other entities will, too.