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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 275

SHORT TITLE: Gila Regional Cancer Center Bonds

SPONSOR: Reps. Terrazas/Johnson/Gallegos/Jones and Sen. Ramos

LAST UPDATE: _____ **ORIGINAL DATE:** 2/6/26 **ANALYST:** Carswell

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
\$5,735.3		Nonrecurring	Rural County Cancer Treatment Fund – Bond Proceeds

*Amounts reflect most recent analysis of this legislation.

Duplicates Senate Bill 190

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

New Mexico Finance Authority

Department of Health

SUMMARY

Synopsis of House Bill 275

House Bill 275 (HB275) authorizes the New Mexico Finance Authority (NMFA) to sell revenue bonds for a term of no more than 20 years and in an amount up to \$5.7 million for capital improvements and equipment for the cancer center at the Gila Regional Medical Center in Grant County and appropriates the proceeds of the bonds to NMFA for the authorized purposes.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

Created in 2006 in NMFA, the rural county cancer treatment fund receives a distribution of 0.53 percent from cigarette tax revenues. NMFA has been authorized to issue bonds supported by revenues to the fund for five projects since 2006, according to the agency, for the Gila Regional Medical Center and Nor-Lea General Hospital. Two bonds remain outstanding with a principal balance of \$2.4 million.

Cigarette tax revenue to the fund totaled \$330 thousand in FY25, a decline of 33 percent since 2020, when the last bonds were issued, according to NMFA. NMFA states the term for proposed and existing bonds must be extended from 20 years to 30 years to support repayment of the bonds that would be authorized by HB275.

NMFA proposes the following amendments to address this issue:

On page 3, line 16: strike the word “twenty” and replace in lieu thereof “thirty.”

On page 4, line 6: strike the word “twenty” and replace in lieu thereof “thirty.”

On page 6, line 2: strike the word "twenty and replace in lieu thereof “thirty.”

SIGNIFICANT ISSUES

NMFA submitted the following analysis:

In addition to modeling the debt service with a declining cigarette tax revenue stream, the NMFA structures the bonds with a projected minimum coverage of 1.5x (\$100 debt service for each \$150 of cigarette tax revenue). With the higher than expected declines of more than 10 percent for each of the last two years, the coverage on the existing bonds is approximately 1.25x. Any excess cigarette tax collections are held in the rural county cancer treatment fund and used as a debt service reserve fund. If the bonds are restructured with 30-year terms, and cigarette tax distributions decline less than the revised projection of 4 percent, the excess distribution will be used to retire bonds early.

CC/sgs/hg/sgs/ct