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HOUSE BILL 558

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Mimi Stewart

AN ACT

**RELATING TO PUBLIC FINANCE; AMENDING THE HOSPITAL FUNDING ACT
AND STATUTES RELATING TO THE FINANCES OF STATE EDUCATIONAL
INSTITUTIONS; DECLARING AN EMERGENCY.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. Section 4-48B-3 NMSA 1978 (being Laws 1981,
Chapter 83, Section 3, as amended) is amended to read:**

**"4-48B-3. DEFINITIONS. -- As used in the Hospital Funding
Act:**

**A. "another political subdivision" means a
political subdivision of New Mexico, including a municipality
and a special hospital district organized under the Special
Hospital District Act, but not including a county;**

**B. "class A county" means a county having a
population of more than two hundred thousand persons according**

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1 to the last federal decennial census;

2 C. "contracting hospital" means a hospital located
3 in New Mexico that enters into a health care facilities
4 contract with a county or counties or another political
5 subdivision;

6 D. "county" means any county of the state [~~except a~~
7 ~~class A county~~];

8 E. "county commissioners" means the board of county
9 commissioners of a county;

10 F. "county hospital" means a hospital owned by a
11 county;

12 G. "health care facilities contract" means an
13 agreement between a hospital and a county or counties, or
14 between a hospital and a county or counties and another
15 political subdivision, that provides for the payment by the
16 county or counties of all or a portion of the proceeds of a
17 mill levy to the hospital in exchange for the agreement by the
18 hospital to use the funds only for nonsectarian purposes and to
19 make available the following for the sick of the county or
20 counties:

21 (1) hospital facilities that admit and treat
22 patients without regard to race, sex, religion or national
23 origin;

24 (2) hospital facilities that include x-ray,
25 laboratory services and a pharmacy or drug room;

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1 (3) adequate emergency equipment, personnel
2 and procedures, including:

3 (a) a standby emergency power system;

4 (b) at least one person capable and
5 authorized to initiate immediate lifesaving measures;

6 (c) facilities for emergency laboratory
7 work, including, as a minimum, urinalysis, complete blood
8 count, blood type and cross match; and

9 (d) diagnostic radiographic facilities;

10 (4) facilities, procedures and policies for
11 prevention, control and reporting of communicable diseases,
12 including one or more rooms for isolation of patients having or
13 suspected of having communicable diseases;

14 (5) adequate records, including, as a minimum,
15 a daily census and a register of all births, deliveries,
16 deaths, admissions, emergency room admissions, discharges,
17 operations, outpatients, inpatients and narcotics; and

18 (6) physical facilities, personnel, equipment
19 and procedures that comply with the regulations promulgated by
20 the public health division of the [~~health and environment~~]
21 department of health;

22 H. "hospital governing board" means the board that
23 governs a county hospital or the board of directors or trustees
24 of a contracting hospital;

25 I. "mill levy" means the rate of the tax, at a rate
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1 specified in the Hospital Funding Act, in terms of dollars per
2 thousand dollars of net taxable value of property subject to
3 taxation within the county;

4 J. "municipality" means any city, town or village
5 incorporated under a general act, special act or special
6 charter; and

7 K. "equipping" or "re-equipping" means purchase or
8 lease of property of a character subject to the allowance for
9 depreciation under Section 167 of the Internal Revenue Code of
10 [1954-Section 167] 1986, as amended or renumbered, and
11 regulations promulgated ~~[thereunder]~~ in accordance with that
12 section. "

13 Section 2. Section 4-48B-12 NMSA 1978 (being Laws 1981,
14 Chapter 83, Section 12, as amended) is amended to read:

15 "4-48B-12. TAX LEVIES AUTHORIZED. --

16 A. The county commissioners are authorized to
17 impose a mill levy and collect annual assessments against the
18 net taxable value of the property in a county to pay the cost
19 of operating and maintaining county hospitals or to pay to
20 contracting hospitals in accordance with a health care
21 facilities contract and in class A counties to pay for the
22 county's transfer to the county-supported medicaid fund
23 pursuant to Section ~~[4 of the Statewide Health Care Act]~~
24 27-10-4 NMSA 1978 as follows:

25 (1) in class A counties as defined in Section

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1 4-44-1 NMSA 1978, the mill levy shall not exceed a rate of six
2 dollars fifty cents (\$6.50), or any lower maximum amount
3 required by operation of the rate limitation provisions of
4 Section 7-37-7.1 NMSA 1978 upon a mill levy imposed pursuant to
5 this paragraph, on each one thousand dollars (\$1,000) of net
6 taxable value of property allocated to the county; however, if
7 the county uses any portion, not to exceed one dollar fifty
8 cents (\$1.50), of the rate authorized by this paragraph to meet
9 the requirement of Section [~~4 of the Statewide Health Care Act]~~
10 27-10-4 NMSA 1978, the provisions of Section 7-37-7.1 NMSA 1978
11 do not apply to the portion of the rate necessary to produce
12 the revenues required, provided that the portion of the rate
13 does not exceed one dollar fifty cents (\$1.50); and

14 (2) in other counties, the mill levy shall not
15 exceed four dollars twenty-five cents (\$4.25), or any lower
16 maximum amount required by operation of the rate limitation
17 provisions of Section 7-37-7.1 NMSA 1978 upon a mill levy
18 imposed pursuant to this paragraph, on each one thousand
19 dollars (\$1,000) of net taxable value of property allocated to
20 the county.

21 B. The mill levies provided in Paragraphs (1) and
22 (2) of Subsection A of this section shall be made at the
23 direction of the county commissioners, but only to the extent
24 that the county commissioners deem it necessary to operate and
25 maintain county hospitals, to pay the amounts required in the

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1 performance of any health care facilities contracts made
2 pursuant to the Hospital Funding Act and to provide for a class
3 A county's transfer to the county-supported medicaid fund
4 pursuant to Section [~~4 of the Statewide Health Care Act~~]
5 27-10-4 NMSA 1978.

6 C. In the event that the mill levy provided for in
7 Paragraph (1) of Subsection A of this section is not authorized
8 by the electorate [~~and~~] or the resulting mill levy proceeds are
9 not remitted to the entity operating the hospital within a
10 reasonable time period, any lease for operation of the hospital
11 between a county and a state educational institution named in
12 Article 12, Section 11 of the constitution of New Mexico
13 [~~shall~~] may, at the option of the state educational
14 institution, be terminated immediately. Except as provided in
15 Subsection D of this section, in the event that the mill levy
16 provided for in Paragraph (1) of Subsection A of this section
17 is authorized, an amount not less than the amount that would be
18 produced by a mill levy at the rate of four dollars (\$4.00), or
19 any lower amount that would be required by operation of the
20 rate limitation provisions of Section 7-37-7.1 NMSA 1978 upon
21 this rate, on each one thousand dollars (\$1,000) of net taxable
22 value of property allocated to the county shall be provided
23 from the proceeds of the mill levy to the state educational
24 institution operating the hospital for hospital purposes unless
25 the institution determines that the amount is not necessary.

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1 D. A class A county imposing the mill levy provided
2 for in Paragraph (1) of Subsection A of this section may enter
3 into a mutual agreement with a state educational institution
4 named in Article 12, Section 11 of the constitution of New
5 Mexico operating the hospital permitting the transfer to the
6 county-supported medicaid fund by the county pursuant to
7 Section [~~4 of the Statewide Health Care Act~~] 27-10-4 NMSA 1978
8 of not to exceed the amount that would be produced by a mill
9 levy at a rate of one dollar fifty cents (\$1.50) applied to the
10 net taxable value of property allocated to the county for the
11 prior property tax year and also not to exceed the amount that
12 would be produced by imposition of the county health care gross
13 receipts tax.

14 E. The distribution of the mill levy authorized at
15 the rates specified in Subsection A of this section shall be
16 made to county and contracting hospitals as authorized in the
17 Hospital Funding Act. "

18 Section 3. Section 6-17-3 NMSA 1978 (being Laws 1939,
19 Chapter 177, Section 3, as amended) is amended to read:

20 "6-17-3. CONDITIONS OF INCOME-PRODUCING PROJECT BONDS. --
21 [~~Such~~] County, independent rural, union high and municipal
22 boards of education or boards of regents may issue bonds or
23 other evidence of indebtedness for the securing of the
24 repayment of any and all money as borrowed, which shall not run
25 for a longer period than forty years from their date and which

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1 shall bear interest at a rate not to exceed a net of six
2 percent per [~~annum~~] year, interest payable semi annually, and
3 which bonds or other evidence of indebtedness shall irrevocably
4 pledge for the prompt payment of the principal and interest
5 thereof, as and when due and payable, the net income from any
6 [~~such~~] dormitory, auditorium, dining hall, refectory, stadium,
7 swimming pool or any type of building, improvement or facility
8 or any group of buildings, improvements or facilities for the
9 purchase, erection, alteration, improvement, repair, furnishing
10 or equipment of which [~~such~~] the money is borrowed. The form
11 of [~~such~~] the bonds or other evidence of indebtedness, the time
12 for which same shall run and times when payment of principal
13 thereof shall be made, which shall be in yearly amounts as to
14 payment of principal beginning not later than two years from
15 and after the time when [~~such~~] the money is borrowed and
16 continuing to the end of the time for which the same shall run,
17 and the manner and amount for which the same shall be sold and
18 whether to be sold at public or private sale and the amount
19 which is to be so borrowed for each specific purpose shall be
20 approved by the state board of finance [~~of the state of New~~
21 ~~Mexico~~] or the state board of education in the case of county,
22 independent rural, union high and municipal boards of
23 education. Despite anything elsewhere contained in this [~~act~~]
24 article, any such bonds may be sold at any price which does not
25 result in an actual net interest cost to maturity, computed on

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1 the basis of standard tables of bond values, in excess of six
2 percent.

3 [Such] County, independent rural, union high and municipal
4 [board] boards of education or boards of regents [is] are
5 hereby further authorized to execute a purchase-money mortgage
6 or deed of trust or other security instrument constituting a
7 purchase-money mortgage to further secure payment of any bonds
8 issued under the provisions of this [aet] article for the
9 purchase of any income-producing property. [Such] The
10 purchase-money mortgage, deed of trust or other security
11 instrument constituting a purchase-money mortgage shall limit
12 the mortgagee for the satisfaction of the indebtedness secured
13 solely to the property subject to the [said] purchase-money
14 mortgage, deed of trust or other security instrument.

15 The terms and conditions of any [such] purchase-money
16 mortgage, deed of trust or other security instrument
17 constituting a purchase-money mortgage herein authorized shall
18 be approved by the state board of finance [~~of the state of New~~
19 ~~Mexico~~] in the case of a board of regents or by the state board
20 of education in the case of a [~~county, independent rural, union~~
21 ~~high or municipal~~] board of education.

22 A state educational institution operating a county
23 hospital pursuant to the Hospital Funding Act may, in
24 connection with the issuance of bonds in accordance with the
25 provisions of this article, execute a mortgage, deed of trust

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1 or other security instrument covering the state educational
2 institution's ownership or leasehold interest in all or any
3 part of the county hospital and other related health care
4 facilities operated by the state educational institution to
5 further secure payment of bonds issued under the provisions of
6 this article to finance or refinance the purchase, erection,
7 expansion, alteration, improvement, repair, furnishing or
8 equipping of such county hospital or other related health care
9 facilities. The mortgage, deed of trust or security instrument
10 shall limit the right of the mortgagee or other secured party
11 to seek a deficiency judgment against the state educational
12 institution. "

13 Section 4. Section 6-17-12 NMSA 1978 (being Laws 1939,
14 Chapter 177, Section 11, as amended) is amended to read:

15 "6-17-12. DEBT AGAINST STATE NOT TO BE CREATED BY INCOME-
16 PRODUCING PROJECT BONDS.--No obligation created [~~hereunder~~]
17 under this article shall ever be or become a charge or debt
18 against the state [~~of New Mexico~~], but all such obligations,
19 including principal and interest, shall be payable solely from
20 the net income derived from the buildings, facilities and
21 improvements as in this [~~act~~] article specified; provided,
22 however, that:

23 A. any purchase-money mortgage, deed of trust or
24 other security instrument constituting a purchase-money
25 mortgage may be foreclosed against [~~said~~] the buildings,

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1 facilities or improvements so pledged without the right to a
2 deficiency judgment; and

3 B. any mortgage, deed of trust or other security
4 instrument given by a state educational institution operating a
5 county hospital pursuant to the Hospital Funding Act may be
6 foreclosed against the buildings, facilities or improvements so
7 pledged without the right to a deficiency judgment. "

8 Section 5. EMERGENCY.--It is necessary for the public
9 peace, health and safety that this act take effect immediately.