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FISCAL IMPACT REPORT

SPONSOR Gonzales DATE TYPED 2-5-04 HB 229

SHORT TITLE Continuing Care Recipients Gross Receipts SB _____

ANALYST Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(110.0)	Increasing	Recurring	General Fund
	(70.0)	Increasing	Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House bill 229 amends statute to provide a gross receipts tax deduction for receipts of facilities that provide continuing care in accordance with the Continuing Care Act (Chapter 24, Article 17 NMSA 1978). This bill also provides clarifying amendments that include:

- Under Section 24-17-3 C., the definition of “continuing care” is expanded to specifically state that entrance, service or periodic fees are a requirement of services provided under a continuing care service contract and that the definition of entrance fees should not include security or damage deposit fees amounting to less than three month’s service or periodic fees.
- Under Section 24-17-4 A., requirements for a consumer’s guide to be provided as part of disclosure requirements are amended to read “furnished by” rather than “prepared by” the State Agency on Aging or the Attorney General’s Office. In addition, a section on advertising, legislating that the advertising of close physical

proximity of health services implies a service obligation, is struck from current law.

- Under Section 24-17-4 B., requirements for fiscal disclosure are amended to allow the use of a financial statement and audit report prepared within the last two years, instead of one year, and to include the addition of a previous year's IRS tax filing.
- Under Section 24-17-5 B(12), the existing requirements for notice and justification of fee increases would be clarified by the requirement that rules be promulgated by the State Agency on Aging no later than January 31, 2005.
- Under Section 24-17-6, escrow requirements would be amended to allow release of deposited funds to the provider upon receipt of the signed continuing care contract in addition to the current release upon notification to the trustee that the resident has occupied the contracted unit.
- Under Section 24-17-8, HB229 would revise the mandatory responsibility of the State Agency on Aging or the Attorney General's office for the publication and distribution of consumer information to a voluntary status by striking the term "shall" for replacement with the term "may." This consumer information includes a Consumer's Guide to Continuing Care Communities and an Annual Directory of Continuing Care Communities in New Mexico

Significant Issues

FISCAL IMPLICATIONS

TRD notes that according to the New Mexico Aging and Long Term Care Department there are currently only a small number of facilities providing continuing care in accordance with the Continuing Care Act. Further, most of these facilities are 501(c)(3) non-profit organizations that do not pay GRT. Hence, the taxable base affected by this proposal appears to be quite limited.

SN/yr