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FISCAL IMPACT REPORT

SPONSOR Smith DATE TYPED 2/25/05 HB _____

SHORT TITLE Hidalgo Medical Center Loan Payment SB 892

ANALYST Hadwiger

APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$1,484.5			Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 892 appropriates \$1,484,450 from the general fund to the Department of Finance and Administration in FY06 to pay off the balance of a loan relating to the Hidalgo Medical Center.

Significant Issues

SB 892 would appropriate state funds to retire a facility loan from the Primary Care Capital Fund. This loan is paid by local governments in Hidalgo County from committed gross receipts tax revenues. The proposed appropriation would permit local governments in Hidalgo County to redirect committed tax revenues to other uses.

According to DFA, In 2001, the city of Lordsburg and county of Hidalgo entered into a loan for \$2,194,304 with New Mexico Finance Authority (NMFA) to construct a building for the Hidalgo Medical Center. The city and county pledged gross receipts tax revenue to secure the loan for the hospital, which did not qualify under NMFA cash flow criteria. The payoff of the loan to NMFA as of July 1, 2005 will be \$1,484,450.

According to DFA, Hidalgo County officials indicated they would like to keep the existing loan for the hospital, but they are unable to secure a new loan to build a new jail facility because of the pledged gross receipts tax to the hospital loan. Overcrowding at the current jail is causing the courts to not issue warrants for people to be arrested in some instances. Additionally, a federal agency has deemed the jail to be unfit for women prisoners. The County is concerned that it is only a matter of time before the county is sued by someone because of the conditions at the jail.

FISCAL IMPLICATIONS

The appropriation of \$1,484,450 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 would revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

The administration of the appropriation would fall under DFA in FY06, which would coordinate the loan payoff with Hidalgo County through a joint powers agreement.

DH/lg