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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/06
 SPONSOR HGUAC LAST UPDATED 2/14/06 HB CS/274/aSFC
 SHORT TITLE Hospital Funding Mill Levy & Gross Receipts SB _____
 ANALYST Schardin/Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	\$5,468.8	11,375.0	Recurring	Bernalillo County

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Amendment

The Senate Finance Committee amended House Government and Urban Affairs substitute for House Bill 274 to disallow any additional increment after June 30, 2009. This provision has no impact on the reported fiscal impact though the impact in FY10 and subsequent years will be zero.

Synopsis of Bill

The House Government and Urban Affairs Committee substitute for House Bill 274 addresses funding of the Bernalillo County hospital at UNM. It would allow the governing body of Bernalillo County to impose an additional 1/16 percent increment of the county health care gross receipts tax. Currently, all counties are allowed to impose a 1/16 percent county health care gross receipts tax. Revenue from this additional 1/16 percent increment would be dedicated to the support of indigent patients.

The effective date of these provisions is July 1, 2006.

FISCAL IMPLICATIONS

The new 1/16 percent county health care gross receipts tax is expected to generate revenue of \$10.9 million, based on an estimated county tax base of about \$17.5 billion in FY07 (\$17.5 billion X 1/16%). However, Bernalillo County could not impose the tax until January 1, 2007, so the FY07 impact is for half of a year. The tax base is expected to grow by 4 percent per year. Bernalillo County would be required to dedicate this revenue to health care support of indigent patients.

SIGNIFICANT ISSUES

DFA notes that the UNM regents conducted a statewide summit to discuss alternatives for funding the UNM Health Sciences Center. This summit found that the Health Science Center budget for uncompensated care of \$131.3 million was \$44.9 million short of need.

ADMINISTRATIVE IMPLICATIONS

TRD reports that this bill would have a minimal administrative impact.

OTHER SUBSTANTIVE ISSUES

Although the UNM Health Sciences Center affected by House Bill 274 is utilized by persons who live all over New Mexico, the entire tax burden of operating and maintaining the facility is placed on those who live in Bernalillo County.

SS/mt:yr:nt