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## FISCAL IMPACT REPORT

	<b>ORIGINAL DATE</b> 2-1-06		
<b>SPONSOR</b>	Herrera	<b>LAST UPDATED</b>	2-2-06
	HIDALGO MEDICAL FACILITY OUTSTANDING	<b>HB</b>	522
<b>SHORT TITLE</b>	DEBT	<b>SB</b>	
		<b>ANALYST</b>	Hadwiger

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$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)

### SUMMARY

#### Synopsis of Bill

House Bill 522 appropriates \$1.4845 million from the general fund to the Local Government Division (LGD) of the Department of Finance and Administration (DFA) in FY07 to retire the outstanding debt of the Hidalgo Medical Services Facility.

### FISCAL IMPLICATIONS

The appropriation of \$1.4845 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 would revert to the general fund.

### SIGNIFICANT ISSUES

DFA indicated that, in 2001, Hidalgo Medical Services Facility (HMSF) applied for and received a loan from the NMFA. The loan was for the construction of a new facility for Hidalgo Medical Services. According to the NMFA, the loan was funded from the Primary Care Capital Fund, which is for non-profit providers. Hidalgo County, along with the City of Lordsburg signed as guarantors on the loan. The local governments pledged gross receipts tax (GRT) revenues as a secure guarantee. Annual payments are made on the NMFA loan balance. According to the

NMFA, the current balance on the HMSF loan as of June 30, 2005 is \$1,433,648.64. Payments are made with HMSF revenues. Hidalgo County wants to apply for an NMFA loan to construct a new jail facility. Since their GRT revenues are already pledged to guarantee the HMSF loan, they can't apply for additional funding. Retiring this loan balance would free up Hidalgo County's GRT revenues and enable them to apply for a loan.

### **ADMINISTRATIVE IMPLICATIONS**

DFA has the capacity to administer this non-recurring appropriation.

### **TECHNICAL ISSUES**

DFA was concerned that no specific recipient is identified in the legislation. Because HMSF is a non-profit organization, the appropriation must be made to a local government, for payment of the loan. An appropriation to a non-profit would be a violation of the anti-donation clause. Because both Hidalgo County and the City of Lordsburg are guarantors on the loan, the appropriation could be made to either entity. Annual payments are made on the NMFA loan balance. According to the NMFA, the current balance on the HMSF loan as of June 30, 2005 is \$1,433,648.64. The legislation language appropriates \$1,484,450. The legislation is appropriating \$50,801.36 beyond the actual loan balance. Hidalgo County has an additional NMFA loan. The outstanding balance on that loan is \$1,083,870.08.

### **AMENDMENTS**

Possible amendments include specifying the ultimate recipient of the funds and adjusting the amount of the appropriation to the current outstanding balance on the HMSF loan.

DH/mt:yr