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FISCAL IMPACT REPORT

ORIGINAL DATE 2/20/07

SPONSOR Silva LAST UPDATED 3/17/07 HB 1015/aSf1#1

SHORT TITLE INCREASE HOSPITAL FUNDING MILL LEVIES SB _____

ANALYST Propst/Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Senate Floor Amendment #1

Senate Floor Amendment #1 provides for county oversight and approval authority. The amendment adds a provision for the county commission of a class A county with a population of five hundred thousand or more to:

1. Review and approve all requests or plans of a hospital of a state educational institution seeking a change in the mill levy prior to the hospital seeking the change in statute or ordinance.
2. Annually review the proposed budget and the actual expenditures from the current and prior fiscal year before adopting the budget of the hospital for the subsequent year.
3. Conduct audits of the hospital as the commission deems necessary to assure that the use of funding is in accordance with the proposed uses identified to the public when the mill levy was presented to the voters. The audit could be paid for with funds from the mill levy.

The Senate Floor amendment also reduces the time period, for a Class A county with a population of five hundred thousand, for a mill levy from a maximum of sixteen years to twelve years and amends the corresponding section of the Act to conform to the new maximum.

Synopsis of Original Bill

House Bill 1015 permits county commissioners, with the approval of the voters, to extend the terms for mill levies for class A counties with populations of 500,000 or more -- that is Bernalillo County -- to not less than four years nor more than 16 years. Terms for Class A counties with less than 500,000 stay the same. The tax may only be used for a county hospital and for the county's contribution to the County-Supported Medicaid fund. The fund would be used for operations.

SIGNIFICANT ISSUES

The Senate Floor amendment provides for improved oversight and approval authority by a county commission over a hospital at a state educational institution.

DFA notes that HB 1015 is associated with a larger-than-usual capital need. In order to keep the annual debt service requirements below the statutory \$6.50 per \$1,000 valuation, the bill extends the repayment period to 16 years.

The difference between an eight year term for bonds and a 16-year term at the full 6.50 mills is about \$398,000.0. An eight year bond at 6.50 mills would generate about \$523,000.0, while a 16-year bond would generate about \$921,000.0 (see table).

HB 1015 will only affect Bernalillo County's support for UNM Hospital. Although UNMH is a trauma center for the entire State, this extended tax proposed in this bill would be borne by Bernalillo taxpayers only.

Bern Co 2006 net taxable value	\$11,715,540,463	
Maximum mill rate	\$6.50	per \$1,000 taxable value
Annual yield	\$76,151,013	at full rate
Eight-year term		
Estimated GO bond rate	3.50%	
Amount borrowed	\$523,458,677	
Annual self-amortizing payment	(\$76,151,013)	
16-year term		
Estimated GO bond rate	3.50%	
Amount borrowed	\$920,979,246	
Annual self-amortizing payment	(\$76,151,013)	

WEP/DL/mt