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FISCAL IMPACT REPORT

ORIGINAL DATE 2/26/07

SPONSOR Swisstack LAST UPDATED _____ HB 1077

SHORT TITLE Use of Emergency Service & Communications Tax SB _____

ANALYST Schardin

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	See Narrative	Recurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 1015

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House Bill 1077 amends Section 7-20E-22 NMSA 1978, which currently allows counties to impose a “county emergency communications and emergency medical services tax” of 0.25 percent. That tax may be imposed in either a countywide area or only the areas of a county that are not part of a municipality.

The bill would change the name of the tax to the “county emergency communications and emergency medical *and behavioral health* services tax.” The bill would also allow a county that imposes the tax to dedicate the revenue to provision of behavioral health services including alcohol abuse and substance abuse treatment. Currently, revenues generated by the tax must be dedicated to the operation of an emergency communications center that is a consolidated public safety answering point or to the operation of emergency medical services.

The bill includes that only counties that operate or contract for the operation of a behavioral health services facility for alcohol abuse, substance abuse and inpatient and outpatient behavior health treatment may dedicate tax revenues for the purpose of behavioral health services.

The effective date of the bill's provisions is July 1, 2007.

FISCAL IMPLICATIONS

The bill does not alter the amount of revenue that can be raised by counties through the tax. However, it does expand the services to which revenue from the tax may be dedicated to include behavioral health services.

HSD notes that some of the behavioral health services that will be expanded through the bill will be provided to Medicaid enrollees. This will make those services eligible for a federal match

SIGNIFICANT ISSUES

DOH notes that the bill will allow counties an additional source of funding for behavioral health and substance abuse services.

According to HPC, over 500 thousand New Mexicans have substance abuse or mental health problems. HPC estimates that for every \$1 spent on mental health services, there is a savings of \$7 through reduced social, government and economic costs. New Mexico currently spends \$41 on the consequences of substance abuse for every \$1 spent on substance abuse prevention. Less than 20 percent of adults needing public sector behavioral health services in New Mexico are currently served.

Under current law, New Mexico's local governments are authorized to impose up to 4.6875 percent of local option gross receipts taxes (that figure excludes several additional local option taxes that have been authorized for selected local governments). On average, a local option gross receipts tax of about 1.6 percent is actually imposed by local governments statewide. Combined with the state gross receipts tax of 5 percent, the statewide tax rate is therefore 6.6 percent.

PERFORMANCE IMPLICATIONS

According to HSD, the bill is in line with HSD strategic goal 4, task 4.4: increase rural, frontier, and border access to behavioral health services.

DUPLICATION

House Bill 1077 duplicates Senate Bill 1015.

TECHNICAL ISSUES

HSD and DOH note that the descriptions of behavioral health services in the bill on page 3, lines 5 and 6 and page 5, lines 2 through 5 do not match exactly. The bill makes it unclear which behavioral health services will be eligible for funding from the tax.

OTHER SUBSTANTIVE ISSUES

It is unclear why the bill allows revenue from the tax to be dedicated only to behavioral health rather than all types of health expenses.

SS/nt