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FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/07

SPONSOR Altamirano LAST UPDATED _____ HB _____

SHORT TITLE County Health Facility Revenue Bonds SB 657

ANALYST Francis

APPROPRIATION (dollars in thousands)

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

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Department of Health (DOH)

NM Finance Authority

SUMMARY

Synopsis of Bill

Senate Bill 657 allows the New Mexico Finance Authority to issue bonds secured by the credit enhancement account for county health facilities and to allow the funds NMFA receives from the cigarette tax for Department of Health facilities to also be used for county health facilities. Proceeds from revenue bonds guaranteed by cigarette tax revenues for county health facilities are

appropriated to the Local Government Division of the Department of Finance and Administration for distribution to the county. Finally, an appropriation to Fort Bayard Medical Center included in Laws 2005, Chapter 320, Section 8, is reassigned to go to a county health facility in Grant County.

FISCAL IMPLICATIONS

NMFA reports that the reassignment of the appropriation to Fort Bayard to a Grant County, county health center should be considered a nonrecurring impact on the amount of bond capacity for the Department of Health.

There are no changes proposed to the distribution of cigarette tax revenues and so none of the other beneficiaries are impacted. The Department of Health may feel some competition for these resources from counties desiring health clinics.

DFA:

Counties have the responsibility to provide suitable quarters for local public health offices in accordance with Section 24-4-2, NMSA 1978 as amended. Current funding for county facilities infrastructure comes from county revenue sources. The available revenue is usually not enough to adequately address all of the county needs and responsibilities and usually fall short of providing adequate funds for infrastructure needs.

Currently, NMFA receives 6 and 5/100 percent of net cigarette tax receipts for land acquisition and the planning, designing, construction and equipping of Department of Health facilities improvements to such facilities. This bill would not increase the distribution for this purpose, but add county health facilities in the allowable projects that can be funded with this revenue stream.

According to NMFA, the revenue stream from the cigarette tax has declined more rapidly in recent years, declining at about 3 percent annually versus the previous decline of one percent. That is to say that this revenue stream can only support so much in the way of bond proceeds. NMFA determines the capacity of this revenue stream and Department of Finance and Administration determines the order or authorized projects that are funded based on project readiness. NMFA does not believe this bill will impact the bonds outstanding because they will not issue more bonds than they have capacity to support.

Also, as the new capital project added to the list merely replaced an existing project for the same amount, they do not see any impact on their liabilities at this time.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Department of Health reports that the executive capital outlay request includes \$3.0 million to replace or repair local public health offices in five counties: Bernalillo, McKinley, Mora, Roosevelt and Socorro counties. These have been identified by DOH as the top five public health office priorities. The legislative capital outlay request includes \$5.0 million to support these same projects.

NF/mt