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FISCAL IMPACT REPORT

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|--------------------|---|----------------------|------------------------|-----------|---------|
| SPONSOR | <u>Campos</u> | ORIGINAL DATE | <u>01-29-08</u> | HB | <u></u> |
| | | LAST UPDATED | <u></u> | | |
| SHORT TITLE | <u>Debt Limit for Health Care & Education, CA</u> | SJR | <u>9</u> | | |
| | | ANALYST | <u>Padilla/Francis</u> | | |

SOURCES OF INFORMATION

LFC Files

Response Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Joint Resolution 9 (SJR 9) proposes an amendment to the Constitution of New Mexico to raise the statewide debt limit by one percent if the increased indebtedness is created exclusively for health care facilities or the needs of New Mexico's institutions of higher learning. The proposed amendment shall be submitted to the people for their approval or rejection at the next general election or at any special election prior to the date that may be called for that purpose.

The statewide debt limit refers to the amount of debt that can be outstanding as a percentage of total property valuation and does not refer to other kinds of debt such as severance tax bonds or bonds issued by the New Mexico Finance Authority.

FISCAL IMPLICATIONS

Increasing the statewide debt limit to two percent would increase the available general obligation bond capacity. This would add an additional \$490 million to the next GO bond issue in 2010 that would go to health care facilities and higher education. All general obligation bond appropriations must be approved by voters in a statewide referendum.

SIGNIFICANT ISSUES

DOH reports SJR9 would be strengthened by specifying how the increased tax funds would be accessed or used by health care facilities or institutions of higher education. SJR9 would exclude leased obligations by public institutions and would double New Mexico's authorized debt as long as the increased indebtedness is for health care facilities or New Mexico's public post-secondary educational institutions.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The statewide debt ceiling will remain at one percent.

JRP:NF/mt