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## FISCAL IMPACT REPORT

SPONSOR Garcia, T. ORIGINAL DATE 02/09/10  
LAST UPDATED \_\_\_\_\_ HB 273  
SHORT TITLE Hospitals Districts as Public Employees SB \_\_\_\_\_  
ANALYST Aubel

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Minimal		Minimal	Recurring	PERA

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Senate Bill 225

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Employees Retirement Association (PERA)

#### No Response From

Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

House Bill 273 expands the definition of “public employer” to include special hospital districts for the purpose of affiliation with the Public Employee Retirement Association (PERA). HB273 would allow employees of special hospital districts to become members of PERA.

The effective date is July 1, 2010.

### FISCAL IMPLICATIONS

PERA notes that HB273 would “have minimal impact on PERA.” Presumably the agency will have to hold an election and service additional members. PERA states the fiscal impact is “minimal.”

### SIGNIFICANT ISSUES

The main issue is whether special hospital districts fall within the meaning of “governmental plan” as used by Section 414(d) of the Internal Revenue Code.

According to PERA, “the statutory definition of ‘public employer’ includes ‘the state, any municipality, city, county, metropolitan arroyo flood control authority, economic development district, regional housing authority, soil and water conservation district, entity created pursuant to a joint powers agreement, council of government, conservancy district, irrigation district, water and sanitation district, water district and metropolitan water board, including the boards, departments, bureaus and agencies of a public employer.’ This definition does not specifically include all political subdivisions or local public bodies.”

PERA reports that the Attorney General has concluded that a special hospital district is both a “political subdivision” and “a local body” (New Mexico Attorney Advisory Letter September 2008).

Thus, PERA concludes that “HB273’s proposed expansion of the statutory definition of ‘public employer’ to include special hospital districts as one of the enumerated entities eligible for PERA affiliation will comply with the requirements of the Internal Revenue Code and is consistent with the tax-deferred status of PERA as a 401(a) governmental plan.”

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Special hospital districts will continue to be denied eligibility for PERA affiliation.

MA/mt:mew