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HOUSE BILL 97

**55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022**

INTRODUCED BY

Marian Matthews and Dayan Hochman-Vigil and Ambrose Castellano  
and Christine Trujillo and Debra M. Sariñana

AN ACT

RELATING TO HEALTH; AUTHORIZING THE NEW MEXICO FINANCE  
AUTHORITY TO MAKE RURAL HEALTH CARE PROJECT LOANS; ESTABLISHING  
TERMS FOR RURAL HEALTH CARE PROJECT LOANS; CREATING THE RURAL  
HEALTH CARE PROJECT REVOLVING FUND; PROVIDING POWERS AND  
DUTIES; REQUIRING REPORTS; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] RURAL HEALTH CARE PROJECT  
LOANS--TERMS--REPAYMENT--CONSTRUCTION.--

A. The New Mexico finance authority shall receive  
and review applications for rural health care project loans  
pursuant to this section. The authority may make loans to  
qualifying rural health care providers; provided that funds are  
available and that the qualifying rural health care provider  
satisfies credit and identification criteria, as determined by

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1 the authority. The New Mexico finance authority shall adopt  
2 rules to govern the application procedures and requirements for  
3 disbursing loans under this section for determining the  
4 eligibility of qualifying rural health care providers for  
5 loans.

6 B. The New Mexico finance authority shall evaluate  
7 an application based on information received from the applicant  
8 as well as third-party credit and identification reports. The  
9 authority may consult with the human services department and  
10 the department of health in evaluating applications; provided  
11 that a final determination shall be made solely by the  
12 authority.

13 C. The New Mexico finance authority shall make  
14 rural health care project loans in accordance with the  
15 following:

16 (1) the loan amount shall be in an amount not  
17 to exceed five hundred thousand dollars (\$500,000);

18 (2) the terms of the loan shall require that:

19 (a) the proceeds of the loan shall only  
20 be used for the planning, development and operation of a rural  
21 health care project or the purchase of an existing medical  
22 practice in a rural community, including legal fees, accounting  
23 fees, costs associated with leasing or purchasing a location or  
24 property for the rural health care project, equipment costs and  
25 staffing costs; provided that no more than twenty percent of

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1 the proceeds of the loan may be used as compensation for  
2 employees who own equity in the rural health care project;

3 (b) the loan recipient provide a written  
4 certification signed by an appropriate officer of the  
5 qualifying rural health care provider that certifies that: 1)  
6 the officer understands that the provider is receiving a loan  
7 that must be repaid by the provider with interest under the  
8 terms of the loan agreement; 2) all documents submitted in  
9 support of the loan application and all statements and  
10 certifications made in the loan application are true and  
11 accurate to the best of the officer's knowledge; 3) the  
12 provider is current on all state and federal tax obligations;  
13 and 4) all loan proceeds will be used for purposes as provided  
14 in this section, including that no more than twenty percent of  
15 the proceeds of the loan may be used as compensation for  
16 employees who own equity in the rural health care project; and

17 (c) the loan recipient provide the New  
18 Mexico finance authority with ongoing information relevant to  
19 the reporting requirements of the authority provided in Section  
20 2 of this 2022 act; and

21 (3) the loan shall define specific guidelines  
22 related to personal guarantees or collateral, as determined by  
23 the authority.

24 D. Loans made pursuant to this section shall be  
25 made for loan periods not to exceed ten years, as determined by

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1 the New Mexico finance authority in coordination with the  
2 qualifying rural health care provider. The loans shall bear an  
3 annual interest rate equal to one-half of the *Wall Street*  
4 *Journal* prime rate on the date the loan is made; provided that  
5 no interest shall accrue during the first year of the loan.

6 E. Interest shall begin to accrue on a rural health  
7 care project loan on the first anniversary of the funding date  
8 of the loan. Thereafter, for the next two years, the New  
9 Mexico finance authority shall require interest-only payments  
10 on a schedule determined by the authority. Beginning on the  
11 third anniversary of the funding date of the loan, payment on  
12 the outstanding principal and interest on the loan shall be due  
13 on a schedule determined by the authority for the remainder of  
14 the loan period.

15 F. Receipts from the repayment of principal or  
16 interest accrued on the rural health care project loans made  
17 pursuant to this section shall be deposited in the rural health  
18 care project revolving fund.

19 G. No provision in a rural health care project loan  
20 or the evidence of indebtedness of the loan shall include a  
21 penalty or premium for prepayment of the balance of the  
22 indebtedness.

23 H. The New Mexico finance authority may exercise  
24 any power provided to the authority in the New Mexico Finance  
25 Authority Act to assist in the administration of this section;

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1 provided that the power is consistent with the provisions of  
2 that act.

3 I. As used in this section:

4 (1) "health care services" means services for  
5 the diagnosis, prevention, treatment, cure or relief of a  
6 physical, dental, behavioral or mental health condition,  
7 substance use disorder, illness, injury or disease, which  
8 services include procedures, products, devices or medications;  
9 but does not include services offered by a licensed hospital or  
10 a dispenser pursuant to the Controlled Substances Act;

11 (2) "health care underserved area" means a  
12 geographic area or practice location in which it has been  
13 determined by the department of health, through the use of  
14 indices or other standards set by the department of health,  
15 that sufficient health care services are not being provided;

16 (3) "qualifying rural health care provider"  
17 means an individual, foreign or domestic corporation, general  
18 partnership, limited liability company, limited partnership,  
19 professional corporation, joint venture, business trust, public  
20 benefit corporation, nonprofit entity or other private business  
21 entity or combination thereof that has made a legal commitment  
22 to the New Mexico finance authority to plan and develop a rural  
23 health care project, if approved for a rural health care  
24 project loan, but does not include an entity licensed as a  
25 hospital in this state or any other business entity with annual

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1 gross revenue that exceeds fifty million dollars (\$50,000,000);

2 (4) "rural community" means an area or  
3 location identified by the department of health as falling  
4 outside of an urban area that has also been determined by the  
5 department of health to be a health care underserved area; and

6 (5) "rural health care project" means a  
7 business entity that provides health care services to  
8 individuals within a rural community, as determined by the New  
9 Mexico finance authority.

10 SECTION 2. [NEW MATERIAL] RURAL HEALTH CARE PROJECT  
11 LOANS--REPORTS--CONFIDENTIALITY.--

12 A. Prior to October 1, 2023 and each October 1  
13 thereafter, the New Mexico finance authority shall submit a  
14 report to the department of health, the human services  
15 department, the legislature, the legislative finance committee,  
16 the New Mexico finance authority oversight committee and any  
17 other appropriate legislative interim committee. The report  
18 shall provide details regarding any loans made pursuant to  
19 Section 1 of this 2022 act. The report shall include:

20 (1) the total number of loans made pursuant to  
21 Section 1 of this 2022 act and the individual amount of each  
22 loan;

23 (2) the total number of loan applications;

24 (3) the average and median amount of money  
25 provided to loan recipients;

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1 (4) the total amount of principal and interest  
2 repaid by loan recipients;

3 (5) the total number of loans and the amount  
4 of those loans, if any, in a delinquent status or default;

5 (6) the total number of loan recipients that  
6 are in the process of filing or have filed for bankruptcy;

7 (7) the total number of full-time employees  
8 and part-time employees currently employed by a loan recipient;  
9 and

10 (8) an overview of the communities served and  
11 the health care services provided by loan recipients.

12 B. Information obtained by the New Mexico finance  
13 authority regarding individual loan applicants and recipients,  
14 including information used to analyze a loan application, is  
15 confidential and not subject to inspection pursuant to the  
16 Inspection of Public Records Act; provided that nothing in this  
17 section shall prevent the authority from disclosing broad  
18 demographic information and information relating to the total  
19 amount of loans made, the total outstanding balance of loans  
20 made and the names of the loan recipients.

21 SECTION 3. [NEW MATERIAL] RURAL HEALTH CARE PROJECT  
22 REVOLVING FUND.--

23 A. The "rural health care project revolving fund"  
24 is created within the New Mexico finance authority. The fund  
25 shall be administered by the authority as a separate account

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1 and may consist of such subaccounts as the authority deems  
2 necessary to carry out the purposes of the fund. The authority  
3 may establish procedures for administering the fund in  
4 accordance with the provisions of Section 1 of this 2022 act.

5 B. Money from payments of principal of, interest on  
6 and other fees or charges paid to the New Mexico finance  
7 authority in connection with loans made pursuant to Section 1  
8 of this 2022 act shall be deposited in the rural health care  
9 project revolving fund.

10 C. Money in the rural health care project revolving  
11 fund is appropriated to the New Mexico finance authority to:

12 (1) pay the reasonably necessary  
13 administrative and other costs incurred by the authority in  
14 evaluating, processing, originating and servicing loans made  
15 pursuant to Section 1 of this 2022 act; and

16 (2) make loans in accordance with the  
17 provisions of Section 1 of this 2022 act.

18 D. Money in the rural health care project revolving  
19 fund that is not needed for immediate disbursement, including  
20 money held in reserve, may be deposited or invested in the same  
21 manner as other funds administered by the New Mexico finance  
22 authority.

23 SECTION 4. APPROPRIATION.--Seven million five hundred  
24 thousand dollars (\$7,500,000) is appropriated from the general  
25 fund to the rural health care project revolving fund for

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1 expenditure in fiscal year 2023 and subsequent fiscal years by  
2 the New Mexico finance authority for the purposes of carrying  
3 out the provisions of Section 1 of this 2022 act. Any  
4 unexpended or unencumbered balance remaining at the end of a  
5 fiscal year shall not revert to the general fund.

6 SECTION 5. EFFECTIVE DATE.--The effective date of the  
7 provisions of this act is July 1, 2022.

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