

LFC Requester:

Cally Carswell

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION****WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)****(Analysis must be uploaded as a PDF)****SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}***Date Prepared:** 2/1/2026*Check all that apply:***Bill Number:** SB 190Original ☒ Correction ☐Amendment ☐ Substitute ☐**Sponsor:** Sen. Gabriel Campos, Sen.  
Crystal Brantley, Rep. Luis  
Terrazas**Short**Gila Regional Cancer Center**Agency Name  
and Code****Number:** NMFA (385)**Person Writing** Marquita Russel**Phone:** 505-992-9619 **Email** Mrussel@nmfa.net**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

| Appropriation |      | Recurring<br>or Nonrecurring | Fund<br>Affected |
|---------------|------|------------------------------|------------------|
| FY26          | FY27 |                              |                  |
|               |      |                              |                  |
|               |      |                              |                  |

**REVENUE (dollars in thousands)**

| Estimated Revenue |      |      | Recurring<br>or Nonrecurring | Fund<br>Affected                         |
|-------------------|------|------|------------------------------|------------------------------------------|
| FY26              | FY27 | FY28 |                              |                                          |
|                   |      |      | Recurring                    | Rural County<br>Cancer Treatment<br>Fund |

(Parenthesis ( ) indicate revenue decreases)

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

|              | FY26 | FY27 | FY28 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> |      |      |      |                      |                              |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Senate Bill 190 authorizes the NMFA to issue bonds in an amount not exceeding \$5,735,316 repaid by rural county cancer treatment fund for a term not exceeding twenty years. SB 190 directs the bond proceeds to be used for the regional cancer treatment center at the Gila regional medical center in Grant County for the purchase of equipment, computer hardware and software and to renovate rooms in the medical center

#### **FISCAL IMPLICATIONS**

The rural county cancer treatment fund was created in the NMFA in 2006 and currently receives .53% cigarette tax distribution. Since its inception in 2006, the NMFA has been authorized to issue rural county cancer center treatment bonds for five projects totaling \$8.75 million – three projects totaling \$6.5 million for various cancer treatment projects at the Gila Regional Medical Center and two projects totaling \$2.25 million for cancer treatment projects at the Nor-Lea General Hospital. Two bonds remain outstanding with a total current principal balance of \$2,369,561 and a final maturity of June 1, 2040.

Rural county cancer treatment bonds are repaid from a .53% distribution of cigarette tax which equaled approximately \$330,000 in fiscal year 2025, representing an approximate decline of 33% since the last bonds were issued in 2020. This is more than double the projected year-over-year decline of 3% that had been modeled into the debt service calculations based upon historic trends. Using a more conservative year over year decline estimate of 4%, the bond duration for the proposed and existing bonds will have to be increased to 30-year terms in order to repay the bonds authorized in SB 190.

#### **SIGNIFICANT ISSUES**

In addition to modeling the debt service with a declining cigarette tax revenue stream, the NMFA structures the bonds with a projected minimum coverage of 1.5x (\$100 debt service for each \$150 of cigarette tax revenue). With the higher than expected declines of more than 10% for each of the last two years, the coverage on the existing bonds is approximately 1.25x. Any excess cigarette tax collections are held in the rural county cancer treatment fund and used as a debt service reserve fund. If the bonds are restructured with 30-year terms, and cigarette tax distributions decline less than the revised projection of 4%, the excess distribution will be used to retire bonds early.

#### **ADMINISTRATIVE IMPLICATIONS**

Rural county cancer treatment bonds issued by NMFA are purchased into the NMFA's public project revolving fund which provides the lowest cost of borrowing. All of the cigarette tax revenue received is applied to debt service.

#### **AMENDMENTS**

The bond terms for the outstanding and proposed debt will need to be increased to 30 years in order to meet the debt service on the existing and proposed bonds. Specifically, NMFA

recommends the following amendments:

On page 3, line 16: strike the word “twenty” and replace in lieu thereof “thirty”

On page 4, line 6: strike the word “twenty” and replace in lieu thereof “thirty”

On page 6, line 2: strike the word "twenty and replace in lieu thereof “thirty”