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SENATE BILL 772

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

STUART INGLE

AN ACT

RELATING TO TAXATION; AMENDING THE LOCAL HOSPITAL GROSS RECEIPTS  
TAX ACT TO AUTHORIZE IMPOSITION OF THE TAX FOR A HOSPITAL OR  
HEALTH CLINIC IN AN ADDITIONAL COUNTY; AMENDING SECTIONS OF THE  
NMSA 1978.

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

Section 1. Section 7-20C-2 NMSA 1978 (being Laws 1991,  
Chapter 176, Section 2, as amended) is amended to read:

"7-20C-2. DEFINITIONS. --As used in the Local Hospital  
Gross Receipts Tax Act:

A. "county" means:

(1) a class B county having a population of  
less than twenty-five thousand according to the most recent  
federal decennial census and having a net taxable value for  
rate-setting purposes for the 1990 property tax year or any

Underscored material = new  
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1 subsequent year of more than two hundred fifty million dollars  
2 (\$250,000,000);

3 (2) a class B county having a population of  
4 less than forty-seven thousand but more than forty-four thousand  
5 according to the 1990 federal decennial census and having a net  
6 taxable value for rate-setting purposes for the 1992 property  
7 tax year of more than three hundred million dollars  
8 (\$300,000,000) but less than six hundred million dollars  
9 (\$600,000,000);

10 (3) a class B county having a population of  
11 less than ten thousand according to the most recent federal  
12 decennial census and having a net taxable value for rate-setting  
13 purposes for the 1990 property tax year or any subsequent year  
14 of more than one hundred million dollars (\$100,000,000);

15 (4) a class B county having a population of  
16 less than twenty-five thousand according to the 1990 federal  
17 decennial census and having a net taxable value for rate-setting  
18 purposes for the 1993 property tax year of more than ninety-one  
19 million dollars (\$91,000,000) but less than ~~one hundred twenty-~~  
20 ~~five million dollars (\$125,000,000)] one hundred fifty-three  
21 million dollars (\$153,000,000); or~~

22 (5) a class B county having a population of  
23 more than seventeen thousand but less than twenty thousand  
24 according to the 1990 federal decennial census and having a net  
25 taxable value for rate-setting purposes for the 1993 property

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1 tax year of more than one hundred fifty-three million dollars  
2 (\$153,000,000) but less than one hundred fifty-six million  
3 dollars (\$156,000,000);

4 B. "department" means the taxation and revenue  
5 department, the secretary of taxation and revenue or any  
6 employee of the department exercising authority lawfully  
7 delegated to that employee by the secretary;

8 C. "governing body" means the board of county  
9 commissioners of a county;

10 D. "hospital facility revenues" means all or a  
11 portion of the revenues derived from a lease of a hospital  
12 facility acquired, constructed or equipped pursuant to and  
13 operated in accordance with the Local Hospital Gross Receipts  
14 Tax Act;

15 [~~D.~~] E. "local hospital gross receipts tax" means  
16 the tax authorized to be imposed under the Local Hospital Gross  
17 Receipts Tax Act;

18 [~~E.~~] F. "person" means an individual or any other  
19 legal entity; and

20 [~~F.~~] G. "state gross receipts tax" means the gross  
21 receipts tax imposed under the Gross Receipts and Compensating  
22 Tax Act. "

23 Section 2. Section 7-20C-3 NMSA 1978 (being Laws 1991,  
24 Chapter 176, Section 3, as amended) is amended to read:

25 "7-20C-3. LOCAL HOSPITAL GROSS RECEIPTS TAX--AUTHORITY TO

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1 IMPOSE--ORDINANCE REQUIREMENTS. --

2 A. A majority of the members elected to the  
3 governing body of a county may enact an ordinance imposing an  
4 excise tax on any person engaging in business in the county for  
5 the privilege of engaging in business. This tax is to be  
6 referred to as the "local hospital gross receipts tax". The  
7 rate of the tax shall be:

8 (1) one-half of one percent of the gross  
9 receipts of the person engaging in business if the tax is  
10 initially imposed before January 1, 1993;

11 (2) one-eighth of one percent of the  
12 gross receipts of the person engaging in business if the tax is  
13 initially imposed after January 1, 1993; and

14 (3) a rate not to exceed one-half of one  
15 percent of the gross receipts of the person engaging in business  
16 if the tax is imposed after July 1, 1996 in a county described  
17 in Paragraph (4) of Subsection A of Section 7-20C-2 NMSA 1978;  
18 provided, the tax may be imposed in any number of increments of  
19 one-eighth percent not to exceed an aggregate rate of one-half  
20 of one percent of gross receipts.

21 B. The local hospital gross receipts tax imposed  
22 initially before January 1, 1993 shall be imposed only once for  
23 the period necessary for payment of the principal and interest  
24 on revenue bonds issued to accomplish the purpose for which the  
25 revenue is dedicated, but the period shall not exceed ten years

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1 from the effective date of the ordinance imposing the tax. The  
2 local hospital gross receipts tax imposed after July 1, 1996 in  
3 a county described in Paragraph (4) of Subsection A of Section  
4 7-20C-2 NMSA 1978 shall be imposed only once for the period  
5 necessary for payment of the principal and interest on revenue  
6 bonds issued to accomplish the purpose for which the revenue is  
7 dedicated, but the period shall not exceed twenty years from the  
8 effective date of the ordinance imposing the tax.

9 C. No local hospital gross receipts tax authorized  
10 in Subsection A of this section shall be imposed initially after  
11 January 1, 1993 unless:

12 (1) in a county described in Paragraph (2) of  
13 Subsection A of Section 7-20C-2 NMSA 1978, the voters of the  
14 county have approved the issuance of general obligation bonds of  
15 the county sufficient to pay at least one-half of the costs of  
16 the county hospital facility or county twenty-four hour urgent  
17 care or emergency facility for which the local hospital gross  
18 receipts tax revenues are dedicated, including the costs of all  
19 acquisition, renovation and equipping of the facility; or

20 (2) in a county described in Paragraph (3) or  
21 (5) of Subsection A of Section 7-20C-2 NMSA 1978, the county  
22 will not have in effect at the same time a county hospital  
23 emergency gross receipts tax and the voters of the county have  
24 approved the imposition of a property tax at a rate of one  
25 dollar (\$1.00) on each one thousand dollars (\$1,000) of taxable

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1 value of property in the county for the purpose of operation and  
2 maintenance of a hospital owned by the county and operated and  
3 maintained either by the county or by another party pursuant to  
4 a lease with the county.

5 D. The governing body of a county enacting an  
6 ordinance imposing a local hospital gross receipts tax shall  
7 dedicate the revenue from the tax as provided in this  
8 subsection. In any election held, the ballot shall clearly  
9 state the purpose to which the revenue will be dedicated and the  
10 revenue shall be used by the county for that purpose. The  
11 revenues shall be dedicated as follows:

12 (1) prior to January 1, 1993, the governing  
13 body, at the time of enacting an ordinance imposing the rate of  
14 the tax authorized in Subsection A of this section, shall  
15 dedicate the revenue for acquisition of land for and the design,  
16 construction, equipping and furnishing of a county hospital  
17 facility to be operated by the county or operated and maintained  
18 by another party pursuant to a lease with the county;

19 (2) if the governing body of a county described  
20 in Paragraph (2), (3) or (5) of Subsection A of Section 7-20C-2  
21 NMSA 1978 is enacting the ordinance imposing the tax after July  
22 1, 1993, the governing body shall dedicate the revenue for  
23 acquisition, renovation and equipping of a building for a county  
24 hospital facility or a county twenty-four hour urgent care or  
25 emergency facility or for operation and maintenance of that

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1 facility, whether operated and maintained by the county or by  
2 another party pursuant to a lease or management contract with  
3 the county, for the period of time the tax is imposed not to  
4 exceed ten years; and

5 (3) if the governing body of a county described  
6 in Paragraph (4) of Subsection A of Section 7-20C-2 NMSA 1978 is  
7 enacting the ordinance imposing the tax after July 1, 1995, the  
8 governing body shall dedicate the revenue for acquisition of  
9 land or buildings for and the renovation, design, construction,  
10 equipping or furnishing of a county hospital facility or health  
11 clinic to be operated by the county or operated and maintained  
12 by another party pursuant to a lease or management contract with  
13 the county.

14 E. The ordinance shall not go into effect until  
15 after an election is held and a simple majority of the qualified  
16 electors of the county voting in the election votes in favor of  
17 imposing the local hospital gross receipts tax and, in the case  
18 of a county described in Paragraph (3) or (5) of Subsection A of  
19 Section 7-20C-2 NMSA 1978, also votes in favor of a property tax  
20 at a rate of one dollar (\$1.00) for each one thousand dollars  
21 (\$1,000) of taxable value of property in the county. The  
22 governing body shall adopt a resolution calling for an election  
23 within seventy-five days of the date the ordinance is adopted on  
24 the question of imposing the tax. The question may be submitted  
25 to the qualified electors and voted upon as a separate question

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1 in a general election or in any special election called for that  
2 purpose by the governing body. A special election upon the  
3 question shall be called, held, conducted and canvassed in  
4 substantially the same manner as provided by law for general  
5 elections. If the question of imposing a local hospital gross  
6 receipts tax fails or if the question of imposing both a local  
7 hospital gross receipts tax and a property tax fails, the  
8 governing body shall not again propose a local hospital gross  
9 receipts tax for a period of one year after the election. A  
10 certified copy of any ordinance imposing a local hospital gross  
11 receipts tax shall be mailed to the department within five days  
12 after the ordinance is adopted in any election called for that  
13 purpose.

14 F. Any ordinance enacted pursuant to the provisions  
15 of Subsection A of this section shall include an effective date  
16 of either July 1 or January 1, whichever date occurs first after  
17 the expiration of at least three months from the date the  
18 ordinance is approved by the electorate.

19 G. Any ordinance repealed under the provisions of  
20 the Local Hospital Gross Receipts Tax Act shall be repealed  
21 effective on either July 1 or January 1.

22 H. As used in this section, "taxable value of  
23 property" means the sum of:

24 (1) the net taxable value, as that term is  
25 defined in the Property Tax Code, of property subject to

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1 taxation under the Property Tax Code;

2 (2) the assessed value of products, as those  
3 terms are defined in the Oil and Gas Ad Valorem Production Tax  
4 Act;

5 (3) the assessed value of equipment, as those  
6 terms are defined in the Oil and Gas Production Equipment Ad  
7 Valorem Tax Act; and

8 (4) the taxable value of copper mineral  
9 property, as those terms are defined in the Copper Production Ad  
10 Valorem Tax Act, subject to taxation under the Copper Production  
11 Ad Valorem Tax Act. "

12 Section 3. Section 7-20C-9 NMSA 1978 (being Laws 1991,  
13 Chapter 176, Section 9, as amended) is amended to read:

14 "7-20C-9. LOCAL HOSPITAL REVENUE BONDS--AUTHORITY TO  
15 ISSUE-- PLEDGE OF REVENUES. --

16 A. A county, other than a county described in  
17 Paragraph (2) of Subsection A of Section 7-20C-2 NMSA 1978, may  
18 issue local hospital revenue bonds pursuant to the Local  
19 Hospital Gross Receipts Tax Act for the purpose of acquiring  
20 land for and designing, constructing, equipping and furnishing a  
21 county hospital facility or health clinic to be operated by the  
22 county or by another party pursuant to a lease or management  
23 contract with the county.

24 B. The county issuing the local hospital revenue  
25 bonds pursuant to the Local Hospital Gross Receipts Tax Act

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1 shall pledge irrevocably all of the net receipts derived from  
2 the imposition of the local hospital gross receipts tax and may  
3 pledge irrevocably any combination of hospital facility revenues  
4 and any other revenues as necessary for the payment of principal  
5 and interest on the revenue bonds. "

6 Section 4. EFFECTIVE DATE. --The effective date of the  
7 provisions of this act is July 1, 1997.

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FORTY-THIRD LEGISLATURE

FIRST SESSION, 1997

SB 772/a

February 24, 1997

Mr. President:

Your WAYS AND MEANS COMMITTEE, to whom has been referred

SENATE BILL 772

has had it under consideration and reports same with recommendation that it DO PASS, amended as follows:

1. On page 2, lines 19 and 20, remove the brackets and the line through "one hundred twenty-five million dollars (\$125,000,000)".

2. On page 2, lines 20 and 21, strike the underscored material.

3. On page 3, line 3, after the semicolon insert "and".

**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

SWMC/SB 772

Page 12

4. On page 3, between lines 3 and 4, insert the following new paragraph:

"(6) a class B county having a population of more than fifteen thousand according to the 1990 federal decennial census and having a net taxable value for rate-setting purposes for the 1996 taxable year of more than one hundred fifty million dollars (\$150,000,000) but less than one hundred seventy-five million dollars (\$175,000,000);".

5. On page 3, between lines 9 and 10, insert the following new subsection:

D. "health care facilities contract" means an agreement between a hospital or health clinic not owned by the county and a county imposing the tax authorized by the Local Hospital Gross Receipts Tax Act that obligates the county to pay to the hospital revenue generated by the tax authorized in that act as consideration for the agreement by the hospital or health clinic to use the funds only for nonsectarian purposes and to make health care services available for the benefit of the county;".

**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

SWMC/SB 772

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6. Reletter the succeeding subsections accordingly.

7. On page 4, line 17, after "(4)" insert "or (6)".

8. On page 7, line 4, strike "and".

9. On page 7, line 13, strike the period and insert in lieu thereof "; and".

10. On page 7, between lines 13 and 14, insert the following new paragraph:

"(4) if the governing body of a county described in Paragraph (6) of Subsection A of Section 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax after July 1, 1997, the governing body shall dedicate the revenue for either or a combination of the following:

(a) acquisition of land or buildings for and the design, construction, renovation, equipping or furnishing of a hospital facility or health clinic owned by the county or a hospital or health clinic with whom the county has entered into a

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**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

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health care facilities contract; or

(b) operations and maintenance of a hospital or health clinic owned by the county or a hospital or health clinic with whom the county has entered into a health care facilities contract. "

11. On page 9, line 23, after "county" insert the following:  
", or a hospital facility or health clinic with whom the county has entered into a health care facilities contract".,  
and thence referred to the FINANCE COMMITTEE.

Respectfully submitted,

\_\_\_\_\_  
Carlos R. Cisneros, Chairman

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**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_

(Chief Clerk)

(Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 9 For 0 Against

Yes: 9

No: 0

Excused: None

Absent: None

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**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

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**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

**March 2, 1997**

Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

**SENATE BILL 772, as amended**

has had it under consideration and reports same with  
recommendation that it DO PASS.

**Respectfully submitted,**



**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

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SWMC/SB 772

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\_\_\_\_\_  
Ben D. Altamirano, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 8 For 0 Against

Yes: 8

No: None

Excused: Carraro, Eisenstadt, Lyons

Absent: None

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**State of New Mexico**  
**House of Representatives**

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**FORTY- THIRD LEGISLATURE**  
**FIRST SESSION, 1997**

**March 14, 1997**

**Mr. Speaker:**

Your **TAXATION AND REVENUE COMMITTEE**, to whom has  
been referred

**SENATE BILL 772**, as amended

has had it under consideration and reports same with  
recommendation that it **DO PASS**, and thence referred to the  
**APPROPRIATIONS AND FINANCE COMMITTEE**.

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FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997

SB 772

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Respectfully submitted,

\_\_\_\_\_  
Jerry W. Sandel, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 9 For 1 Against

Yes: 9

No: Russell

Excused: Porter, Sandel, Sandoval

Absent: None

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# **State of New Mexico House of Representatives**

**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

**March 14, 1997**

**Mr. Speaker:**

**Your TAXATION AND REVENUE COMMITTEE, to whom has  
been referred**

**SENATE BILL 772, as amended**

**has had it under consideration and reports same with  
recommendation that it DO PASS, and thence referred to the  
APPROPRIATIONS AND FINANCE COMMITTEE.**

**Respectfully submitted,**

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**Jerry W. Sandel, Chairman**

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FORTY-THIRD LEGISLATURE  
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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 9 For 1 Against

Yes: 9

No: Russell

Excused: Porter, Sandel, Sandoval

Absent: None

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[bracketed material] = delete