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AN ACT

RELATING TO TAXATION; AMENDING THE LOCAL HOSPITAL GROSS RECEIPTS TAX ACT TO PERMIT CERTAIN COUNTIES TO DEDICATE THE TAX AS MATCHING FUNDS AND TO EXTEND THE PERIOD FOR WHICH THE TAX IS IMPOSED.

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

Section 1. Section 7-20C-3 NMSA 1978 (being Laws 1991, Chapter 176, Section 3, as amended) is amended to read:

"7-20C-3. LOCAL HOSPITAL GROSS RECEIPTS TAX--AUTHORITY TO IMPOSE--ORDINANCE REQUIREMENTS.--

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

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

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

(3) a rate not to exceed one-half percent of the gross receipts of the person engaging in business if the

1 tax is imposed after July 1, 1996 in a county described in  
2 Paragraph (4), (6), (7) or (8) of Subsection A of Section  
3 7-20C-2 NMSA 1978; provided the tax may be imposed in any  
4 number of increments of one-eighth percent not to exceed an  
5 aggregate rate of one-half percent of gross receipts.

6 B. The local hospital gross receipts tax imposed:

7 (1) initially before January 1, 1993 shall  
8 be imposed only once for the period necessary for payment of  
9 the principal and interest on revenue bonds issued to  
10 accomplish the purpose for which the revenue is dedicated,  
11 but the period shall not exceed ten years from the effective  
12 date of the ordinance imposing the tax; or

13 (2) after July 1, 1996 in a county described  
14 in Paragraph (4) or (8) of Subsection A of Section 7-20C-2  
15 NMSA 1978 shall be imposed for the period necessary for  
16 payment of the principal and interest on revenue bonds issued  
17 to accomplish the purpose for which the revenue is dedicated,  
18 but the period shall not exceed forty years from the  
19 effective date of the ordinance imposing the tax; provided,  
20 however, that the governing body of a county described in  
21 Paragraph (8) of Subsection A of Section 7-20C-2 NMSA 1978  
22 that has enacted an ordinance imposing an increment of the  
23 local hospital gross receipts tax pursuant to the provisions  
24 of this paragraph may, prior to the date of the delayed  
25 repeal of the ordinance, enact an ordinance to modify the

1 period of imposition of the tax and modify the purposes for  
2 which the revenue from the tax is dedicated, consistent with  
3 one or more of the purposes permitted pursuant to Paragraph  
4 (6) of Subsection D of this section. The ordinance shall be  
5 subject to the election requirement of Subsection E of this  
6 section.

7 C. No local hospital gross receipts tax authorized  
8 in Subsection A of this section shall be imposed initially  
9 after January 1, 1993 in a county described in Paragraph (2),  
10 (3) or (5) of Subsection A of Section 7-20C-2 NMSA 1978  
11 unless:

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

21 (2) in a county described in Paragraph (3)  
22 or (5) of Subsection A of Section 7-20C-2 NMSA 1978, the  
23 county will not have in effect at the same time a county  
24 hospital emergency gross receipts tax and the voters of the  
25 county have approved the imposition of a property tax at a

1 rate of one dollar (\$1.00) on each one thousand dollars  
2 (\$1,000) of taxable value of property in the county for the  
3 purpose of operation and maintenance of a hospital owned by  
4 the county and operated and maintained either by the county  
5 or by another party pursuant to a lease with the county.

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

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

21 (2) if the governing body of a county  
22 described in Paragraph (2), (3) or (5) of Subsection A of  
23 Section 7-20C-2 NMSA 1978 is enacting the ordinance imposing  
24 the tax after July 1, 1993, the governing body shall dedicate  
25 the revenue for acquisition, renovation and equipping of a

1 building for a county hospital facility or a county  
2 twenty-four-hour urgent care or emergency facility or for  
3 operation and maintenance of that facility, whether operated  
4 and maintained by the county or by another party pursuant to  
5 a lease or management contract with the county, for the  
6 period of time the tax is imposed not to exceed ten years;

7 (3) if the governing body of a county  
8 described in Paragraph (4) or (8) of Subsection A of Section  
9 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax  
10 after July 1, 1995, the governing body shall dedicate the  
11 revenue for acquisition of land or buildings for and the  
12 renovation, design, construction, equipping or furnishing of  
13 a county hospital facility or health clinic to be operated by  
14 the county or operated and maintained by another party  
15 pursuant to a health care facilities contract, lease or  
16 management contract with the county; provided, however, that  
17 the governing body of a county described in Paragraph (8) of  
18 Subsection A of Section 7-20C-2 NMSA 1978 that has imposed an  
19 increment of the local hospital gross receipts tax prior to  
20 January 1, 2009 and dedicated the revenue from that  
21 imposition pursuant to the provisions of this paragraph may,  
22 prior to the date of the delayed repeal of the ordinance  
23 imposing the increment of the tax, enact an ordinance to  
24 modify the period of imposition of the tax and modify the  
25 purposes for which the revenue from the tax is dedicated,

1 consistent with one or more of the purposes permitted  
2 pursuant to Paragraph (6) of this subsection. The ordinance  
3 shall be subject to the election requirement of Subsection E  
4 of this section;

5 (4) if the governing body of a county  
6 described in Paragraph (6) or (9) of Subsection A of Section  
7 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax  
8 after July 1, 1997, the governing body shall dedicate the  
9 revenue for either or a combination of the following:

10 (a) acquisition of land or buildings  
11 for and the design, construction, renovation, equipping or  
12 furnishing of a hospital facility or health clinic owned by  
13 the county or a hospital or health clinic with which the  
14 county has entered into a health care facilities contract  
15 lease or management contract; or

16 (b) operations and maintenance of a  
17 hospital or health clinic owned by the county or a hospital  
18 or a health clinic with which the county has entered into a  
19 health care facilities contract;

20 (5) if the governing body of a county  
21 described in Paragraph (7) of Subsection A of Section 7-20C-2  
22 NMSA 1978 is enacting the ordinance imposing the tax after  
23 January 1, 2002, the governing body shall dedicate the  
24 revenue for acquisition, lease, renovation or equipping of a  
25 hospital facility or for operation and maintenance of that

1 facility, whether operated and maintained by the county or by  
2 another party pursuant to a health care facilities contract,  
3 lease or management contract with the county; and

4 (6) if the governing body of a county  
5 described in Paragraph (8) of Subsection A of Section 7-20C-2  
6 NMSA 1978 is enacting the ordinance imposing one or more  
7 increments of the tax after January 1, 2009, the governing  
8 body shall dedicate the revenue for either or both of the  
9 following:

10 (a) payment of the principal and  
11 interest on revenue bonds, including refunding bonds, issued  
12 for acquisition of land or buildings for and the renovation,  
13 design, construction, equipping or furnishing of hospital  
14 facilities or health care clinic facilities to be operated by  
15 the county or operated and maintained by another party  
16 pursuant to a health care facilities contract, lease or  
17 management contract with the county; and

18 (b) use as matching funds for state or  
19 federal programs benefiting the facilities.

20 E. The ordinance shall not go into effect until  
21 after an election is held and a simple majority of the  
22 qualified electors of the county voting in the election vote  
23 in favor of imposing the local hospital gross receipts tax  
24 and, in the case of a county described in Paragraph (3) or  
25 (5) of Subsection A of Section 7-20C-2 NMSA 1978, also vote

1 in favor of a property tax at a rate of one dollar (\$1.00)  
2 for each one thousand dollars (\$1,000) of taxable value of  
3 property in the county. The governing body shall adopt a  
4 resolution calling for an election within seventy-five days  
5 of the date the ordinance is adopted on the question of  
6 imposing the tax. The question may be submitted to the  
7 qualified electors and voted on as a separate question in a  
8 general election or in any special election called for that  
9 purpose by the governing body. A special election on the  
10 question shall be called, held, conducted and canvassed in  
11 substantially the same manner as provided by law for general  
12 elections. If the question of imposing a local hospital  
13 gross receipts tax fails or if the question of imposing both  
14 a local hospital gross receipts tax and a property tax fails,  
15 the governing body shall not again propose a local hospital  
16 gross receipts tax for a period of one year after the  
17 election. A certified copy of any ordinance imposing a local  
18 hospital gross receipts tax shall be mailed to the department  
19 within five days after the ordinance is adopted in an  
20 election called for that purpose.

21 F. An ordinance enacted pursuant to the provisions  
22 of Subsection A of this section shall include an effective  
23 date of either July 1 or January 1, whichever date occurs  
24 first after the expiration of at least three months from the  
25 date the ordinance is approved by the electorate.

1           G. An ordinance repealed under the provisions of  
2 the Local Hospital Gross Receipts Tax Act shall be repealed  
3 effective on either July 1 or January 1.

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

6                   (1) the net taxable value, as that term is  
7 defined in the Property Tax Code, of property subject to  
8 taxation under the Property Tax Code;

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

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

15                   (4) the taxable value of copper mineral  
16 property, as those terms are defined in the Copper Production  
17 Ad Valorem Tax Act, subject to taxation under the Copper  
18 Production Ad Valorem Tax Act."

19           Section 2. EFFECTIVE DATE.--The effective date of the  
20 provisions of this act is July 1, 2009. \_\_\_\_\_