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FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/10

SPONSOR Griego, P. LAST UPDATED _____ HB _____

SHORT TITLE Mora County Loan Payback SB 178

ANALYST Aubel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	\$75.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 179

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 178 appropriates \$75 thousand from the general fund to the Local Government Division of the Department of Finance and Administration to repay a loan from the New Mexico Board of Finance (BOF) used for ambulance services in Mora County in fiscal year 2009.

FISCAL IMPLICATIONS

The appropriation of \$75 thousand contained in this bill is a nonrecurring expense to the general fund to repay the BOF loan. If alternative funding for ambulance service in Mora County is not developed, future BOF loans most likely will be requested, making this appropriation recurring to repay those loans.

SIGNIFICANT ISSUES

Mora County's request for a \$110 thousand loan was approved for \$95 thousand by the BOF in two parts -- \$20 thousand for legal services and \$75 thousand for ambulance services -- on August 12, 2009, by the State Board of Finance from the Emergency Fund. Subsequently, the

county stated that the \$20 thousand loan for legal services would not be needed. According to the Local Government Division of DFA, the county does not have the financial resources to repay the remaining loan of \$75 thousand.

DFA maintains that “the \$75,000 loan was critical in meeting the expenses of providing ambulance services, which is a continuing public health and safety issue. This funding had previously been met by annual special appropriations in the General Appropriations Act to the N.M. Department of Health (DOH). That funding was cut and the DOH had no other funding resources to meet this need.”

According to prior discussions with BOF, the DOH funding referred to above was cut in 2008 and an attempt to restore it in the 2009 Legislative Session failed.

DOH provides additional background information:

“Mora County has a total population of 4,800 people, about half of which live in Mora Valley. Residences are spread out and personal transportation is limited for some families. The ambulance service is a critical safety net for both residents and tourists. The ambulance service which serves Mora Valley and the surrounding area is certified by the Public Regulation Commission as an ambulance service. They have a physician medical director, Emergency Medical Service (EMS) director and a training coordinator. They respond when dispatched for all medical and traumatic health emergencies within the Mora Valley and the surrounding areas of Mora County.

Mora Valley EMS applies for and receives money from the Local Systems Funding portion of the EMS Fund. Mora Valley EMS received \$14,817 in FY10 and has applied for FY11 funding. The amount of FY11 funding has not yet been determined, but will be similar.”

Repayment of loans made from the BOF Emergency Loan Fund allows additional loans to be made. Entities may pay back loans from their own funding sources. As an alternative, entities may seek funding from the state to retire a loan. The BOF may also convert the loan to a grant.

DFA notes the concern that a cycle is being established whereby Mora County will need to make an annual loan request from the BOF, followed by a request for a state appropriation to repay the loan, and in the case an appropriation is not made by the Legislature, initiate a request for BOF to convert the loan to a grant.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 178 relates to Senate Bill 179, which requests an appropriation of \$85 thousand for ambulance services in Mora County for FY11.

TECHNICAL ISSUES

The bill states that the appropriation is “to pay back a loan from the New Mexico Board of Finance used for ambulance services in Mora County in fiscal year 2009.” (Emphasis added.) The loan was made in August 2009, which is part of the 2010 fiscal year. Presumably, the services would be for FY10.

OTHER SUBSTANTIVE ISSUES

The county received a loan of \$53,079 from the BOF in 2005 to clean up illegally dumped oil and address structural problems at the county courthouse. The county requested and received a one-year extension. The loan became due in December 1, 2007, but no further action to repay, request an extension, or request the loan be converted to a grant has occurred. DFA suggests that turnover of county managers may have contributed to this sequence of events.

ALTERNATIVES

According to prior BOF discussions, the Taxation and Revenue Department has been working with Mora County to bring its property tax rolls current. It may be that sufficient revenue from collecting taxes on newly identified parcels and revised values would help support an ambulance service. As an alternative, DFA notes that the county may have some increments remaining in the local Gross Receipts Tax that would allow the county to impose a tax increase to support this vital service.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

DFA maintains that if the appropriation is not passed, it will put Mora County in the position of requesting the BOF to convert this loan into a grant. Alternatively, the county may request a loan repayment extension.

POSSIBLE QUESTIONS

How much does ambulance service cost Mora County annually?

What is the incremental amount needed assuming Mora County receives the \$14.8 thousand through the Local Systems Funding of the EMS Fund?

How much does Mora County receive in the Small County distribution?

Could any of this funding be used to help support ambulance services?

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