F I S C A L   I M P A C T   R E P O R T

ORIGINAL DATE 01/26/11
SPONSOR Rehm **LAST UPDATED** **HB** 25

SHORT TITLE Reduce Property Tax Levy for Hospital Funding **SB**

ANALYST Golebiewski

REVENUE (dollars in thousands)

Estimated Revenue			**Recurring or Non-Rec**	**Fund Affected**
FY11	**FY12**	**FY13**		
		(14,100)*	Recurring	Bernalillo County Medical Center

(Parenthesis ( ) Indicate Revenue Decreases)
*Please see the Technical Issues section.

SOURCES OF INFORMATION
LFC Files

Responses Received From
Tax and Revenue Department (TRD)
UNM Hospital
NM Health Policy Commission

SUMMARY

House Bill 25 would reduce mill levies for county hospital funding imposed in Bernalillo County. The levy authorized in calendar year 2011 would be reduced to 85% of that amount in 2012, 65% in 2013, 40% in 2014, and 10% every year thereafter. Under present law the affected levies can be imposed (subject to approval by voters) up to a maximum of 6.5 mills in class A counties and 4.25 mills elsewhere. Revenues from the levies are authorized for costs of operating and maintain county hospitals, for paying contract hospitals and, in class A counties, for the county-supported Medicaid program.

FISCAL IMPLICATIONS

TRD estimated the impacts of HB 25 using a 6.4 mill levy times the projected net taxable value for Bernalillo County times the proposed reductions. The Bernalillo County Finance Department reported that voters authorized 6.4 mills on June 10, 2008, to fund the Bernalillo County Medical Center. The rate was approved until 2016.

Estimated Revenue Impact*					Recurring or Nonrecurring	Fund(s) Affected
FY2011	FY2012	FY2013	FY2014	FY2015		
--	--	($14,100.0)	($34,600)	($62,200)	Recurring	Bernalillo County Medical Center

* In thousands of dollars. Parentheses ( ) indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

SIGNIFICANT ISSUES

The mill levy is used by UNM Hospitals to fund the general operating costs and maintenance for the Hospital, and the UNM Hospitals note that there is no other funding source to replace mill levy funds.

UNMH:

The mill levy represents approximately 13% of the total funding for UNMH for fiscal year 2010. The remaining sources of funding are Medicare, Medicaid and other third party payers. The patient payer mix at UNMH is 29% Medicaid, 28% Commercial / HMO, 18% Medicare, and 25% uncompensated care or other funding sources.

UNMH treats nearly 76,000 patients with $147 million of associated uncompensated care costs each year. Uncompensated care is the combination of charity (indigent) patient care and uninsured patient care. Uncompensated care can be stated as billed charges or cost. UNMH states uncompensated care ***at cost***, not billed charges.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 25 is related to SB 108 and SB 189, both address property tax valuation limits.

TECHNICAL ISSUES

According to TRD, "It is not clear how the levy changes proposed in the bill would be implemented. The changes would apply to the 'mill levy authorized in calendar year…'. Property tax levies are imposed in the fall of each year and apply to payments made that fall and the following spring. Thus, there are typically two different rates imposed in any given calendar year. To clarify the administration, the changes could be made to apply to 'property tax year…'."

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 25 is not enacted, the UNMH mill levy will remain as currently imposed.

JAG/bym