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FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/19

SPONSOR Dow LAST UPDATED 2/05/19 HB 157/aHLELC/aHTRC

SHORT TITLE Emergency Communication & Medical Taxes SB _____

ANALYST Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21	FY22	FY23		
	NFI	NFI	NFI	NFI	Recurring	General Fund
	NFI*	NFI*	NFI*	NFI*	Recurring	Counties

* Does not increase revenues for local governments. Permits additional uses of revenue. See Fiscal Impact.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Information Technology (DoIT)

Department of Finance and Administration, Local Government Division (DFA/LGD)

SUMMARY

Synopsis of HTRC amendment

The House Taxation and Revenue Committee amendment to House Bill 157 changes the bill's title to direct that revenue from "the county area and countywide emergency communications and emergency medical and behavioral health services taxes" may be used for an emergency communications center. In eight locations in the body of the bill, the amendment restores the language "emergency medical and behavioral health services" in the recurring phrase "County area emergency communications and [emergency medical and behavioral] health services tax revenue."

Synopsis of HLELC amendment

House Local Government, Land Grants & Cultural Affairs Committee Amendment adds "including the purchase of ambulatory transport vehicles" to the list of allowed uses of excess Emergency Communication and Medical Services Local Option Gross Receipts Taxes.

Synopsis of Original Bill

House Bill 157 renames the "County Area and Countywide Emergency Communications and Emergency Medical and Behavioral Health Services Taxes" to "County Area and Countywide Emergency Communications and Health Services Taxes". The bill also expands on the allowable use of revenue generated from those taxes to allow for emergency communication center facility purposes, as long as the center has been determined to be a consolidated public safety answering point. The bill outlines the issuance and use of various gross receipts tax revenue bonds.

The effective date of the bill is July 1, 2019.

FISCAL IMPLICATIONS

There is no net revenue increase for local governments pursuant to the provisions of this bill. However, HB157 would allow the proceeds of the renamed gross receipts tax to be used for county area emergency communications and health services revenue bonds for funding emergency communication center facilities. The HLELC amendment adds “the purchase of ambulatory transport vehicles” to the list of allowed uses of funds.

HB157 may impact the Department of Information Technology budget in its role of purchasing emergency communications equipment in collaboration with the local government division of the department of finance and administration. No revenue or operating budget impact can be estimated at this time.

As a partner with DFA/Local Government in its management of E911, DoIT sees the fiscal impact on improvements emergency communications centers in counties, which includes public safety answering points (PSAPs), as a strength of this bill

SIGNIFICANT ISSUES

The HLELC amendment poses two interesting policy questions: (1) the term “ambulatory transport vehicles” is one of art. There is no definition in the bill of an “ambulatory transport vehicle.” A Google search on the term returned as many references to “non-ambulatory transport vehicles” as to “ambulatory transport vehicle” and a Wikipedia search for the term also returned no result. Apparently, as a term of art, the phrase “ambulatory transport vehicles includes the common term “ambulance”, but may include other, undefined vehicles; and (2) the renamed *County Area and Countywide Emergency Communications and Health Services Taxes* are clearly intended primarily to be used for improving dispatch services in the various counties. The amendment is appended to the allowed use of funds for “operation of emergency medical services provided by the county. If the inclusion were for conventionally defined ambulances, then the addition would be logical, although inappropriate if the primary use of funds is to address dispatch deficits. Other uses of the funds would probably crowd out required funding to improve dispatch.

DFA/LGD notes as follows: “... while the current statute and HB157 read that the determination of a consolidated public safety answering point (PSAP) will be determined by the Local Government Division (LGD) of the Department of Finance and Administration (DFA), a Joint Powers Agreement (JPA) between DFA and the Department of Information Technology (DoIT) is in place which moved the E-911 program to DoIT. The E-911 program staff housed at DoIT

has the training, insight and expertise required to make the determinations for a consolidated PSAP, the purchasing of equipment, construction, improvement, remodel or purchase of one or more buildings for use as an emergency communications center that directly impact this statute and HB157.”

Seventeen Counties have implemented one, two, three or four 1/16 percent increments of the County Area and Countywide Emergency Communications and Emergency Medical and Behavioral Health Services Tax. This bill changes the name of the tax and permits funds derived from this tax to be used to construct, improve, remodel or purchase buildings to be used as an emergency communications center.

From the policy perspective, the Insurance Services Organization, which conducts periodic inspection of fire departments nationwide, places a great deal of emphasis on good or excellent emergency communications competence. The result of a good ISO examination is a potential reduction in property tax rates for the homeowners and businesses in the service area under examination.

This bill may be a partial response to the comprehensive LFC report issued in March 2018 entitled, *“Public Safety Could Be At Risk Due to Inadequate Revenues and Planning for Emerging Technologies for 911 Systems”*¹

Some information from the LFC report:

- Upgrading 911 systems to NG911 is necessary to adapt to how people communicate today – largely through mobile and digital devices.
- During the mass shooting at Virginia Tech, students sent text messages to 911 but they were never received. According to NCSL, the tragedy, which claimed 32 lives, highlighted the need to modernize the nation’s 911 systems.
- NG911 initiative, aimed at updating the 911 service infrastructure in the United States improves public emergency communications services in an increasingly growing wireless mobile society. The ultimate goal of NG911 is to improve service to the public by achieving efficiencies within public safety operations.
- Several 911 programs derive funding from fees paid on wireless and wireline phone bills, although in many states prepaid wireless phones do not pay a 911 fee.
- E-911 revenue has decreased 24 percent from FY11 to FY17, while expenditures have decreased 15 percent during the same period.
- DFA estimates E-911 revenue to increase by \$3 million in FY18 due to recent legislation expanding surcharge coverage.

Recommendations

The Legislature should consider:

- Repealing the requirement in Statute for Board of Finance approval of E911 disbursements similar to the Community Block Grant and Local DWI programs and replace with an E-911 council or board.

¹ https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/E-911%20Program%20Update.pdf

- Transferring the E-911 program to the Department of Information Technology to streamline disbursement approval process, provide ongoing technical oversight and improve the implementation of NG911.

The Department of Finance and Administration should:

- Work with the Taxation and Revenue Department to ensure the enhanced 911 surcharge collections are in accordance with the Enhanced 911 Act as amended by Laws 2017, Chapter 22.
- Consider limiting PSAP's budget for E-911 operating costs and increase the budget for E-911 equipment upgrades to reduce the equipment replacement cycle.
- The Department of Finance and Administration and the Department of Information Technology should evaluate best practices for E-911 funding models and report to the Legislature.

ADMINISTRATIVE IMPLICATIONS

The status of the current JPA between DFA and DoIT for oversight of the E-911 program is being determined by the new administration.

LG/sb

Addendum:

		County Emergency Communications & Medical Services Tax					
		0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	
Cibola County	33-033	7/17	7/17	7/17	7/17	0.2500%	
DeBaca County	27-027	7/09	7/09	7/09	7/09	0.2500%	
Grant County	08-008	1/13	1/13			0.1250%	
Guadalupe County	24-024	7/05	7/05	7/05	7/05	0.2500%	
Hidalgo County	23-023	7/17	7/17	7/17	7/17	0.2500%	
McKinley County	13-013	1/03	1/03	1/03	1/03	0.2500%	
Mora County	30-030	7/13	7/13	7/13	7/13	0.2500%	
Quay County	10-010	1/15	1/15	1/15	1/15	0.2500%	
Rio Arriba County	17-017	7/05	7/05	7/05	7/05	0.2500%	
Sandoval County	29-029	7/04	7/04	7/04	7/04	0.2500%	
San Juan County	16-016	7/13	7/13	7/13		0.1875%	
Santa Fe County	01-001	7/07	7/07	7/07	7/07	0.2500%	
Sierra County	21-021	7/15	7/15	7/15	7/15	0.2500%	
Taos County	20-020	7/17	7/17	7/17		0.1875%	
Torrance County	22-022	7/05	7/05	7/05	7/05	0.2500%	
Union County	18-018	7/05	7/05			0.1250%	
Valencia County	14-014	7/09	7/09	7/09	7/09	0.2500%	

**Summary of E-911 Program Grant Awards
FY10 - FY18**

	Grantee	Average FY10 - FY14	FY15	FY16*	FY17	FY18
1	Albuquerque, City of	\$759,256	\$922,100	\$719,600	\$3,670,441	\$367,829
2	Bernalillo, County of	\$653,018	\$2,178,972	\$678,997	\$772,589	\$1,065,538
3	Carlsbad, City of	\$207,613	\$145,600	\$170,400	\$165,897	\$170,329
4	Catron, County of	\$176,525	\$439,058	\$93,309	\$142,859	\$163,229
5	Cibola, County of	\$336,227	\$230,800	\$144,000	\$184,582	\$159,410
6	Clayton, Town of	\$284,399	\$311,300	\$243,800	\$218,899	\$223,629
7	Clovis, City of	\$377,805	\$200,700	\$179,500	\$148,649	\$520,599
8	De Baca, County of	\$189,165	\$196,300	\$223,657	\$153,409	\$181,929
9	Eddy, County of	\$182,318	\$811,348	\$269,800	\$291,153	\$271,294
10	Espanola, City of	\$433,066	\$818,380	\$205,200	\$274,915	\$246,029
11	Grant, County of	\$236,078	\$188,700	\$189,700	\$219,652	\$167,029
12	Guadalupe, County of	\$205,061	\$463,124	\$166,326	\$158,433	\$160,629
13	Hidalgo, County of	\$241,555	\$163,600	\$168,900	\$228,038	\$381,930
14	Las Cruces, City of	\$551,964	\$1,377,759	\$885,006	\$619,835	\$503,929
15	Las Vegas, City of	\$367,159	\$651,255	\$302,200	\$333,613	\$324,329
16	Lea, County of	\$545,987	\$380,650	\$477,450	\$565,315	\$560,863
17	Lincoln, County of	\$279,676	\$168,000	\$175,000	\$209,205	\$175,329
18	Los Alamos, County of	\$205,608	\$202,009	\$176,800	\$207,916	\$196,329
19	Los Lunas, Village of	\$399,953	\$1,117,225	\$279,200	\$1,153,890	\$1,026,416
20	Luna, County of	\$325,867	\$271,600	\$0	\$177,543	\$155,129
21	McKinley, County of	\$554,896	\$581,700	\$526,700	\$651,361	\$617,843
22	Portales, City of	\$250,444	\$137,900	\$126,300	\$158,449	\$284,467
23	Quay, County of	\$360,212	\$280,100	\$274,300	\$298,952	\$468,766
24	Raton, City of	\$241,373	\$209,600	\$146,200	\$161,255	\$143,629
25	Red River, Town of	\$209,561	\$119,000	\$152,637	\$108,168	\$111,729
26	Rio Rancho, City of	\$279,692	\$1,312,830	\$244,000	\$376,435	\$388,729
27	Roswell, City of	\$534,953	\$511,625	\$528,500	\$461,285	\$332,929
28	Ruidoso, Village of	\$296,141	\$495,812	\$229,300	\$222,464	\$246,829
29	San Juan, County of	\$655,223	\$688,324	\$630,000	\$524,497	\$466,229
30	Santa Fe, County of	\$321,744	\$1,199,430	\$265,800	\$394,935	\$395,029
31	Sierra, County of	\$228,324	\$414,800	\$232,600	\$232,016	\$185,129
32	Socorro, City of	\$295,989	\$740,127	\$185,659	\$214,781	\$199,729
33	Taos, County of	\$244,028	\$241,000	\$272,637	\$213,459	\$231,329
34	Torrance, County of	\$199,633	\$552,354	\$99,200	\$167,269	\$184,829
TOTAL		\$11,630,514	\$18,723,082	\$9,662,678	\$14,082,159	\$11,278,922

Source: DFA

* Grant amount

does not include prior year awards of \$7.1 million carried over from FY15; total grant amount for FY16 was \$16.8 million.

The following is an extrapolation of the revenue each of the 17 enacting counties may realize from the current local option tax.

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	FY20		FY21		FY22	
	MTGR	Emerg Serv GRT	MTGR	Emerg Serv GRT	MTGR	Emerg Serv GRT
Cibola County	\$347,375,649	\$868,400	\$343,969,999	\$859,900	\$340,570,558	\$851,400
De Baca County	\$36,644,485	\$91,600	\$37,712,045	\$94,300	\$38,777,659	\$96,900
Grant County	\$522,782,414	\$653,500	\$543,183,565	\$679,000	\$563,547,521	\$704,400
Guadalupe County	\$105,929,500	\$264,800	\$109,022,617	\$272,600	\$112,110,095	\$280,300
Hidalgo County	\$196,916,563	\$492,300	\$225,382,231	\$563,500	\$253,796,002	\$634,500
McKinley County	\$1,027,092,846	\$2,567,700	\$1,000,116,609	\$2,500,300	\$982,810,608	\$2,457,000
Mora County	\$46,456,572	\$116,100	\$49,587,469	\$124,000	\$52,712,658	\$131,800
Quay County	\$181,050,395	\$452,600	\$192,609,257	\$481,500	\$204,147,045	\$510,400
Rio Arriba County	\$381,043,528	\$952,600	\$363,751,276	\$909,400	\$346,490,550	\$866,200
Sandoval County	\$1,584,341,072	\$3,960,900	\$1,615,379,789	\$4,038,400	\$1,646,361,918	\$4,115,900
San Juan County	\$2,418,272,902	\$4,534,300	\$2,144,992,637	\$4,021,900	\$1,956,008,385	\$3,667,500
Santa Fe County	\$4,410,945,683	\$11,027,400	\$4,618,221,063	\$11,545,600	\$4,764,554,387	\$11,911,400
Sierra County	\$161,142,650	\$402,900	\$152,672,066	\$381,700	\$144,216,926	\$360,500
Taos County	\$643,628,579	\$1,206,800	\$622,183,935	\$1,166,600	\$604,359,970	\$1,133,200
Torrance County	\$213,374,470	\$533,400	\$212,243,838	\$530,600	\$211,115,268	\$527,800
Union County	\$1,116,446,152	\$1,395,600	\$1,166,864,036	\$1,458,600	\$1,205,732,068	\$1,507,200
Valencia County	\$119,869,478	\$299,700	\$123,895,065	\$309,700	\$127,913,314	\$319,800
	\$13,513,312,935	\$29,820,600	\$13,521,787,498	\$29,937,600	\$13,555,224,933	\$30,076,200