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FISCAL IMPACT REPORT

ORIGINAL DATE 2/23/19

SPONSOR Dow/Ramos **LAST UPDATED** _____ **HB** 558

SHORT TITLE Gila Cancer Center Revenue Bonds **SB** _____

ANALYST Armstrong

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
See Fiscal Implications			Recurring through 2026	Rural County Cancer Treatment Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to: HB261, HB502, SB166

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General's Office (NMAG)

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

House Bill 558 authorizes the Gila Regional Medical Center (GRMC), a component unit of Grant County, to receive an amount not to exceed \$1.25 million from the rural county cancer treatment fund for certain capital projects at its regional cancer center, including IT equipment, renovations to the chemotherapy clean room, and a positron emission tomography (PET) scanner. NMFA shall either (1) issue cigarette tax revenue bonds or (2) directly appropriate any excess balances in the fund not needed to pay outstanding cigarette tax revenue bond debt service in an amount not to exceed \$1.25 million.

FISCAL IMPLICATIONS

The fund is held by NMFA and receives a dedicated 0.62 percent distribution of cigarette tax revenue. NMFA structures cigarette tax revenue bonds to withstand an annual 3 percent decline in cigarette tax revenue generation, which has proven to be an accurate and necessary precaution

because cigarette tax revenue generation has averaged an approximate 2.5 percent decline over the last seven years. Currently, the Series 2013 Cigarette Tax Revenue Bonds are the only bonds outstanding, which were issued on behalf of GRMC.

According to NMFA

The fund does not currently have the capacity to address the full \$1.25 million authorization; however, approximately \$700 thousand of capacity is available through a combination of issuing bonds and appropriating excess balances that GRMC could use for the proposed cancer center projects. HB558 allows NMFA to make appropriations in the future if and as it determines the fund has excess balances that are not needed for debt service. This approach was used when addressing the last Nor-Lea General Hospital authorization of \$750 thousand out of the fund.

RELATIONSHIP

House Bill 261 increases cigarette taxes, House Bill 502 increases the tobacco products tax, and Senate Bill 166 increases cigarette and E-cigarette tax rates.

JA/al