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FISCAL IMPACT REPORT

SPONSOR Fajardo/Baca/ Baldonado/Sanchez ORIGINAL DATE 02/18/21 LAST UPDATED 03/11/21 HB 240/aHHHC/aHF1#1

SHORT TITLE "Contracting Hospital" Definition SB _____

ANALYST Klundt/Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23	FY24	FY25		
	NFI				Recurring	State GO Bond Fund
	Positive impact for electing counties. See FISCAL IMPLICATIONS for illustration				Recurring	Electing Counties

Parenthesis () indicate revenue decreases

Relates to HB220

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of House Floor #1 Amendment

The House Floor #1 amendment to House Bill 240 deletes the expansion of the Hospital Funding Act for an emergency healthcare facility in Valencia County and replaces it with the technically equivalent which is to specify a class B county, with net taxable value between \$1 billion and \$5 billion and a population of more than 75,000 but less than 100,000. For reference, a chart of county class, net taxable value and estimated 2020 county population is included as Appendix A.

Synopsis of HHHC Amendment

The House Health and Human Services Committee amendment to House Bill 240 restricts the expansion of the Hospital Funding Act to an emergency healthcare facility in Valencia County. The specification of Valencia County is expressed as a class B county with population between 75,000 and 85,000.

Synopsis of Original Bill

House Bill 240 (HB240) amends the definitions of “contracting hospital” and “hospital care facilities contract” in the Hospital Funding Act to include a 24-hour emergency health care facility licensed as a remote location of an acute care hospital. This clarification affects the ability of counties to use up to a 4.25 mill (6.5 mills in Class A counties) voter-approved property tax levy to fund a contract with a private or non-profit hospital in the county.

There is no effective date stated on this bill so it is assumed that the effective date if signed into law would be June 18, 2021.

FISCAL IMPLICATIONS

After the HHHC amendment, expansion of the Hospital Funding Act would be restricted to a 24-hour emergency care facility in Valencia County. The chart following is only applicable for Valencia County.

House Bill 240 would allow the revenue generated by a voter authorized hospital mill levy to be used for operating a 24-hour emergency health care facility licensed as a remote location of an acute care hospital. Class A counties may impose up to 6.5 mills (\$6.50 per \$1,000 of net taxable value), while Class B and C counties are limited to imposition up to 4.25 mills (\$4.25 per \$1,000 of net taxable value). Although these levies are voter-approved, they are subject to yield-controlled provisions (Section 7-37-7.1 NMSA 1978). Although yield would rise annually if the net taxable base increased, the yield would not increase solely attributable to inflationary-driven increases in property values.

The property tax levy authorized by Section 4-48B-12 NMSA 1978 would have to be approved by the voters at a general or special election. This would most likely be November 2022. This approval would affect the 2023 property tax year. Property owner tax payments would be received in November 2023 and April 2024 (FY24).

The following table is based on 2020 property valuations. Over time, net taxable statewide has increased by about 2.7 percent annually, however, growth rates by county are highly variable. Class A counties are shaded in the table below.

Class A County Max	\$6.50	per \$1,000 of net taxable value
Other County Max	\$4.25	per \$1,000 of net taxable value
	Total Net Taxable Value	100% Yield
BERNALILLO COUNTY	\$17,424,109,032	\$113,256,709
CATRON COUNTY	\$132,607,685	\$563,583
CHAVES COUNTY	\$1,296,382,723	\$5,509,627
CIBOLA COUNTY	\$351,204,529	\$1,492,619
COLFAX COUNTY	\$652,203,751	\$2,771,866
CURRY COUNTY	\$976,477,817	\$4,150,031
DE BACA COUNTY	\$94,127,082	\$400,040
DONA ANA COUNTY	\$4,745,019,064	\$30,842,624
EDDY COUNTY	\$7,763,196,980	\$32,993,587
GRANT COUNTY	\$818,453,839	\$3,478,429

GUADALUPE COUNTY	\$179,990,505	\$764,960
HARDING COUNTY	\$81,901,245	\$348,080
HIDALGO COUNTY	\$186,288,666	\$791,727
LEA COUNTY	\$8,387,276,176	\$35,645,924
LINCOLN COUNTY	\$1,368,753,323	\$5,817,202
LOS ALAMOS COUNTY	\$830,181,892	\$3,528,273
LUNA COUNTY	\$617,341,001	\$2,623,699
McKINLEY COUNTY	\$821,657,547	\$3,492,045
MORA COUNTY	\$151,556,197	\$644,114
OTERO COUNTY	\$1,261,048,104	\$5,359,454
QUAY COUNTY	\$232,899,353	\$989,822
RIO ARRIBA COUNTY	\$1,194,459,394	\$5,076,452
ROOSEVELT COUNTY	\$458,713,963	\$1,949,534
SANDOVAL COUNTY	\$3,971,451,961	\$25,814,438
SAN JUAN COUNTY	\$3,621,318,780	\$23,538,572
SAN MIGUEL COUNTY	\$648,999,184	\$2,758,247
SANTA FE COUNTY	\$7,785,631,537	\$50,606,605
SIERRA COUNTY	\$320,888,780	\$1,363,777
SOCORRO COUNTY	\$287,935,768	\$1,223,727
TAOS COUNTY	\$1,598,547,590	\$6,793,827
TORRANCE COUNTY	\$440,730,077	\$1,873,103
UNION COUNTY	\$199,290,243	\$846,984
VALENCIA COUNTY	\$1,570,396,451	\$6,674,185

If the mill levy were presented to the voters at a general election, there would be minimal additional costs for the county.

SIGNIFICANT ISSUES

DFA reported a written agreement for a hospital care facilities contract is between a hospital and a county or counties which also can include another political subdivision. The language in House Bill 240 would now also include a 24-hour emergency health care facility licensed as a remote location of an acute care hospital as an allowable party to a hospital care facilities contract.

ADMINISTRATIVE IMPLICATIONS

County treasurers would be responsible for administering a hospital mill levy.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 220 would add skilled nursing and rehabilitation hospitals (SNFs) to the list of institutions that could be funded through a mill levy at a county or municipality level under Section 4-48B NMSA 1978, the Hospital Funding Act. Criteria required for qualifying skilled nursing and rehabilitation facilities for this type of funding are specified.

APPENDIX A

Note: Class A counties have population over 100,000 and are shown in the table below as shaded. All other counties are either Class B1 or Class B2 and are shown in bold (and yellow highlighted).

	Total Net Taxable Value	Total 2020 Property Tax Rates (mills)	Projected 2020 Population
BERNALILLO COUNTY	\$17,424,109,032	39.918	685,700
CATRON COUNTY	\$132,607,685	16.938	3,499
CHAVES COUNTY	\$1,296,382,723	21.364	65,749
CIBOLA COUNTY	\$351,204,529	31.348	27,016
COLFAX COUNTY	\$652,203,751	27.318	11,977
CURRY COUNTY	\$976,477,817	23.016	51,303
DE BACA COUNTY	\$94,127,082	23.597	2,074
DONA ANA COUNTY	\$4,745,019,064	28.948	219,051
EDDY COUNTY	\$7,763,196,980	22.068	58,522
GRANT COUNTY	\$818,453,839	15.329	27,729
GUADALUPE COUNTY	\$179,990,505	26.620	4,311
HARDING COUNTY	\$81,901,245	19.924	388
HIDALGO COUNTY	\$186,288,666	19.044	4,222
LEA COUNTY	\$8,387,276,176	26.796	72,048
LINCOLN COUNTY	\$1,368,753,323	23.931	19,231
LOS ALAMOS COUNTY	\$830,181,892	24.532	18,322
LUNA COUNTY	\$617,341,001	22.723	24,005
McKINLEY COUNTY	\$821,657,547	32.695	73,862
MORA COUNTY	\$151,556,197	15.972	4,462
OTERO COUNTY	\$1,261,048,104	22.882	66,574
QUAY COUNTY	\$232,899,353	26.422	8,235
RIO ARRIBA COUNTY	\$1,194,459,394	20.375	39,194
ROOSEVELT COUNTY	\$458,713,963	23.086	19,180
SANDOVAL COUNTY	\$3,971,451,961	32.259	145,166
SAN JUAN COUNTY	\$3,621,318,780	24.330	125,801
SAN MIGUEL COUNTY	\$648,999,184	21.315	27,660
SANTA FE COUNTY	\$7,785,631,537	23.070	150,501
SIERRA COUNTY	\$320,888,780	23.614	10,972
SOCORRO COUNTY	\$287,935,768	30.372	16,768
TAOS COUNTY	\$1,598,547,590	15.697	32,945
TORRANCE COUNTY	\$440,730,077	23.207	15,286
UNION COUNTY	\$199,290,243	21.686	4,134
VALENCIA COUNTY	\$1,570,396,451	27.885	76,351