

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR	Gonzales	LAST UPDATED	
		ORIGINAL DATE	3/10/2025
SHORT TITLE	UNM School of Medicine Fund & Distribution	BILL	
		NUMBER	Senate Bill 464
		ANALYST	Jorgensen

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
GGRT		\$37,700.0	\$38,900.0	\$39,900.0	\$41,200.0	Recurring	UNM School of Med. Fund
GGRT		(\$37,700.0)	(\$38,900.0)	(\$39,900.0)	(\$41,200.0)	Recurring	General Fund
UNM Clinical Revenue		\$4,000.0	\$4,000.0	\$4,000.0	\$4,000.0	Recurring	UNM School of Med Fund
UNM Clinical Revenue		(\$4,000.0)	(\$4,000.0)	(\$4,000.0)	(\$4,000.0)	Recurring	UNM Institutional Funds

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 449 and an appropriation in the capital outlay framework

Sources of Information

LFC Files

Agency Analysis Received From
Taxation and Revenue Department (TRD)
University of New Mexico (UNM)

SUMMARY

Synopsis of Senate Bill 464

Senate Bill 464 (SB464) creates a distribution from the tax suspense fund to the newly created university school of medicine fund in an amount equal to the governmental gross receipts tax attributable to a hospital licensed by the Health Care Authority (HCA). SB464 creates the university school of medicine fund as a nonreverting fund subject to appropriation by the Legislature and requires the University of New Mexico (UNM) to deposit \$4 million from non-state funds into the UNM school of medicine fund from FY26 through FY35.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

SB464 directs an annual appropriation equal to the amount of net tax receipts attributable to the governmental gross receipts tax attributable to a hospital licensed by the HCA to the UNM school of medicine fund. The Taxation and Revenue Department (TRD) projects this amount to be \$37.7 million in FY26. Governmental gross receipts tax (GGRT) revenue would otherwise be distributed to the general fund, so SB464 reduces revenue to the general fund by \$37.7 million in FY26. Additionally, SB464 requires UNM to deposit \$4 million per year into the school of medicine fund from sources other than state appropriations. The source of these funds would be clinical revenue from the provision of healthcare services.

This bill creates a new fund and provides for continuing appropriations. LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds because it reduces the ability of the Legislature to establish spending priorities.

SIGNIFICANT ISSUES

SB464 requires UNM to deposit \$4 million per year from a non-state revenue source into the school of medicine fund for 10 years. However, the distribution of funds from the tax suspense fund does not have an expiration and thus would continue in perpetuity.

UNM hospital expects to pay \$32 million in GGRT in FY26 while TRD anticipates receipt of \$37.7 million in state-licensed hospital GGRT so that UNM Hospital would receive more GGRT under the provisions of SB464 than it pays annually.

The school of medicine expansion is projected to be completed by June 2029 at a total cost of \$600 million. SB464 envisions a 10-year diversion of GGRT funds, which would require UNM to bond against the funds made available in SB464 to complete the project in accordance with expected timeline.

TECHNICAL ISSUES

There is no sunset on the distribution of GGRT from the tax suspense fund to the school of medicine fund.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The capital outlay framework recommended by the Legislative Finance Committee contains \$30 million for planning and design for the UNM School of Medicine in FY26. Additionally, House Bill 449 (HB449) establishes the higher education major projects fund and provides project eligibility criteria and required matching funds. HB449 creates a framework for funding large projects, which would include the UNM school of medicine, but does not include an appropriation for FY26 and relies on appropriations made by a future Legislature to capitalize the fund.