

AN ACT

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RELATING TO PUBLIC FINANCE; AMENDING THE HOSPITAL FUNDING ACT AND  
STATUTES RELATING TO THE FINANCES OF STATE EDUCATIONAL INSTITUTIONS;  
DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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Section 1. Section 4-48B-3 NMSA 1978 (being Laws 1981, Chapter 83,  
Section 3, as amended) is amended to read:

"4-48B-3. DEFINITIONS.--As used in the Hospital Funding Act:

A. "another political subdivision" means a political subdivision of New  
Mexico, including a municipality and a special hospital district organized under the  
Special Hospital District Act, but not including a county;

B. "class A county" means a county having a population of more than  
two hundred thousand persons according to the last federal decennial census;

C. "contracting hospital" means a hospital located in New Mexico that  
enters into a health care facilities contract with a county or counties or another political  
subdivision;

D. "county" means any county of the state;

E. "county commissioners" means the board of county commissioners  
of a county;

F. "county hospital" means a hospital owned by a county;

G. "health care facilities contract" means an agreement between a  
hospital and a county or counties, or between a hospital and a county or counties and  
another political subdivision, that provides for the payment by the county or counties of

all or a portion of the proceeds of a mill levy to the hospital in exchange for the agreement by the hospital to use the funds only for nonsectarian purposes and to make available the following for the sick of the county or counties:

- (1) hospital facilities that admit and treat patients without regard to race, sex, religion or national origin;
- (2) hospital facilities that include x-ray, laboratory services and a pharmacy or drug room;
- (3) adequate emergency equipment, personnel and procedures, including:
  - (a) a standby emergency power system;
  - (b) at least one person capable and authorized to initiate immediate lifesaving measures;
  - (c) facilities for emergency laboratory work, including, as a minimum, urinalysis, complete blood count, blood type and cross match; and
  - (d) diagnostic radiographic facilities;
- (4) facilities, procedures and policies for prevention, control and reporting of communicable diseases, including one or more rooms for isolation of patients having or suspected of having communicable diseases;
- (5) adequate records, including, as a minimum, a daily census and a register of all births, deliveries, deaths, admissions, emergency room admissions, discharges, operations, outpatients, inpatients and narcotics; and
- (6) physical facilities, personnel, equipment and procedures that comply with the regulations promulgated by the public health division of the department of health;

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H. "hospital governing board" means the board that governs a county hospital or the board of directors or trustees of a contracting hospital;

I. "mill levy" means the rate of the tax, at a rate specified in the Hospital Funding Act, in terms of dollars per thousand dollars of net taxable value of property subject to taxation within the county;

J. "municipality" means any city, town or village incorporated under a general act, special act or special charter; and

K. "equipping" or "re-equipping" means purchase or lease of property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code of, as amended or renumbered, and regulations promulgated in accordance with that section."

Section 2. Section 4-48B-12 NMSA 1978 (being Laws 1981, Chapter 83, Section 12, as amended) is amended to read:

"4-48B-12. TAX LEVIES AUTHORIZED.--

A. The county commissioners are authorized to impose a mill levy and collect annual assessments against the net taxable value of the property in a county to pay the cost of operating and maintaining county hospitals or to pay to contracting hospitals in accordance with a health care facilities contract and in class A counties to pay for the county's transfer to the county-supported medicaid fund pursuant to Section 27-10-4 NMSA 1978 as follows:

(1) in class A counties as defined in Section 4-44-1 NMSA 1978, the mill levy shall not exceed a rate of six dollars fifty cents (\$6.50), or any lower maximum amount required by operation of the rate limitation provisions of Section 7-37-7.1 NMSA 1978 upon a mill levy imposed pursuant to this paragraph, on each one

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thousand dollars (\$1,000) of net taxable value of property allocated to the county;  
however, if the county uses any portion, not to exceed one dollar fifty cents (\$1.50), of  
the rate authorized by this paragraph to meet the requirement of Section 27-10-4  
NMSA 1978, the provisions of Section 7-37-7.1 NMSA 1978 do not apply to the portion  
of the rate necessary to produce the revenues required, provided that the portion of  
the rate does not exceed one dollar fifty cents (\$1.50); and

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(2) in other counties, the mill levy shall not exceed four dollars  
twenty-five cents (\$4.25), or any lower maximum amount required by operation of the  
rate limitation provisions of Section 7-37-7.1 NMSA 1978 upon a mill levy imposed  
pursuant to this paragraph, on each one thousand dollars (\$1,000) of net taxable  
value of property allocated to the county.

B. The mill levies provided in Paragraphs (1) and (2) of Subsection A  
of this section shall be made at the direction of the county commissioners, but only to  
the extent that the county commissioners deem it necessary to operate and maintain  
county hospitals, to pay the amounts required in the performance of any health care  
facilities contracts made pursuant to the Hospital Funding Act and to provide for a  
class A county's transfer to the county-supported medicaid fund pursuant to Section  
27-10-4 NMSA 1978.

C. In the event that the mill levy provided for in Paragraph (1) of  
Subsection A of this section is not authorized by the electorate or the resulting mill levy  
proceeds are not remitted to the entity operating the hospital within a reasonable time  
period, any lease for operation of the hospital between a county and a state  
educational institution named in Article 12, Section 11 of the constitution of New Mexico  
may, at the option of the state educational institution, be terminated immediately.

Except as provided in Subsection D of this section, in the event that the mill levy provided for in Paragraph (1) of Subsection A of this section is authorized, an amount not less than the amount that would be produced by a mill levy at the rate of four dollars (\$4.00), or any lower amount that would be required by operation of the rate limitation provisions of Section 7-37-7.1 NMSA 1978 upon this rate, on each one thousand dollars (\$1,000) of net taxable value of property allocated to the county shall be provided from the proceeds of the mill levy to the state educational institution operating the hospital for hospital purposes unless the institution determines that the amount is not necessary.

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D. A class A county imposing the mill levy provided for in Paragraph (1) of Subsection A of this section may enter into a mutual agreement with a state educational institution named in Article 12, Section 11 of the constitution of New Mexico operating the hospital permitting the transfer to the county-supported medicaid fund by the county pursuant to Section 27-10-4 NMSA 1978 of not to exceed the amount that would be produced by a mill levy at a rate of one dollar fifty cents (\$1.50) applied to the net taxable value of property allocated to the county for the prior property tax year and also not to exceed the amount that would be produced by imposition of the county health care gross receipts tax.

E. The distribution of the mill levy authorized at the rates specified in Subsection A of this section shall be made to county and contracting hospitals as authorized in the Hospital Funding Act."

Section 3. Section 6-17-3 NMSA 1978 (being Laws 1939, Chapter 177, Section 3, as amended) is amended to read:

"6-17-3. CONDITIONS OF INCOME-PRODUCING PROJECT

BONDS.--County, independent rural, union high and municipal boards of education or boards of regents may issue bonds or other evidence of indebtedness for the securing of the repayment of any and all money as borrowed, which shall not run for a longer period than forty years from their date and which shall bear interest at a rate not to exceed a net of six percent per year, interest payable semiannually, and which bonds or other evidence of indebtedness shall irrevocably pledge for the prompt payment of the principal and interest thereof, as and when due and payable, the net income from any dormitory, auditorium, dining hall, refectory, stadium, swimming pool or any type of building, improvement or facility or any group of buildings, improvements or facilities for the purchase, erection, alteration, improvement, repair, furnishing or equipment of which the money is borrowed. The form of the bonds or other evidence of indebtedness, the time for which same shall run and times when payment of principal thereof shall be made, which shall be in yearly amounts as to payment of principal beginning not later than two years from and after the time when the money is borrowed and continuing to the end of the time for which the same shall run, and the manner and amount for which the same shall be sold and whether to be sold at public or private sale and the amount which is to be so borrowed for each specific purpose shall be approved by the state board of finance or the state board of education in the case of county, independent rural, union high and municipal boards of education. Despite anything elsewhere contained in this article, any such bonds may be sold at any price which does not result in an actual net interest cost to maturity, computed on the basis of standard tables of bond values, in excess of six percent.

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County, independent rural, union high and municipal boards of education or boards of regents are hereby further authorized to execute a purchase-money

mortgage or deed of trust or other security instrument constituting a purchase-money mortgage to further secure payment of any bonds issued under the provisions of this article for the purchase of any income-producing property. The purchase-money mortgage, deed of trust or other security instrument constituting a purchase-money mortgage shall limit the mortgagee for the satisfaction of the indebtedness secured solely to the property subject to the purchase-money mortgage, deed of trust or other security instrument.

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The terms and conditions of any purchase-money mortgage, deed of trust or other security instrument constituting a purchase-money mortgage herein authorized shall be approved by the state board of finance in the case of a board of regents or by the state board of education in the case of a board of education.

A state educational institution operating a county hospital pursuant to the Hospital Funding Act may, in connection with the issuance of bonds in accordance with the provisions of this article, execute a mortgage, deed of trust or other security instrument covering the state educational institution's ownership or leasehold interest in all or any part of the county hospital and other related health care facilities operated by the state educational institution to further secure payment of bonds issued under the provisions of this article to finance or refinance the purchase, erection, expansion, alteration, improvement, repair, furnishing or equipping of such county hospital or other related health care facilities. The mortgage, deed of trust or security instrument shall limit the right of the mortgagee or other secured party to seek a deficiency judgment against the state educational institution."

Section 4. Section 6-17-12 NMSA 1978 (being Laws 1939, Chapter 177, Section 11, as amended) is amended to read:

"6-17-12. DEBT AGAINST STATE NOT TO BE CREATED BY INCOME-PRODUCING PROJECT BONDS.--No obligation created under this article shall ever be or become a charge or debt against the state, but all such obligations, including principal and interest, shall be payable solely from the net income derived from the buildings, facilities and improvements as in this article specified; provided, however, that:

A. any purchase-money mortgage, deed of trust or other security instrument constituting a purchase-money mortgage may be foreclosed against the buildings, facilities or improvements so pledged without the right to a deficiency judgment; and

B. any mortgage, deed of trust or other security instrument given by a state educational institution operating a county hospital pursuant to the Hospital Funding Act may be foreclosed against the buildings, facilities or improvements so pledged without the right to a deficiency judgment."

Section 5. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

HB 558