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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Sen. Campos/Rep. Vincent</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>3/8/25</u>
<b>SHORT TITLE</b> <u>EMS System Improvement Projects</u>	<b>BILL</b> _____
<u>Funding</u>	<b>NUMBER</b> <u>Senate Bill 197</u>
	<b>ANALYST</b> <u>Graeser</u>

### REVENUE\* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
	\$0	Increase in applications for PPRF loans, but no change in funds in or out of the EMSF				Recurring	Emergency Medical Services Fund

Parentheses ( ) indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMFA		Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	Other state funds
EMS Bureau/DOH		No fiscal impact	No fiscal impact	No fiscal impact	Recurring	Other state funds

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency Analysis Received From

New Mexico Finance Authority (NMFA)  
 Department of Health/Center for Health Protection (DOH)  
 New Mexico Municipal League (NMML)

#### Agency Analysis was Solicited but Not Received From

Taxation & Revenue Department (TRD)  
 State Treasurer's Office (STO)

## SUMMARY

### Synopsis of Senate Bill 197

Senate Bill 197 (SB197) amends the Municipal and County Bond Revenue acts and the Emergency Medical Service Act (EMS Act) to allow municipalities and counties to pledge emergency medical services fund distributions to the New Mexico Finance Authority (NMFA) for repayment of loans:

- Amends Section 3-31-1 NMSA 1978 to authorize municipalities to issue EMS bonds for

purchases of equipment for EMS improvement projects or EMS vehicles and provide specific authorization for fund distributions to be irrevocably pledged to the payment of EMS bonds.

- Amends Section 4-62-1 NMSA 1978 to authorize counties to issue EMS bonds for purchases of equipment for EMS improvement projects or EMS vehicles and provide specific authorization for fund distributions to be irrevocably pledged to the payment of EMS bonds.
- Amends Section 24-10A-3 NMSA 1978 to authorize the state treasurer to redirect distributions from the emergency medical services fund to NMFA to make loans for EMS purchases authorized under the Emergency Medical Service Act and by written ordinance or resolution passed by municipalities or counties and written agreement between the entity and NMFA.

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

## FISCAL IMPLICATIONS

There are no changes to disbursements from the emergency medical services fund.

The amendments made to statute in SB197 allow municipalities and counties seeking to purchase equipment for EMS improvement projects and EMS vehicles to access the low interest rates available through the public project revolving fund (PPRF). Fire protection equipment and law enforcement equipment loans from the PPRF typically receive a subsidized interest rate of either 0 percent or 2 percent for all or a portion of their loans.

The New Mexico Municipal League (NMML) points out that 2024 legislation has increased funding:

Currently, fire protection fund revenues may be used for debt service, such as purchasing fire trucks. SB197 proposes the same debt service ability for emergency medical services fund revenues, enabling the purchase of an ambulance, for example.

EMS capital costs are high and increasing, often making it cost-prohibitive for smaller local governments to purchase vehicles and equipment outright. For example, ambulances often cost over \$200 thousand.

EMS service is critical for communities across the state, providing lifesaving interventions, transportation to healthcare facilities, overdose response, and support for disaster response, as well as for the state’s growing outdoor recreation industry.

In 2024, Senate Bill 151 increased emergency medical services fund revenues from approximately \$2.9 million to \$13.9 million. Beginning in FY26, 5 percent – or approximately \$11 million – of health insurance premium taxes will be directed to the EMS Fund.

## SIGNIFICANT ISSUES

NMFA notes:

SB197 is modeled after the existing statutory framework for fire protection fund loans.

NMSA 3-31-1(G) and 4-62-1(F) authorize municipalities and counties to enter into fire loans and pledge fire protection funds. NMSA 59A-53-7(B) allows the fire protection fund distribution to be redirected to NMFA to repay loans.

Municipalities and counties need specific authority to pledge emergency medical services fund distributions as security for loans. SB197 will allow municipal and county emergency medical services fund distributions to be pledged as security for loans and for the distributions to be redirected to NMFA for loan repayment.

Section 24- 10A 4.1 NMSA, states: Applications for funding to purchase emergency medical services vehicles shall be submitted by municipalities or counties on behalf of local recipients.

Importantly, distributions from the emergency medical services fund pursuant to the provisions of the Emergency Medical Services Act (24-10A-1 through 24-10A-10 NMSA 1978) are of two types: (1) 75 percent of funds are distributed formally based on geographic size and population of each county and the relative number of runs of each local recipient (24-10A-3C NMSA 1978); and (2) 22 percent of funds are distributed as grants through an application process (24-10A-3D NMSA 1978). The provisions of the bill simply allow formulaic distributions and equipment and vehicle grants to be used to amortize PPRF loans. In established procedures, these distributions are intercepted to deliver to the recipients and these diversions are distributed directly to NMFA.

The Department of Health (DOH) has concerns that these loans will reduce the amount available for allocation as grants. However, the intercepts are only of funds previously approved by the EMS Bureau of DOH.

## **ADMINISTRATIVE IMPLICATIONS**

Funds are appropriated to the Emergency Medical Services Fund administered by the Emergency Services Bureau of DOH in the General Appropriation Act (GAA). The specific allocation to the bureau level is not detailed in each year's GAA. The provisions of this bill do not affect either the 75 percent formulaic distributions or the 22 percent of the fund allocated by application as grants.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

NMFA points out that if the bill is not enacted:

Municipalities and counties will continue to be unable to pledge EMS Fund distributions to NMFA for repayment of loans for equipment for EMS improvement projects and EMS vehicles.