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SENATE BILL 357

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

JOSEPH A. FIDEL

AN ACT

RELATING TO TAXATION; AUTHORIZING IMPOSITION OF THE LOCAL  
HOSPITAL GROSS RECEIPTS TAX IN ADDITIONAL CLASSES OF COUNTIES;  
AMENDING SECTIONS OF THE NMSA 1978.

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

Section 1. Section 7-20C-2 NMSA 1978 (being Laws 1991,  
Chapter 176, Section 2, as amended) is amended to read:

"7-20C-2. DEFINITIONS. -- As used in the Local Hospital  
Gross Receipts Tax Act:

A. "county" means:

(1) a class B county having a population of  
less than twenty-five thousand according to the most recent  
federal decennial census and having a net taxable value for  
rate-setting purposes for the 1990 property tax year or any  
subsequent year of more than two hundred fifty million dollars

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1 (\$250,000,000);

2 (2) a class B county having a population of  
3 less than forty-seven thousand but more than forty-four thousand  
4 according to the 1990 federal decennial census and having a net  
5 taxable value for rate-setting purposes for the 1992 property  
6 tax year of more than three hundred million dollars  
7 (\$300,000,000) but less than six hundred million dollars  
8 (\$600,000,000); [or]

9 (3) a class B county [~~in New Mexico~~] having a  
10 population of less than ten thousand according to the most  
11 recent federal decennial census and having a net taxable value  
12 for rate-setting purposes for the 1990 property tax year or any  
13 subsequent year of more than one hundred million dollars  
14 (\$100,000,000);

15 (4) a class B county having a population of  
16 less than twenty-five thousand according to the 1990 federal  
17 decennial census and having a net taxable value for rate-setting  
18 purposes for the 1993 property tax year of more than ninety-one  
19 million dollars (\$91,000,000) but less than one hundred twenty-  
20 five million dollars (\$125,000,000); or

21 (5) a class B county having a population of  
22 more than seventeen thousand but less than twenty thousand  
23 according to the 1990 federal decennial census and having a net  
24 taxable value for rate-setting purposes for the 1993 property  
25 tax year of more than one hundred fifty-three million dollars

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1 (\$153,000,000) but less than one hundred fifty-six million  
2 dollars (\$156,000,000);

3 B. "department" means the taxation and revenue  
4 department, the secretary of taxation and revenue or any  
5 employee of the department exercising authority lawfully  
6 delegated to that employee by the secretary;

7 C. "governing body" means the board of county  
8 commissioners of a county;

9 D. "local hospital gross receipts tax" means the tax  
10 authorized to be imposed under the Local Hospital Gross Receipts  
11 Tax Act;

12 E. "person" means an individual or any other legal  
13 entity; and

14 F. "state gross receipts tax" means the gross  
15 receipts tax imposed under the Gross Receipts and Compensating  
16 Tax Act. "

17 Section 2. Section 7-20C-3 NMSA 1978 (being Laws 1991,  
18 Chapter 176, Section 3, as amended) is amended to read:

19 "7-20C-3. LOCAL HOSPITAL GROSS RECEIPTS TAX--AUTHORITY TO  
20 IMPOSE--ORDINANCE REQUIREMENTS. --

21 A. ~~[The]~~ A majority of the members elected to the  
22 governing body of a county may enact an ordinance imposing an  
23 excise tax on any person engaging in business in the county for  
24 the privilege of engaging in business. This tax is to be  
25 referred to as the "local hospital gross receipts tax". The

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1 rate of the tax shall be:

2 (1) one-half of one percent of the gross  
3 receipts of the person engaging in business if the tax is  
4 initially imposed before January 1, 1993; [~~The rate of the tax~~  
5 ~~shall be~~]

6 (2) one-eighth of one percent of the  
7 gross receipts of the person engaging in business if the tax is  
8 initially imposed after January 1, 1993; and

9 (3) a rate not to exceed one-half of one  
10 percent of the gross receipts of the person engaging in business  
11 if the tax is imposed after July 1, 1996 in a county described  
12 in Paragraph (4) of Subsection A of Section 7-20C-2 NMSA 1978;  
13 provided, the tax may be imposed in any number of increments of  
14 one-eighth percent not to exceed an aggregate rate of one-half  
15 of one percent of gross receipts.

16 B. The local hospital gross receipts tax imposed  
17 initially before January 1, 1993 shall be imposed only once for  
18 the period necessary for payment of the principal and interest  
19 on revenue bonds issued to accomplish the purpose for which the  
20 revenue is dedicated, but the period shall not exceed ten years  
21 from the effective date of the ordinance imposing the tax. The  
22 local hospital gross receipts tax imposed after July 1, 1996 in  
23 a county described in Paragraph (4) of Subsection A of Section  
24 7-20C-2 NMSA 1978 shall be imposed only once for the period  
25 necessary for payment of the principal and interest on revenue

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1 bonds issued to accomplish the purpose for which the revenue is  
2 dedicated, but the period shall not exceed twenty years from the  
3 effective date of the ordinance imposing the tax.

4 C. No local hospital gross receipts tax authorized  
5 in Subsection A of this section shall be imposed initially after  
6 January 1, 1993 unless:

7 (1) in a county described in Paragraph (2) of  
8 Subsection A of Section 7-20C-2 NMSA 1978, the voters of the  
9 county have approved the issuance of general obligation bonds of  
10 the county sufficient to pay at least one-half of the costs of  
11 the county hospital facility or county twenty-four hour urgent  
12 care or emergency facility for which the local hospital gross  
13 receipts tax revenues are dedicated, including the costs of all  
14 acquisition, renovation and equipping of the facility; or

15 (2) in a county described in Paragraph (3) or  
16 (5) of Subsection A of Section 7-20C-2 NMSA 1978, the county  
17 will not have in effect at the same time a county hospital  
18 emergency gross receipts tax and the voters of the county have  
19 approved the imposition of a property tax at a rate of one  
20 dollar (\$1.00) on each one thousand dollars (\$1,000) of taxable  
21 value of property in the county for the purpose of operation and  
22 maintenance of a hospital owned by the county and operated and  
23 maintained either by the county or by another party pursuant to  
24 a lease with the county.

25 D. The governing body of a county enacting an

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1 ordinance imposing a local hospital gross receipts tax shall  
2 dedicate the revenue from the tax as provided in this  
3 subsection. In any election held, the ballot shall clearly  
4 state the purpose to which the revenue will be dedicated and the  
5 revenue shall be used by the county for that purpose. The  
6 revenues shall be dedicated as follows:

7 [D:] (1) prior to January 1, 1993, the  
8 governing body, at the time of enacting an ordinance imposing  
9 the rate of the tax authorized in Subsection A of this section,  
10 shall dedicate the revenue for acquisition of land for and the  
11 design, construction, equipping and furnishing of a county  
12 hospital facility to be operated by the county or operated and  
13 maintained by another party pursuant to a lease with the county;

14 (2) if the governing body of a county described  
15 in Paragraph (2), (3) or (5) of Subsection A of Section 7-20C-2  
16 NMSA 1978 is enacting the ordinance imposing the tax after July  
17 1, 1993, the governing body shall dedicate the revenue for  
18 acquisition, renovation and equipping of a building for a county  
19 hospital facility or a county twenty-four hour urgent care or  
20 emergency facility or for operation and maintenance of that  
21 facility, whether operated and maintained by the county or by  
22 another party pursuant to a lease or management contract with  
23 the county, for the period of time the tax is imposed not to  
24 exceed ten years; ~~[In any election held, the ballot shall~~  
25 ~~clearly state the purpose to which the revenue will be dedicated~~

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1 ~~and the revenue shall be used by the county for that purpose]~~

2 and

3 (3) if the governing body of a county described  
4 in Paragraph (4) of Subsection A of Section 7-20C-2 NMSA 1978 is  
5 enacting the ordinance imposing the tax after July 1, 1995, the  
6 governing body shall dedicate the revenue for acquisition of  
7 land or buildings for and the renovation, design, construction,  
8 equipping or furnishing of a county hospital facility to be  
9 operated by the county or operated and maintained by another  
10 party pursuant to a lease or management contract with the  
11 county.

12 E. The ordinance shall not go into effect until  
13 after an election is held and a simple majority of the qualified  
14 electors of the county voting in the election votes in favor of  
15 imposing the local hospital gross receipts tax and, in the case  
16 of a county described in Paragraph (3) or (5) of Subsection A of  
17 Section 7-20C-2 NMSA 1978, also votes in favor of a property tax  
18 at a rate of one dollar (\$1.00) for each one thousand dollars  
19 (\$1,000) of taxable value of property in the county. The  
20 governing body shall adopt a resolution calling for an election  
21 within seventy-five days of the date the ordinance is adopted on  
22 the question of imposing the tax. The question may be submitted  
23 to the qualified electors and voted upon as a separate question  
24 in a general election or in any special election called for that  
25 purpose by the governing body. A special election upon the

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1 question shall be called, held, conducted and canvassed in  
2 substantially the same manner as provided by law for general  
3 elections. If the question of imposing a local hospital gross  
4 receipts tax fails or if the question of imposing both a local  
5 hospital gross receipts tax and a property tax fails, the  
6 governing body shall not again propose a local hospital gross  
7 receipts tax for a period of one year after the election. A  
8 certified copy of any ordinance imposing a local hospital gross  
9 receipts tax shall be mailed to the department within five days  
10 after the ordinance is adopted in any election called for that  
11 purpose.

12 F. Any ordinance enacted pursuant to the provisions  
13 of Subsection A of this section shall include an effective date  
14 of either July 1 or January 1, whichever date occurs first after  
15 the expiration of at least three months from the date the  
16 ordinance is approved by the electorate.

17 G. Any ordinance repealed under the provisions of  
18 the Local Hospital Gross Receipts Tax Act shall be repealed  
19 effective on either July 1 or January 1.

20 H. As used in this section, "taxable value of  
21 property" means the sum of:

22 (1) the net taxable value, as that term is  
23 defined in the Property Tax Code, of property subject to  
24 taxation under the Property Tax Code;

25 (2) the assessed value of products, as those



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1 terms are defined in the Oil and Gas Ad Valorem Production Tax  
2 Act;

3 (3) the assessed value of equipment, as those  
4 terms are defined in the Oil and Gas Production Equipment Ad  
5 Valorem Tax Act; and

6 (4) the taxable value of copper mineral  
7 property, as those terms are defined in the Copper Production Ad  
8 Valorem Tax Act, subject to taxation under the Copper Production  
9 Ad Valorem Tax Act. "

10 Section 3. Section 7-20C-9 NMSA 1978 (being Laws 1991,  
11 Chapter 176, Section 9, as amended) is amended to read:

12 "7-20C-9. LOCAL HOSPITAL REVENUE BONDS--AUTHORITY TO  
13 ISSUE-- PLEDGE OF REVENUES. --

14 A. A county, other than a county described in  
15 Paragraph (2) of Subsection A of Section 7-20C-2 NMSA 1978, may  
16 issue local hospital revenue bonds pursuant to the Local  
17 Hospital Gross Receipts Tax Act for the purpose of acquiring  
18 land for and designing, constructing, equipping and furnishing a  
19 county hospital facility to be operated by the county or by  
20 another party pursuant to a lease or management contract with  
21 the county.

22 B. The county issuing the local hospital revenue  
23 bonds pursuant to the Local Hospital Gross Receipts Tax Act  
24 shall pledge irrevocably all of the net receipts derived from  
25 the imposition of the local hospital gross receipts tax and any

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1 other revenues as necessary for the payment of principal and  
2 interest on the revenue bonds. "

3 Section 4. Section 7-20C-11 NMSA 1978 (being Laws 1991,  
4 Chapter 176, Section 11, as amended) is amended to read:

5 "7-20C-11. REVENUE BONDS--TERMS.--Local hospital revenue  
6 bonds:

7 A. may have interest, appreciated principal value or  
8 any part thereof payable at intervals or at maturity as may be  
9 determined by the governing body in the ordinance;

10 B. may be subject to a prior redemption at the  
11 option of the county at such [~~time or~~] times and upon such terms  
12 and conditions, with or without the payment of such [~~premium or~~]  
13 premiums, as may be provided by the ordinance authorizing the  
14 bonds;

15 C. may mature at any time not exceeding [~~ten~~] twenty  
16 years after the date of issuance;

17 D. may be serial in form and maturity or may consist  
18 of one bond payable at one time or in installments or may be in  
19 any other form as may be provided in the ordinance authorizing  
20 the bonds;

21 E. shall be sold for cash at, above or below par and  
22 at a price that results in a net effective interest rate that  
23 does not exceed the maximum permitted by the Public Securities  
24 Act; and

25 F. may be sold at a public or negotiated sale. "

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1 FORTY- SECOND LEGI SLATURE  
2 SECOND SESSI ON, 1996

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5 JANUARY 29, 1996

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7 Mr. Presi dent:

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9 Your COMMI TTEES' COMMI TTEE, to whom has been referred

10  
11 SENATE BILL 357

12  
13 has had it under consideration and finds same to be GERMANE, PURSUANT  
14 TO CONSTITUTIONAL PROVISIONS, and thence referred to the WAYS AND  
15 MEANS COMMI TTEE.

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17 Respectfully submi tted,

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23 SENATOR MANNY M. ARAGON, Chai rman  
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Adopted \_\_\_\_\_

Not Adopted \_\_\_\_\_

(Chief Clerk)

(Chief Clerk)

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1 FORTY- SECOND LEGI SLATURE  
2 SECOND SESSI ON, 1996  
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5 February 2, 1996  
6

7 Mr. President:  
8

9 Your WAYS AND MEANS COMMI TTEE, to whom has been referred  
10

11 SENATE BILL 357  
12

13 has had it under consideration and reports same with recommendation that  
14 it DO PASS, and thence referred to the FINANCE COMMI TTEE.  
15

16 Respectfully submit ted,  
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18 \_\_\_\_\_  
19 TITO D. CHAVEZ, Chai rman  
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25 Adopted \_\_\_\_\_

(Chi ef Clerk)

Not Adopted \_\_\_\_\_

(Chi ef Clerk)

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The roll call vote was 5 For 0 Against

Yes: 5

No: 0

Excused: Campos, Rhodes, Wiener

Absent: None

S0357WM1

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1 FORTY-SECOND LEGISLATURE  
2 SECOND SESSION, 1996  
3  
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5 February 3, 1996  
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7 Mr. President:  
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9 Your FINANCE COMMITTEE, to whom has been referred  
10

11 SENATE BILL 357  
12

13 has had it under consideration and reports same with recommendation that  
14 it DO PASS.  
15

16 Respectfully submitted,  
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18 \_\_\_\_\_  
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21 Ben D. Altamirano, Chairman  
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25 Adopted \_\_\_\_\_

(Chief Clerk)

Not Adopted \_\_\_\_\_

(Chief Clerk)



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Date \_\_\_\_\_

The roll call vote was 8 For 0 Against

Yes: 8

No: 0

Excused: Doni sthorpe, Duran, Ingle, Kidd, Kysar

Absent: None

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# State of New Mexico House of Representatives

FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

February 12, 1996

Mr. Speaker:

Your TAXATION AND REVENUE COMMITTEE, to whom has been referred

SENATE BILL 357

has had it under consideration and reports same with recommendation that it DO PASS.

Respectfully submitted,

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Jerry W. Sandel, Chairman

FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

HTRC/SB 357

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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 8 For 0 Against

Yes: 8

Excused: Crook, Gonzales, Parsons, Sandoval

Absent: Ryan

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