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HOUSE BILL 274

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

Daniel P. Silva

AN ACT

RELATING TO TAXATION; TERMINATING AUTHORITY FOR HOSPITAL
FUNDING MILL LEVY IN CERTAIN COUNTIES; IMPOSING GROSS RECEIPTS
TAX IN CERTAIN COUNTIES TO BENEFIT COUNTY HOSPITALS.

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

Section 1. 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. Except as provided in Subsection F of this
section, 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

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1 county's transfer to the county-supported medicaid fund
2 pursuant to Section 27-10-4 NMSA 1978 as follows:

3 (1) in class A counties as defined in Section
4 4-44-1 NMSA 1978, the mill levy shall not exceed a rate of six
5 dollars fifty cents (\$6.50), or any lower maximum amount
6 required by operation of the rate limitation provisions of
7 Section 7-37-7.1 NMSA 1978 upon a mill levy imposed pursuant to
8 this paragraph, on each one thousand dollars (\$1,000) of net
9 taxable value of property allocated to the county; however, if
10 the county uses any portion, not to exceed one dollar fifty
11 cents (\$1.50), of the rate authorized by this paragraph to meet
12 the requirement of Section 27-10-4 NMSA 1978, the provisions of
13 Section 7-37-7.1 NMSA 1978 do not apply to the portion of the
14 rate necessary to produce the revenues required, provided that
15 the portion of the rate does not exceed one dollar fifty cents
16 (\$1.50); and

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

24 B. The mill levies provided in Paragraphs (1) and
25 (2) of Subsection A of this section shall be made at the

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1 direction of the county commissioners, but only to the extent
2 that the county commissioners deem it necessary to operate and
3 maintain county hospitals, to pay the amounts required in the
4 performance of any health care facilities contracts made
5 pursuant to the Hospital Funding Act and to provide for a class
6 A county's transfer to the county-supported medicaid fund
7 pursuant to Section 27-10-4 NMSA 1978.

8 C. In the event that the mill levy provided for in
9 Paragraph (1) of Subsection A of this section is not authorized
10 by the electorate or the resulting mill levy proceeds are not
11 remitted to the entity operating the hospital within a
12 reasonable time period, any lease for operation of the hospital
13 between a county and a state educational institution named in
14 Article 12, Section 11 of the constitution of New Mexico may,
15 at the option of the state educational institution, be
16 terminated immediately. Except as provided in Subsection D of
17 this section, in the event that the mill levy provided for in
18 Paragraph (1) of Subsection A of this section is authorized, an
19 amount not less than the amount that would be produced by a
20 mill levy at the rate of four dollars (\$4.00), or any lower
21 amount that would be required by operation of the rate
22 limitation provisions of Section 7-37-7.1 NMSA 1978 upon this
23 rate, on each one thousand dollars (\$1,000) of net taxable
24 value of property allocated to the county shall be provided
25 from the proceeds of the mill levy to the state educational

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1 institution operating the hospital for hospital purposes unless
2 the institution determines that the amount is not necessary.

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

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

19 F. A mill levy authorized by this section shall not
20 be imposed or take effect on or after January 1, 2006 in a
21 class A county having a population of more than five hundred
22 thousand persons according to the most recent federal decennial
23 census. A mill levy imposed and in effect prior to January 1,
24 2006 in such a county shall cease to have effect after December
25 31, 2005; provided, however, that amounts calculated as owed

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1 with respect to the 2005 property tax year shall remain in
2 effect and be collected."

3 Section 2. A new section of the Tax Administration Act is
4 enacted to read:

5 "[NEW MATERIAL] DISTRIBUTION--COUNTY HOSPITAL FUNDING
6 GROSS RECEIPTS TAX.--A distribution pursuant to Section 7-1-6.1
7 NMSA 1978 of the net receipts attributable to the county
8 hospital funding gross receipts tax shall be made to the state
9 educational institution operating a county hospital in a county
10 in which the tax is imposed."

11 Section 3. A new section of the Gross Receipts and
12 Compensating Tax Act is enacted to read:

13 "[NEW MATERIAL] IMPOSITION AND RATE OF TAX--DENOMINATION
14 AS COUNTY HOSPITAL FUNDING GROSS RECEIPTS TAX--DEDICATION OF
15 REVENUE FROM TAX.--

16 A. For the privilege of engaging in business, an
17 excise tax of one-half percent of gross receipts is imposed on
18 any person engaging in business in a class A county having a
19 population of more than five hundred thousand persons according
20 to the most recent federal decennial census and in which there
21 is located a county hospital operated by a state educational
22 institution named in Article 12, Section 11 of the constitution
23 of New Mexico.

24 B. The tax imposed by this section shall be
25 referred to as the "county hospital funding gross receipts
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1 tax".

2 C. The revenue from the county hospital funding
3 gross receipts tax imposed pursuant to this section shall be
4 distributed pursuant to the provisions of the Tax
5 Administration Act to the state educational institution
6 operating a county hospital in the county in which the tax is
7 imposed and shall be used solely for the operation and
8 maintenance of that hospital."

9 Section 4. EFFECTIVE DATE.--The effective date of the
10 provisions of Sections 2 and 3 of this act is July 1, 2006.

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