FISCAL IMPACT REPORT

		LAST UPDATED	
SPONSOR	Rodriguez	**ORIGINAL DATE**	3/01/2023
SHORT TITLE	NMFA Operating Capital	**BILL NUMBER**	Senate Bill 423
		ANALYST	Carswell

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	$129.9	$129.9	$259.8	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From
New Mexico Finance Authority (NMFA)
Human Services Department (HAD)

SUMMARY

Synopsis of Senate Bill 423

Senate Bill 423 amends the Behavioral Health Capital Funding Act, the Primary Care Capital Funding Act, and the Child Care Facility Loan Act to make operating capital an eligible use of the funds associated with those acts and to make associated conforming changes. The bill makes a number of other changes to the three acts, which are described below.

SB423 amends the Behavioral Health Capital Funding Act to make the Human Services Department, instead of the Department of Health, the agency with which NMFA is to work in conjunction with to adopt rules to administer and implement the act. The bill further amends the act to allow the Human Services Department and New Mexico Finance Authority to contract for services with eligible entities instead of making loans as a means of access to funding for capital projects associated with the provision of those services. The change more closely aligns the act with the Primary Care Capital Funding Act.

SB423 moves the primary care capital fund from the state treasury to NMFA. The bill also amends the Primary Care Capital Funding Act to allow NMFA to recover actual administration and loan origination costs from the fund and to charge NMFA with adopting rules governing administration of the act.

SB423 amends the Child Care Facility Loan Act to make the Early Childhood Education and Care Department instead of the Children, Youth and Families Department the state agency to which funds in the child care facility revolving loan fund are appropriated and which is responsible for utilizing the funds for the purposes of the Child Care Facility Loan Act. SB423 further amends the Child Care Facility Loan Act to specify loans from the associated fund will be made at interest rates greater than zero percent.

SB423 amends both the Primary Care Capital Funding Act and Child Care Facility Loan Act to remove warrants and vouchers for loan expenditures.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The bill does not contain an appropriation and NMFA anticipates no fiscal impact to its operating budget. Analysis submitted by HSD states the department would need one pay band 70 FTE and a third of a pay band 75 supervisor's time to collaborate with NMFA to administer the behavioral health capital fund. The estimated additional operating budget impact in this fiscal analysis is based on this estimate from HSD.

According to HSD, "the positions would be needed to create forms and procedures for applying for loans, specify the documentation needed by applicants to determine eligibility, develop review procedures and approval processes, ensure fairness, and establish repayment requirements, as well as develop the joint powers agreement between NMFA and the Behavioral Health Services Division of HSD. HSD can also assist in promoting the fund's availability to the provider network, encouraging participation."

SIGNIFICANT ISSUES

There is a shortage of behavioral health and primary care professionals in New Mexico. According to HSD, the behavioral health and primary care capital funds support workforce expansion. The department notes that behavioral health care providers, in particular, struggle to develop new programs and services and expanding eligible uses of the fund will support service expansion.

According to NMFA, the contracts for services allowed by the bill can be used to offset a portion of the loan. Borrowers annually provide a plan that meets the terms of the contract and compliance is determined on a quarterly basis.

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