

LFC Requester:	LFC
-----------------------	-----

**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original Amendment
Correction Substitute

Date 2025-02-21
Bill No: SB464

Sponsor: Gonzales, Roberto "Bobby" J **Agency Name and Code** NMHED
Short Title: UNM SCHOOL OF MEDICINE FUND & **Number:** _____
Title: MEDICINE FUND & **Person Writing** Martinez, Tana
Phone: 5056298407 **Email** tana.martinez@hed.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	4,000.00	non-recurring	UNM School of Medicine

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 464 (SB464) establishes the University of New Mexico (UNM) School of Medicine Fund, a non-reverting fund within the state treasury, to support the UNM's medical programs. The legislation allocates a portion of governmental gross receipts tax revenue to this fund and mandates that the UNM School of Medicine contribute four million dollars (\$4,000,000) annually to the fund from July 1, 2025, through 2034. These deposits aim to bolster long-term financial stability for medical education and training initiatives.

Additionally, Section 1 of the bill revises statutory language by removing references to the New Mexico Department of Health (NMDOH) and designating the New Mexico Health Care Authority (NMHCA) as the oversight entity for fund administration.

Section 1 adds a distribution shall be made to the UNM School of Medicine Fund in an amount equal to the net receipts attributable to the governmental gross receipts tax that are attributable to a hospital licensed by NMHCA.

Section 2 of SB464 establishes UNM School of Medicine Fund as a non-reverting fund within the state treasury. Comprising distributions, appropriations, gifts, grants, donations, and investment income, the fund will be administered by NMHCA. Legislative appropriations from the fund are designated to finance construction, renovation, and infrastructure improvements for the UNM School of Medicine. Expenditures require authorization via warrants issued by the

Secretary of Finance and Administration, following voucher approvals from the NMHCA Secretary or their authorized representative.

Section 3 mandates annual deposits to UNM School of Medicine Fund, requiring the UNM School of Medicine to contribute four million dollars (\$4,000,000) annually to the fund from July 1, 2025, through 2034. These deposits must derive from revenue sources unrelated to state appropriations.

Additional insight may be obtained from UNM and other agencies' analyses.

FISCAL IMPLICATIONS

SB464 mandates annual deposits to the UNM School of Medicine Fund, requiring the UNM School of Medicine to contribute four million dollars (\$4,000,000) annually to the fund from July 1, 2025, through 2034. These deposits must derive from revenue sources unrelated to state appropriations.

Money in the fund is subject to appropriation by the legislature to provide funding for construction and reconstruction of the UNM School of Medicine. Expenditures from the fund shall be by warrant of the Secretary of Finance and Administration pursuant to vouchers signed by the secretary of NMHCA or the secretary's authorized representative.

Money in the UNM School of Medicine Fund requires legislative appropriation to finance infrastructure projects, including construction, renovation, and upgrades for UNM School of Medicine. Expenditures from the fund must be authorized through warrants issued by the Secretary of Finance and Administration, following approval of vouchers signed by either the Secretary of NMHCA or the secretary's authorized representative.

The proposed UNM School of Medicine is projected to cost six hundred million dollars (\$600,000,000) for a 347,461-square-foot building, with costs categorized into three components: construction expenses, soft costs (e.g., design, permits, and administrative fees), and owner-held contingency funds. Construction costs total of four hundred twenty-three million three hundred thousand dollars (\$423,300,000), divided into two allocations: twenty million five hundred seventy-six thousand dollars (\$20,576,000) for site preparation, infrastructure, and utilities, and four hundred two million six hundred ninety thousand dollars (\$402,690,000) for the building's structural and interior development. These figures reflect a detailed breakdown of direct construction expenditures, ancillary project requirements, and reserved funds for unforeseen expenses.

The soft costs are estimated at thirty five percent (35%) total and is broken down as follows: architectural and engineering (A&E) fees at nine percent (9%) are estimated at thirty eight million ninety-four thousand dollars (\$38,094,000), furniture, fixtures and equipment (FF&E) at twenty four percent (24%) are estimated at one hundred one million five hundred eighty-four thousand dollars (\$101,584,000), and project management and inspection at two percent (2%) are estimated at eight million four hundred sixty-six thousand dollars (\$8,466,000). The total soft cost is one hundred forty-eight million two hundred thousand dollars (\$148,200,000).

The owner held contingency is estimated at five percent (5%) and results in an estimated cost of twenty-eight million six hundred thousand dollars (\$28,600,000).

Additional insight may be obtained from UNM and other agencies' analyses.

SIGNIFICANT ISSUES

SB464 mandates annual deposits to UNM School of Medicine Fund, requiring the UNM School of Medicine to contribute four million dollars (\$4,000,000) annually to the fund from July 1, 2025, through 2034. These deposits must derive from revenue sources unrelated to state appropriations.

Money in the fund is subject to appropriation by the legislature to provide funding for construction and reconstruction of the UNM School of Medicine. Expenditures from the fund shall be by warrant of the Secretary of Finance and Administration pursuant to vouchers signed by the secretary of NMHCA or the secretary's authorized representative.

UNM currently estimates design services to start in late 2025 and last for approximately fourteen (14) months. Construction is currently estimated to begin in 2027 and continue for thirty (30) months. Commissioning and FF&E components are expected to last about a year and conclude about mid-2030. The new UNM School of Medicine would become operational in the fall of 2030. Based on the language in the bill, it is uncertain where the initial funding for this endeavor will come from.

The location selected as the probable site of the new UNM School of Medicine is at the corner of University Boulevard and Lomas Boulevard. UNM is conducting a parking and traffic analysis, and the site seems to displace about three hundred (300) parking spaces where the site is proposed for the building.

Additional insight may be obtained from UNM and other agencies' analyses.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

The New Mexico Higher Education Department (NMHED) would have to approve the project prior to sending it to the State Board of Finance for their consideration, as per the normal project approval process. The funding sources have to be identified for project approval consideration.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB464 were not enacted, UNM would have to continue to use Fitz Hall, their current school of medicine.

AMENDMENTS

N/A