

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

March 7, 2025

Bill: SB-464

Sponsor: Senator Roberto “Bobby” J. Gonzales

Short Title: UNM School of Medicine Fund & Distribution

Description: This bill creates the University School of Medicine fund and amends Section 7-1-6.38 NMSA 1978 to distribute to that new fund in an amount equal to the net receipts attributable to the governmental gross receipts tax (GGRT) attributable to a hospital licensed by the Health Care Authority (HCA). The bill also provides that the University of New Mexico School of Medicine shall make a yearly deposit of \$4 million into the fund from 2025 through 2034.

Effective Date: July 1, 2025

Taxation and Revenue Department Analyst: Pedro Clavijo

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	\$37,700	\$38,900	\$39,900	\$41,200	R	Section 1: University School of Medicine Fund
--	(\$37,700)	(\$38,900)	(\$39,900)	(\$41,200)	R	Section 1: General Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: [Section 1:] Under current law, the net GGRT receipts attributable to a hospital licensed by HCA are distributed to the general fund. The proposed amendment to the Section 7-1-6.38 NMSA 1978 will redirect these receipts toward the newly created University School of Medicine Fund. The Taxation and Revenue Department (Tax & Rev) used data on distributions to the general fund for the fiscal year 2024 pursuant to Section 7-1-6.38 NMSA 1978 to calculate the revenue impact. The fiscal impact was grown using the Gross Receipts Tax revenue growth from the December 2024 Consensus Revenue Estimating Group (CREG) forecast.

Policy Issues: While the newly created University School of Medicine Fund may finance the reconstruction and modernization of the University of New Mexico School of Medicine, earmarking revenues to other funds will directly impact the general fund. The reduction in General Fund revenue may require the state to reassess and prioritize spending, leading to potential adjustments in different areas to compensate for the decrease in the General Fund.

The diversity of special funds and distributions across the Tax Administration Act is becoming intricate, leading to a more complex tax management process. Simplicity and fairness are important considerations in making tax policy, and the proliferation of general and special distributions to special funds goes against those principles.

New Mexico’s tax-and-distribution system is out of line with most states in that more complex distributions are made through the tax code. The more complex the tax code’s distributions, the costlier it is for Tax & Rev to maintain the GenTax system and the more risk is involved in programming changes.

Technical Issues: None.

Other Issues: None.

Administrative & Compliance Impact: Tax & Rev will update forms, instructions, and publications and make information system changes. This bill will have a moderate impact on Tax & Rev’s Information Technology Division (ITD) of approximately 2 months and 330 hours for an estimated staff workload cost of \$21,991. Additionally, Tax & Rev’s Administrative Services Division (ASD) will be required to test the system changes. It is anticipated this work will take approximately 100 hours, split between two existing full-time employees (FTE).

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2025	FY2026	FY2027	3 Year Total Cost		
--	\$6.3	--	\$6.3	NR	ASD-Operating
\$21.9	--	--	\$21.9	NR	ITD-Staff workload costs

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).