

(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

Synopsis:

SB 464 establishes the UNM School of Medicine (SOM) Fund as a non-reverting fund in the state treasury and re-directs the portion of governmental gross receipts tax (GGRT) paid by state government hospitals from the state general fund to the UNM SOM Fund. The bill also directs the UNM SOM to deposit \$4 million in revenue derived from non-state sources into the UNM SOM Fund on each July 1st beginning 2025 and ending 2034. UNM SOM funds are subject to appropriation by the legislature to support construction and reconstruction of the UNM SOM.

FISCAL IMPLICATIONS

UNMH expects to pay \$32M in GGRT in FY26. Revenue is expected to grow by 3 percent annually.

The New Mexico governmental gross receipts tax (7-9-3.2 NMSA 1978) is imposed upon “every agency, institution, instrumentality or political subdivision of the state,” except school districts and healthcare providers, with the exception of hospitals. Hospitals are entitled to a 60% GGRT deduction after all other appropriate deductions have been taken (7-9-73.1). For purposes of GGRT, hospital gross receipts are defined as net patient revenue (charges minus contractual adjustments, charity care and bad debt).

SIGNIFICANT ISSUES

New Mexico has a severe shortage of health care providers, particularly in rural, tribal, and underserved communities. Many New Mexicans must travel long distances and endure long waits to receive the care they need. At the same time, the state’s population is aging and demand for healthcare is increasing. Increasing the number of healthcare professionals practicing in New Mexico is therefore critical to improving access to care, health outcomes, and health equity.

The UNM Health Sciences Center is New Mexico’s only academic medical center. Forty percent of physicians practicing in New Mexico graduated from the UNM School of Medicine. UNM seeks to improve access to care in New Mexico by educating and training more health professionals and increasing the capacity of healthcare facilities.

Growing the UNM School of Medicine (SOM) is critical to achieving these goals because a majority of SOM students remain in or return to New Mexico after graduation and training. Clinicians from New Mexico reflect the cultures, languages, and ethnicities of the communities they serve are thus better able to provide the culturally competent care patients need.

A new SOM facility will allow UNM to double the number of MD graduates in 10 years and grow the capacity of all health professions programs. The SOM is currently housed in Fitz Hall,

which was constructed in 1967 and has serious structural and systems problems. Engineers have informed UNM that renovating Fitz Hall is not financially feasible and replacement is the only option. A new facility will also accommodate larger class sizes, more faculty, and enable the SOM to grow student success and support services to increase retention rates, ensuring that every student has the best chance of success. With more physical space to practice, UNM will be able to create more student clinical rotations and spots for resident physicians to train and learn.

A new SOM building will cost \$37M to plan and design and \$600M to construct. UNM has requested \$37 million in state capital outlay this session to plan and design the new SOM building. The UNM SOM Fund is expected to cover roughly half the facility's construction cost.

Plans for design and layout will be finalized in 2026. Construction is expected to begin in 2027 and will take at least 30 months to complete. The first cohort of UNM School of Medicine students is expected to utilize the new SOM building in the Fall of 2030

The new SOM facility will include:

- State of the art medical education classrooms designed for small group learning but adaptable for multiple learning styles including active, remote, and large groups.
- Flexible interdisciplinary research space including wet labs, clinical research spaces, and rooms designed for current and future technological learning
- Simulation space where students can fine tune critical skills needed in a real-world environment.
- Space for interprofessional intersections including gathering spaces to enhance collaboration, togetherness and the creative collisions that drive innovation.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS