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HOUSE BILL 97

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022

INTRODUCED BY

Marian Matthews and Dayan Hochman-Vigil and Ambrose Castellano
and Christine Trujillo and Debra M. Sariñana

AN ACT

RELATING TO HEALTH; AUTHORIZING THE NEW MEXICO FINANCE
AUTHORITY TO MAKE RURAL HEALTH CARE PROJECT LOANS; ESTABLISHING
TERMS FOR RURAL HEALTH CARE PROJECT LOANS; CREATING THE RURAL
HEALTH CARE PROJECT REVOLVING FUND; PROVIDING POWERS AND
DUTIES; REQUIRING REPORTS; MAKING AN APPROPRIATION.

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

SECTION 1. [NEW MATERIAL] RURAL HEALTH CARE PROJECT
LOANS--TERMS--REPAYMENT--CONSTRUCTION.--

A. The New Mexico finance authority shall receive
and review applications for rural health care project loans
pursuant to this section. The authority may make loans to
qualifying rural health care providers; provided that funds are
available and that the qualifying rural health care provider
satisfies credit and identification criteria, as determined by

1 the authority. The New Mexico finance authority shall adopt
2 rules to govern the application procedures and requirements for
3 disbursing loans under this section for determining the
4 eligibility of qualifying rural health care providers for
5 loans.

6 B. The New Mexico finance authority shall evaluate
7 an application based on information received from the applicant
8 as well as third-party credit and identification reports. The
9 authority may consult with the human services department and
10 the department of health in evaluating applications; provided
11 that a final determination shall be made solely by the
12 authority.

13 C. The New Mexico finance authority shall make
14 rural health care project loans in accordance with the
15 following:

16 (1) the loan amount shall be in an amount not
17 to exceed five hundred thousand dollars (\$500,000);

18 (2) the terms of the loan shall require that:

19 (a) the proceeds of the loan shall only
20 be used for the planning, development and operation of a rural
21 health care project or the purchase of an existing medical
22 practice in a rural community, including legal fees, accounting
23 fees, costs associated with leasing or purchasing a location or
24 property for the rural health care project, equipment costs and
25 staffing costs; provided that no more than twenty percent of

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1 the proceeds of the loan may be used as compensation for
2 employees who own equity in the rural health care project;

3 (b) the loan recipient provide a written
4 certification signed by an appropriate officer of the
5 qualifying rural health care provider that certifies that: 1)
6 the officer understands that the provider is receiving a loan
7 that must be repaid by the provider with interest under the
8 terms of the loan agreement; 2) all documents submitted in
9 support of the loan application and all statements and
10 certifications made in the loan application are true and
11 accurate to the best of the officer's knowledge; 3) the
12 provider is current on all state and federal tax obligations;
13 and 4) all loan proceeds will be used for purposes as provided
14 in this section, including that no more than twenty percent of
15 the proceeds of the loan may be used as compensation for
16 employees who own equity in the rural health care project; and

17 (c) the loan recipient provide the New
18 Mexico finance authority with ongoing information relevant to
19 the reporting requirements of the authority provided in Section
20 2 of this 2022 act; and

21 (3) the loan shall define specific guidelines
22 related to personal guarantees or collateral, as determined by
23 the authority.

24 D. Loans made pursuant to this section shall be
25 made for loan periods not to exceed ten years, as determined by

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1 the New Mexico finance authority in coordination with the
2 qualifying rural health care provider. The loans shall bear an
3 annual interest rate equal to one-half of the *Wall Street*
4 *Journal* prime rate on the date the loan is made; provided that
5 no interest shall accrue during the first year of the loan.

6 E. Interest shall begin to accrue on a rural health
7 care project loan on the first anniversary of the funding date
8 of the loan. Thereafter, for the next two years, the New
9 Mexico finance authority shall require interest-only payments
10 on a schedule determined by the authority. Beginning on the
11 third anniversary of the funding date of the loan, payment on
12 the outstanding principal and interest on the loan shall be due
13 on a schedule determined by the authority for the remainder of
14 the loan period.

15 F. Receipts from the repayment of principal or
16 interest accrued on the rural health care project loans made
17 pursuant to this section shall be deposited in the rural health
18 care project revolving fund.

19 G. No provision in a rural health care project loan
20 or the evidence of indebtedness of the loan shall include a
21 penalty or premium for prepayment of the balance of the
22 indebtedness.

23 H. The New Mexico finance authority may exercise
24 any power provided to the authority in the New Mexico Finance
25 Authority Act to assist in the administration of this section;

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1 provided that the power is consistent with the provisions of
2 that act.

3 I. As used in this section:

4 (1) "health care services" means services for
5 the diagnosis, prevention, treatment, cure or relief of a
6 physical, dental, behavioral or mental health condition,
7 substance use disorder, illness, injury or disease, which
8 services include procedures, products, devices or medications;
9 but does not include services offered by a licensed hospital or
10 a dispenser pursuant to the Controlled Substances Act;

11 (2) "health care underserved area" means a
12 geographic area or practice location in which it has been
13 determined by the department of health, through the use of
14 indices or other standards set by the department of health,
15 that sufficient health care services are not being provided;

16 (3) "qualifying rural health care provider"
17 means an individual, foreign or domestic corporation, general
18 partnership, limited liability company, limited partnership,
19 professional corporation, joint venture, business trust, public
20 benefit corporation, nonprofit entity or other private business
21 entity or combination thereof that has made a legal commitment
22 to the New Mexico finance authority to plan and develop a rural
23 health care project, if approved for a rural health care
24 project loan, but does not include an entity licensed as a
25 hospital in this state or any other business entity with annual

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1 gross revenue that exceeds fifty million dollars (\$50,000,000);

2 (4) "rural community" means an area or
3 location identified by the department of health as falling
4 outside of an urban area that has also been determined by the
5 department of health to be a health care underserved area; and

6 (5) "rural health care project" means a
7 business entity that provides health care services to
8 individuals within a rural community, as determined by the New
9 Mexico finance authority.

10 SECTION 2. [NEW MATERIAL] RURAL HEALTH CARE PROJECT
11 LOANS--REPORTS--CONFIDENTIALITY.--

12 A. Prior to October 1, 2023 and each October 1
13 thereafter, the New Mexico finance authority shall submit a
14 report to the department of health, the human services
15 department, the legislature, the legislative finance committee,
16 the New Mexico finance authority oversight committee and any
17 other appropriate legislative interim committee. The report
18 shall provide details regarding any loans made pursuant to
19 Section 1 of this 2022 act. The report shall include:

20 (1) the total number of loans made pursuant to
21 Section 1 of this 2022 act and the individual amount of each
22 loan;

23 (2) the total number of loan applications;

24 (3) the average and median amount of money
25 provided to loan recipients;

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1 (4) the total amount of principal and interest
2 repaid by loan recipients;

3 (5) the total number of loans and the amount
4 of those loans, if any, in a delinquent status or default;

5 (6) the total number of loan recipients that
6 are in the process of filing or have filed for bankruptcy;

7 (7) the total number of full-time employees
8 and part-time employees currently employed by a loan recipient;
9 and

10 (8) an overview of the communities served and
11 the health care services provided by loan recipients.

12 B. Information obtained by the New Mexico finance
13 authority regarding individual loan applicants and recipients,
14 including information used to analyze a loan application, is
15 confidential and not subject to inspection pursuant to the
16 Inspection of Public Records Act; provided that nothing in this
17 section shall prevent the authority from disclosing broad
18 demographic information and information relating to the total
19 amount of loans made, the total outstanding balance of loans
20 made and the names of the loan recipients.

21 SECTION 3. [NEW MATERIAL] RURAL HEALTH CARE PROJECT
22 REVOLVING FUND.--

23 A. The "rural health care project revolving fund"
24 is created within the New Mexico finance authority. The fund
25 shall be administered by the authority as a separate account

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1 and may consist of such subaccounts as the authority deems
2 necessary to carry out the purposes of the fund. The authority
3 may establish procedures for administering the fund in
4 accordance with the provisions of Section 1 of this 2022 act.

5 B. Money from payments of principal of, interest on
6 and other fees or charges paid to the New Mexico finance
7 authority in connection with loans made pursuant to Section 1
8 of this 2022 act shall be deposited in the rural health care
9 project revolving fund.

10 C. Money in the rural health care project revolving
11 fund is appropriated to the New Mexico finance authority to:

12 (1) pay the reasonably necessary
13 administrative and other costs incurred by the authority in
14 evaluating, processing, originating and servicing loans made
15 pursuant to Section 1 of this 2022 act; and

16 (2) make loans in accordance with the
17 provisions of Section 1 of this 2022 act.

18 D. Money in the rural health care project revolving
19 fund that is not needed for immediate disbursement, including
20 money held in reserve, may be deposited or invested in the same
21 manner as other funds administered by the New Mexico finance
22 authority.

23 SECTION 4. APPROPRIATION.--Seven million five hundred
24 thousand dollars (\$7,500,000) is appropriated from the general
25 fund to the rural health care project revolving fund for

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1 expenditure in fiscal year 2023 and subsequent fiscal years by
2 the New Mexico finance authority for the purposes of carrying
3 out the provisions of Section 1 of this 2022 act. Any
4 unexpended or unencumbered balance remaining at the end of a
5 fiscal year shall not revert to the general fund.

6 SECTION 5. EFFECTIVE DATE.--The effective date of the
7 provisions of this act is July 1, 2022.

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