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Holy Cross Hospital asks for tax support

By Andrew Oxford

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Taos Health Systems is asking for county tax dollars to catch up on years of deferred maintenance around Holy Cross Hospital and stay afloat after cuts in state funding as well as what critics have characterized as poor decisions by management.

The nonprofit's board of directors approved a resolution during its regularly scheduled meeting July 22 asking the Taos County Board of Commissioners to dedicate a stream of tax revenue for what is described as "needed capital improvements, equipment acquisition and overall facility operations." The request comes after more than one year of meetings with local leaders and community members during which Taos Health Systems officials have made the case for using tax dollars to shore up the hospital's finances as it operates with less than 30 days worth of cash in the bank.

So little cash leaves the hospital unable to undertake needed maintenance and upgrades, administrators have argued. Meanwhile, a piece of equipment breaking down — such as a boiler — could bust budgets.

This is not the first time local taxpayers have been asked to cough up for Holy Cross.

The Taos County Board of Commissioners asked voters to decide on a mill levy to finance construction of a new hospital on Weimer Road in 1991.

The measure passed but the last request in 2012 for tax support was snubbed when the board of commissioners voted against holding an election for a mill levy to boost the hospital's budget.

This latest tax request, which so far comes in the form of the board's resolution, is expected to be narrower, primarily concerning a list of repairs to the hospital building itself as well as equipment upgrades which were put off as Taos Health Systems sustained multimillion dollar financial losses and laid off staff.

CEO Bill Patten said Friday (July 24) Taos Health Systems, the nonprofit organization that operates Holy Cross Hospital, will need \$10.5 million over the next three years to address such expenses.

An assessment of capital needs released earlier this year, for example, included \$150,000 for a rooftop refrigeration unit, \$250,000 for boilers and \$127,000 for a post-anesthesia care monitoring system.

Members of the Taos County Board of Commissioners are expected to discuss the hospital's request during a work study session at 9 a.m. Friday (July 31).

Commissioners have the ability to impose a gross receipts tax in the amount of one-eighth- of-one-percent or one-twelfth- of-one-percent without putting the matter to a countywide vote.

If approved during the next few months, revenue from a gross receipts tax could begin flowing to the county as soon as Jan. 1.

A one-eighth-of-one-cent gross receipts tax generated approximately \$820,000 in 2014.

Commissioners also have the option of calling a special election for county residents to vote on a mill levy.

Under a mill levy, property owners would pay \$33 per \$100,000 value. Under a gross receipts tax, consumers would pay either one-eighth-of-one cent or one-twelfth-of-onecent on every dollar spent on applicable goods and services.

It would take at least one fiscal year depending on the date chosen for an election before a mill levy could be collected. One mill generated roughly \$1.3 million in 2014.

The resolution passed by hospital board members did not specify which tax they would prefer.

Patten said that decision is more within the purview of county leaders.

But, he said, "the sooner the better."

The CEO said that if commissioners call an election on a mill levy, the hospital would have to wait at least one year for revenue or perhaps until 2017. But he said the hospital is ready to help mount a campaign.

While a gross receipts tax would be more expedient for Taos Health Systems, a ballot initiative might prove more politically palatable.

Parts of Taos County already charge relatively high rates of gross receipts taxes. Shoppers in the town of Taos and village of Questa pay 8.1875 percent. Red River has a gross receipts tax rate of 8.4375 while Taos Ski Valley charges the state's highest rate — 8.6875 percent.

Property tax obligations totaled \$735 per capita in Taos County during the 2014 tax year.

Taos County Board of Commissioners chairman Tom Blankenhorn, who also chairs a community task force on the hospital, said Monday (July 27) he would prefer putting a mill levy to voters rather than impose a gross receipts tax.

Blankenhorn said he recognizes a need for a tax to support Taos Health Systems.

"Care to the community, economic development and it's a good employer — those are three reasons right there to have a healthy hospital," he said.

But Blankenhorn also signaled he is not ready to back a tax quite yet.

“I have to think and listen more myself,” he added.

Blankenhorn said he wants to the hospital to present a clear plan for how it would spend the money and how it would build on taxpayer support for long-term financial stability.

Another member of the Taos County Board of Commissioners who regularly attends the community task force meetings indicated the hospital indeed has a long way to go in making its case for tax dollars.

“I would be more in favor of a ballot initiative but I’m not sure I’d even support a ballot initiative,” said Candyce O’Donnell, who represents southern Taos County, adding that she would prefer the least burdensome tax.

O’Donnell questioned how the hospital’s list of deferred maintenance projects and needed equipment upgrades grew so long, suggesting administrators will need to reassure county officials the nonprofit is under steady management.

If the question of a mill levy to support Holy Cross goes to a countywide vote, the support of a union representing health care workers at the hospital may prove crucial.

Union leaders signaled at least cautious support for such a tax after the July 22 board meeting.

“We’re very encouraged by the direction the board is heading in. Being honest and up front and asking the county for help is a great start,” said Martha Jaramillo, an intensive care unit nurse and one of the leaders of District 1199 New Mexico.

Jaramillo added, though, that union members still want to see a solid plan for how the hospital will use tax revenue.

Taos Health Systems’ push for a mill levy election in 2012 was criticized by some employees who said staff were not included in discussions about such a measure.

Jaramillo suggested the work of the hospital task force has gone a long way to allay concerns staff will be cut out of the loop.

“What we’ve seen through a year-and-a-half of the study committee is the hospital needs support,” she said. “If there’s a solid plan we can stand behind, we will.”