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FISCAL IMPACT REPORT

SPONSOR SJC LAST UPDATED 3/12/2023
ORIGINAL DATE 3/12/2023
BILL CS/Senate Bill
SHORT TITLE Veterinary Loan Repayment Act NUMBER 404/SJCS
ANALYST Jorgensen

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$500.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent version of this legislation.

Similar to House Bill 474- Veterinary Loan Repayment Act

Sources of Information

LFC Files

Responses Received From

Higher Education Department (HED)

New Mexico Livestock Board (NMLB)

SUMMARY

Synopsis of SJC Substitute for Senate Bill 404

The Senate Judiciary Committee Substitute for Senate Bill 404 creates the Veterinary Loan Repayment Act. The legislation authorizes the Higher Education Department (HED) to pay back loans incurred by veterinarians and veterinary technicians should they meet certain requirements. The program is open to New Mexico residents who are licensed or certified to practice in New Mexico and commit to practicing in designated shortage areas. SB404 provides preference for veterinarians and veterinary technicians who are graduates of New Mexico post-secondary institutions. The loan amount is based on the location of the practice and total indebtedness of the applicant and may not exceed the total debt. Loan repayment through SB404 would require a two-year minimum period of service. SB404 provides for penalties in the event of a loan repayment recipient failing to fulfil the terms of the repayment contract.

The effective date of this bill is July 1, 2023.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall not revert to

the general fund. Although SB404 does not specify future appropriations, establishing a new loan repayment program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

HED reports the \$500 thousand appropriation is sufficient to provide loan repayment of \$25 thousand for 10 participants who enter a two-year contract with the Department.

SIGNIFICANT ISSUES

HED notes that currently, only one 24-hour emergency small animal veterinary clinic operates in New Mexico. The U.S. Department of Agriculture National Institute of Food and Agriculture identifies 20 New Mexico counties and the Navajo Nation as Rural Area Food Animal Medicine Shortage Areas.

NMLB reports:

There is a federal veterinary loan repayment program that is titled the Veterinary Medicine Loan Repayment Program (VMLRP). This is a competitive program that is administered by the National Institute of Food and Agriculture (NIFA). It repays up to \$25 thousand per year for three years and is focused on food animal medicine. New Mexico is allowed five shortage areas to be nominated and listed per year. This VMLRP has application fees, and taxes are paid on the funds distributed. Due to the similarities of the names of the VMLRP and the proposed Act, there may be some confusion.

ADMINISTRATIVE IMPLICATIONS

SB404 directs HED to promulgate rules to carry out the provisions of the Veterinary Loan Repayment Act. The administrative code would clarify details such as the composition of the review panel, duration of contract, and the maximum award for participants.

HED may incur costs associated with the development of the application process and promoting awareness of the program to the public and qualified candidates for veterinary loan repayment.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB404 is similar to House Bill 474 which creates a veterinary loan repayment program.

OTHER SUBSTANTIVE ISSUES

HED notes:

The legislation establishes a program structurally similar to the existing Health Professional Loan Repayment Program (HPLRP) administered by the NMHED (21-22D NMSA 1978). Candidate selection for HPLRP is conducted by a Health Professional Advisory Committee established in rule and composed of experts in health policy. The Department would seek a panel with similar expertise to aid in candidate selection for veterinary loan repayment. This may include participants from the New Mexico Department of Agriculture; the New Mexico Board of Veterinary Medicine; the New Mexico Veterinary Medical Association and other stakeholders.