

LFC Requestor: GRAY, Brendon

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: House

Category: Bill

Number: 52

Type: Introduced

Date (of THIS analysis): 01/21/25

Sponsor(s): Miguel P. Garcia

Short Title: Rural Health Care Tax Credit Eligibility

Reviewing Agency: Center for Healthy and Safe Communities

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$0	\$0	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$0	\$0	\$0	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$0	\$99,945	\$99,945	\$199,890	Recurring	SGF

The proposed legislation does not include any appropriation for the administrative support to effectively process and review increase volume of applications. A Full-Time Equivalent (FTE) position would be necessary. Pay Band 65 - \$29.99/hr. x 2080 hours plus benefits @ x 0.4395 = \$89,803 + Office Setup \$6,150 + Rent \$4,000 = \$99,945.

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

House Bill 52 (HB52) would modify the Rural Health Care Practitioner Tax Credit Section 7-2-18.22 NMSA 1978 to include additional types of health care practitioners eligible for qualification under the program. HB52 proposes to add:

- licensed practical nurses
- emergency medical technicians
- paramedics
- speech-language pathologists
- occupational therapists, and
- chiropractic physicians.

The proposed health care practitioners would be eligible to receive up to a three thousand dollars (\$3,000) tax credit.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

The NMDOH Rural Health Care Practitioner Tax Credit Program (hereinafter referred to as Tax Credit Program) thoroughly reviews applications from health care practitioners each tax year. Certificates are issued to those who meet all eligibility criteria. Participants file these certificates as part of their own individual New Mexico tax returns for a tax credit issued by the Taxation and Revenue Department (TRD). In 2023, two thousand forty-six (2,046) health care practitioners were determined eligible. All were practicing in

rural and medically underserved areas (retrieved from the NM Rural Health Care Practitioner Tax Credit Program database). The NMDOH determines eligibility and TRD approves and issues the tax credit.

There are three (3) significant issues in the proposed that will need to be addressed regarding chiropractic physicians, emergency medical technicians, and DOH administrative support:

1. **Chiropractic Physicians:** The key chiropractic licensing category within New Mexico is a Chiropractic Physician. This category is defined in 61-4-2 NMSA 1978 and further in 16.4.1.7 NMAC. As a physician level clinician, while other physician level clinicians receive a \$5,000 tax credit, the bill proposes chiropractors only receive a \$3,000 tax credit.

1. **Emergency Medical Technicians (EMTs):** Inclusion of EMTs in the Tax Credit Program poses several challenges. There are five different levels of EMTs with varying degrees of education and skills needed.

- **Eligible EMT Categories:** There are five categories of EMT authorized in New Mexico statute and regulation:

1. EMT – Basic (EMT-B),
2. EMT – Intermediate (EMT-I),
3. EMT – Paramedic (EMT-P),
4. EMT – First Responder (EMT-FR), and
5. EMT – Instructor/Coordinator (EMT-IC).

The first three categories of EMT provide the core set of emergency medical services required of personnel in organized service systems. The EMT-FR receives significantly less training and provides a more limited set of emergency medical services. The EMT-IC may not be directly providing emergency medical services.

- **Calculation of Eligible EMT Hours:** Unlike other health care providers, EMTs may not easily be able to isolate the number of hours they are actively providing health care services and significant time of the work shift may be spent in a standby capacity. The major factors which are unclear under current proposed language include standby time and exclusive service as an EMT

Both paid and volunteer EMTs may spend a large portion of time ‘on-call’. On-call schedules, for example, might have EMTs at home, available to respond to a need on an as needed basis. Current proposed language does not account for this reality and may limit the number of EMTs who are able to claim the tax credit.

The proposed language also does not address situations where an EMT license is required as an ancillary license for other, non-health professions. For example, some fire departments require firefighters to be licensed as EMT-Basics. Similarly, some police departments require officers to be licensed as EMT- First Responders. These skills are only deployed on an as needed basis and are not normally part of work shifts.

- 3) **DOH Administrative Support:** The proposed legislation does not include any appropriation for administrative support, nor does it allocate funds to support NMDOH Tax Credit Program's online application system, which is required to securely transmit information to TRD as mandated by statute. An appropriation would be necessary to adequately support the expanded program.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

Yes No

The bill does not provide any operational funds. The program is currently operated using staff time allocated from other federal and state programs. The increased volume in applications will further strain these resources, diverting staff time away from their pre-existing responsibilities and potentially impacting the delivery of services in other federal and state programs.

- Is this proposal related to the NMDOH Strategic Plan? Yes No

Goal 1: We expand equitable access to services for all New Mexicans

Goal 2: We ensure safety in New Mexico healthcare environments

Goal 3: We improve health status for all New Mexicans

Goal 4: We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?

Yes No N/A

- If there is an appropriation, is it included in the LFC Budget Request?

Yes No N/A

- Does this bill have a fiscal impact on NMDOH? Yes No

The proposed legislation does not include any appropriation for the administrative support required to thoroughly review the increased volume of applications. To effectively process and review these applications, a Full-Time Equivalent (FTE) position, at an estimated cost of approximately \$99,945 per year, would be necessary. Additionally, the bill does not allocate funds to support the Tax Credit Program's online application system, which is required to securely transmit information to TRD as mandated by statute.

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

This bill will have an administrative impact on NMDOH. HB52 does not allocate any state operational funds for the ongoing administration of the program. Currently, the program is run using staff time diverted from other federal and state programs. With the increased volume in

applications and certificates issued, these existing resources will be further strained, potentially diverting staff time from their primary responsibilities and impacting the delivery of services in other federal and state programs.

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

8. DISPARITIES ISSUES

There are disparities issues which could be alleviated by increasing the rural tax credit. This includes expanding the range of providers, encouraging providers to serve medically underserved areas, and providing tax credits to potentially lower earning health professionals. Rural areas struggle with a shortage of healthcare professionals, including administrative staff. Attracting and retaining healthcare providers in rural communities can be challenging due to factors such as limited career opportunities, lower reimbursement rates, and a lack of infrastructure. (<https://pmc.ncbi.nlm.nih.gov/articles/PMC10192802/>).

There are also other additional considerations for providing health care in rural communities throughout the country, but especially in the West, including aging populations, closure and/or downsizing of hospitals (<https://pubmed.ncbi.nlm.nih.gov/33011448/>), aging out of local health providers (<https://pubmed.ncbi.nlm.nih.gov/36205415/>) and loss of younger people and changes in local economies away from extractive and agricultural economies.

Rural and frontier communities face additional challenges related to transportation and isolation from services frequently found in sub-urban and urban locations. Primary contributors which add to the unique challenges include:

1. Geographic isolation: Many rural areas in New Mexico are remote and sparsely populated, making it difficult for residents to access healthcare facilities. The distances between communities and medical centers can be substantial, resulting in limited access to timely and emergency care. (<https://pubmed.ncbi.nlm.nih.gov/37196993/>)
2. Socioeconomic factors: Rural communities in New Mexico often have higher rates of poverty, lower levels of education, and limited health insurance coverage. These socioeconomic factors contribute to poorer health outcomes and difficulties in accessing and affording healthcare services. (<https://pubmed.ncbi.nlm.nih.gov/21768583/>)

3. Transportation barriers: Limited public transportation options and long travel distances make it difficult for rural residents to reach healthcare facilities, especially for routine appointments or follow-up. (<https://pubmed.ncbi.nlm.nih.gov/26026190/>)

9. HEALTH IMPACT(S)

HB52 could help to improve the health of populations in rural and underserved areas by providing an incentive that could increase the number of healthcare providers in those areas.

10. ALTERNATIVES

None

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HB52 is not enacted, Rural Health Care Practitioner Tax Credit Section 7-2-18.22 NMSA 1978 would not be amended to add additional eligible health care practitioners to receive a tax credit up to \$3,000.

12. AMENDMENTS

None