

LFC Requester:

Brendon Gray

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) and email to billanalysis@dfa.nm.gov*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Date Prepared: 1/31/25

Check all that apply:

Bill Number: HB226

Original Correction Amendment Substitute

Sponsor: Rep. Alan Martinez

Short

Title:

Agency Name

and Code

HCA 630

Number:

Person Writing

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Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	NA		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NA	NA	NA	NA		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: see below.

Duplicates/Relates to Appropriation in the General Appropriation Act: see below.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB266 regards increasing the “Rural Health Care Practitioner Tax Credit.” The Bill requires the Department of Health (DOH) to determine eligible practitioners qualifying for the tax credit and provide a certification report of eligible/qualified practitioners to the Taxation and Revenue Department. (TRD). The tax credit would be applied on a variable scale to certified practitioners, depending on hours worked in rural designated areas subject to income limits. If the tax credit is successful, it would increase the scale and/or scope of health care services provided in rural communities.

FISCAL IMPLICATIONS

HB266 does not have a direct fiscal impact on the New Mexico Medicaid program. Nonetheless, the income tax credit provided by the Bill would impact the state’s tax expenditure budget, pursuant to Section 7-1-84 NMSA 1978, including the total annual aggregate cost of the credit.

SIGNIFICANT ISSUES

Health care services may be rendered on-site or through Telehealth resources. In rural communities, telehealth is a vital means of accessing services involving a growing number of procedures. HB266 in its current form does not distinguish between these two mediums of rendering service and could be structured to target specific service needs of rural/underserved communities.

PERFORMANCE IMPLICATIONS

In 2024 New Mexico is reported to have 1,027,943 individuals residing in a “designated health professional shortage area” (HPSA). According to United States Census information, New Mexico has a general population of 2,130,256 persons in 2024. Therefore, the Bill could have a beneficial impact across 48% of the general population in terms of enhancing access to health care services in rural/underserved communities.

The Bill applies to health care underserved areas, defined as “a geographic area or practice location in which it has been determined by DOH, through the use of indices and other standards set by the department.” The United States Department of Health and Human Resources maintains health workforce statistics which may be helpful to this effort, reported by the Health Resources and Services Administration (HRSA).

ADMINISTRATIVE IMPLICATIONS

To claim the income tax credit, practitioners must submit an application to DOH describing their clinical practice (perhaps other information may be needed). Upon receiving the tax credit applications DOH is responsible for determining if practitioners qualify for the credit and issue certificates to all qualifying/eligible practitioners. Furthermore, DOH must provide TRD a report

of the practitioners who are issued certificates in a secure manner on regular intervals agreed upon by TRD and DOH. Likewise, qualifying practitioners must submit a copy of their certificate to TRD with their income tax return for the taxable year. If the amount of the credit claimed exceeds a taxpayer's tax liability for the taxable year in which the credit is being claimed, the excess may be carried forward for three consecutive taxable years.

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The reviewer is unaware of any existing conflict, duplication or companionship relationship. However, the Bill seems supportive of other tax credit initiatives which may apply to educational/professional expenses, such as tuition reimbursements or professional training costs.

TECHNICAL ISSUES

Lowering the income limits of practitioners and hours-of-service requirements could alter the efficacy of the Bill in achieving the desired results of improving health care access for New Mexicans. The current language in the Bill differentiates between two sets of practitioners in terms of qualifying income limits, while applying the same hours-of-service requirements.

For one set of practitioners, the Bill calls for increasing the income tax credit from \$5,000 to \$15,000. This first set of practitioners includes: all qualifying physicians, osteopathic physicians, dentists, psychologists, podiatric physicians and optometrists who provide at least 1,584 hours at a practice site located in an approved rural health care underserved area. Half of the income tax credit amount applies if these practitioners provide between 1,584 and hours and 792 hours.

HB266 applies the same hours-of-service requirements to a second set of practitioners using a lower base income limit. Here, the Bill calls for increasing the income tax credit from \$3,000 to \$9,000 (or half of the amount). The second set of qualifying practitioners includes: all pharmacists, dental hygienists, physician assistants, certified registered nurse anesthetists, certified nurse practitioners, clinical nurse specialists, registered nurses, midwives, licensed clinical social workers, licensed independent social workers, professional mental health counselors, professional clinical mental health counselors, marriage and family therapists, professional art therapists, alcohol and drug abuse counselors and physical therapists.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Not enacting the Bill would provide fewer pecuniary incentives for health professional to render services in rural communities across the state, to the detriment of 48% of the state's general population.

AMENDMENTS