

LFC Requestor: GRAY, Brendon

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: House

Category: Bill

Number: 226

Type: Introduced

Date (of THIS analysis): 02/03/2025

Sponsor(s): Alan Martinez

Short Title: Rural Health Care Tax Credit

Reviewing Agency: Agency 665 - Department of Health

Analysis Contact Person: Arya Lamb

Phone Number: 505-470-4141

e-Mail: arya.lamb@doh.nm.gov

Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$	\$		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$	\$	\$		

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	\$95.953	\$95.953	\$191.906	Recurring	General

The proposed legislation does not include any appropriation for the DOH administrative support for the Rural Practitioner Tax Credit, a Full-Time Equivalent (FTE) position would be necessary. Pay Band 65 - \$29.99/hr. x 2080 hours x 0.4395 = \$89,803 + Office Setup \$6,150 = \$95,953 (2080 hours are the standard full-time hours per year).

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 226 (HB226) proposes to modify Section 7-2-18.22 NMSA 1978 Rural Health Care Practitioner Tax Credit to increase the tax credit amount from five thousand dollars (\$5,000) to fifteen thousand dollars (\$15,000) for doctoral practitioners and increase the tax credit amount from three thousand dollars (\$3,000) to nine thousand dollars (\$9,000) for other healthcare professionals including:

- 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
- Physical therapists

HB226 also proposes to modify that the tax credit shall be included in the tax expenditure budget, including the total annual aggregate cost of the credit, which is produced by New Mexico Taxation and Revenue Department.

The provisions of this act would apply to taxable years beginning on or after January 1, 2025.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

New Mexico has a significant shortage of healthcare providers. The New Mexico Healthcare Workforce Committee 2024 Annual Report documents the shortage of physicians, nurses, pharmacists, physician assistances, certified nurse practitioners, and dentists in New Mexico and offers recommendations for recruitment, retention, and increasing the healthcare workforce ([New Mexico Health Care Workforce Committee 2024 Annual Report](#)).

The proposed appropriations in HB226 could retain the number of current healthcare practitioners and could encourage more healthcare providers to provide services in underserved areas of the state. 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. Consequently, programs to deal broadly with issues must first assess the abilities at each level – state, county and local – to overcome them. (<https://pubmed.ncbi.nlm.nih.gov/37214231/>).

As demand for healthcare services and providers continues to increase, providing retention incentives to healthcare practitioners who work and live in rural and medically underserved areas may help stabilize the healthcare workforce. The proposed eligibility for additional practitioners in HB226 could encourage more healthcare practitioners to stay in rural and medically underserved areas to provide needed healthcare services.

2. PERFORMANCE IMPLICATIONS

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

Yes No

If yes, describe how.

- 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

4. ADMINISTRATIVE IMPLICATIONS

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

The NMDOH Office of Primary Care and Rural Health (OPCRH) manages all aspects of the Rural Practitioner Tax Credit Program (hereinafter referred to as Tax Credit Program) for a Certificate of Eligibility. It is responsible for the annual application process, including:

- application form design,
- application submission schedule,
- application review criteria,
- application evaluation procedures, and
- decision notification actions

The department will need to update the information on this program related to how much the tax credit is and adjust current tax reporting requirements. The OPCRH will likely need to hire additional staff to manage the program.

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 considerations for providing healthcare 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. Health workforce shortages: Rural areas struggle with a shortage of healthcare professionals, including doctors, nurses, and specialists. 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://pubmed.ncbi.nlm.nih.gov/35760437/>) The labor force participation rate shows a more robust effect on healthcare spending, morbidity, and mortality than the unemployment rate. (<https://pubmed.ncbi.nlm.nih.gov/24652416/>)
4. Financial constraints: Rural communities have limited financial resources, making it challenging to invest in healthcare infrastructure, recruit healthcare professionals, and offer affordable healthcare services to residents.

9. HEALTH IMPACT(S)

HB226 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 HB 226 is not passed, medical providers will not see the increased tax credit which could impact the number of providers in the rural communities.

12. AMENDMENTS

None