

<b>LFC Requester:</b>	LFC
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**AGENCY BILL ANALYSIS  
2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)

*and*

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*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Click all that apply:*

Original  Amendment   
Correction  Substitute

Date 2025-02-13  
Bill No: SB296

Sponsor: Hamblen, Carrie Agency Name and Code NMHED  
Short PHYSICIAN INCOME TAX Number: \_\_\_\_\_  
Title: \_\_\_\_\_ Person Writing Montoya, Patricia  
Phone: 1575779993 Email patricia.montoya@hed.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Senate Bill 296 (SB296) introduces a new section in the Income Tax Act, establishing the "Physician Income Tax Credit." The tax credit is available to physicians, osteopathic physicians, and dentists who have completed their medical residency, practice medicine full-time in New Mexico, and have an outstanding student loan balance from their medical education. Eligible taxpayers may claim a tax credit of \$50,000 per taxable year for up to five consecutive years.

The New Mexico Higher Education Department (NMHED) will provide eligibility certificates to the New Mexico Taxation and Revenue Department (NMTRD) electronically at regular intervals.

NMHED's analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

**FISCAL IMPLICATIONS**

SB296 does not include an appropriation. The legislation specifies that the tax credit will be included in the tax expenditure budget, detailing the annual aggregate cost in reference to 7-1-84 NMSA 1978.

**SIGNIFICANT ISSUES**

SB296 specifies that any portion of the tax credit that surpasses a taxpayer's income tax liability in the year the credit is claimed will be refunded to the taxpayer. However, this may potentially violate the Anti-Donation Clause outlined in Article 9, Section 14, as there is no defined tracking mechanism to guarantee that the refund is allocated specifically to eligible student debt.

SB296 includes an outstanding student loan balance for eligible tax credit. This requirement is not specified to eligible student loan debt.

#### PERFORMANCE IMPLICATIONS

N/A

#### ADMINISTRATIVE IMPLICATIONS

SB296 proposes that NMHED shall provide the department with the certificates of eligibility in an electronic format along with the relevant taxable years at regularly agreed-upon intervals with NMTRD. However, the details regarding eligibility and requirements are unclear. The process of verifying eligibility and handling tax credit claims will require comprehensive staff training and infrastructure.

The legislation mandates NMHED furnish certifications using a designated format and in a mutually agreed-upon method. An interface will need to be developed to facilitate the regular and secure transmission of certification information from NMHED to NMTRD.

#### CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

#### TECHNICAL ISSUES

N/A

#### OTHER SUBSTANTIVE ISSUES

N/A

#### ALTERNATIVES

Health Professional Loan Repayment Program (HPLRP) is a current loan repayment program that is offered to Health Professionals practicing in the state of New Mexico. Repayment under the HPLRP is sent directly to the eligible educational student loan provider.

#### WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted, the Physician Income Tax Credit will not feature a new section in the Income Tax Act.

AMENDMENTS

N/A