

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

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

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**SECTION I: GENERAL INFORMATION**

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

**Date Prepared:** March 4, 2025 *Check all that apply:*  
**Bill Number:** HB 395 HEC amend Original  Correction   
 Amendment  Substitute

**Sponsor:** Reps. Gonzales, Thomson, Anaya, Lundstrom **Agency Name and Code** University of New Mexico-952  
**Short Title:** Health Care Preceptor Tax Credit **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

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

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

(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**

##### Synopsis of Amendments

HEC amendments to HB 395 make volunteer preceptors *in addition to* preceptors employed by colleges and universities eligible for the tax credit and add nurse midwives to the list of qualifying clinicians.

##### Synopsis:

HB 395 allows a nonrefundable income tax credit up to \$1,000 per preceptorship for preceptors of students pursuing graduate degrees “in the areas of doctor of medicine, doctor of osteopathy, advanced nursing practice, doctor of dental surgery, pharmacy, psychology, social work or dental medicine or as a physician assistant.” Preceptorship is defined as providing, “on an uncompensated basis during a period of supervised clinical training at UNM or other New Mexico universities, a program of personalized instruction, training and supervision to an eligible graduate student to obtain an eligible professional degree.” Each preceptorship must last at least four weeks. The credit would be applicable to 2025 and subsequent taxable years.

#### **FISCAL IMPLICATIONS**

HEC amendments increase the potential fiscal impact.

Fiscal impacts are difficult to measure but potentially large because most HSC faculty perform duties that could be defined a “preceptorship” pursuant to this legislation. See “Significant Issues” and “Amendments” below.

#### **SIGNIFICANT ISSUES**

The HEC amendments provide a partial remedy for the flaws in this legislation. The bill as amended allows volunteer preceptors to qualify for the tax credit, which is an improvement. However, it still allows preceptors employed by colleges and universities to qualify as well. To be cost-effective, this credit should serve as an incentive to recruit and retain *volunteer* preceptors. A tax credit for employees who are compensated for preceptorship because it is part of their job is not such an incentive.

The definitions of preceptor and preceptorship remain overly broad, especially in the context of a tax credit that is available to higher education employees. Many, if not most, clinical faculty at UNM provide “personalized instruction, training and supervision” to eligible graduate students. What constitutes a “preceptorship of not less than four weeks” is also unclear.

The University of New Mexico School of Medicine, and Colleges of Nursing and Pharmacy have long used community providers as preceptors to provide clinical learning experiences to students. Preceptors are at the core of the clinical education of physicians, pharmacists, physician assistants, and advanced practice registered nurses (APRNs).

Only preceptors employed by an “accredited New Mexico institution of higher education” qualify for the credit as drafted. Limiting the credit to university employees significantly diminishes its potential reach and effectiveness, particularly in rural communities.

To be effective, a preceptor tax credit must create an incentive for clinicians who are not currently preceptors to become preceptors and serve as a retention incentive for current preceptors. The bill as drafted provides a tax credit to faculty members who provide preceptorship as part of their job and are thus already compensated for it.

Faculty at the UNM Health Sciences Center and staff at the Hospital routinely provide instruction, supervision and mentorship to learners as part of their jobs. UNM also utilizes community-based preceptors who are considered volunteer faculty. Volunteer preceptors are not compensated for the time they spend working with learners, which diminishes the time they can spend on other aspects of their jobs.

To be effective, a preceptor tax credit should target community-based clinicians who serve as preceptors. Such a credit could encourage more clinicians to become preceptors by offsetting some of their costs.

In recent years, some private institutions have instituted the practice of paying for preceptors. UNM and other public institutions do not have the ability to pay for community preceptors and may thus encounter difficulties in securing clinical training sites and preceptors, particularly in rural parts of the state. Rural rotations are critical because they expose students to parts of New Mexico that sorely need health care providers.

## **PERFORMANCE IMPLICATIONS**

The bill as drafted will not increase the number of community-based preceptors but instead provide a tax advantage to faculty who perform preceptorship in the context of their regular jobs.

Documenting the delivery of preceptorship services will be the duty of the institution and incur some administrative costs

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

The language capping total credits at \$1,000 per taxable year per taxpayer could be clearer, if that is the intent.

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

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

## **AMENDMENTS**

Replace “who is a preceptor employed by any accredited New Mexico institution of higher

education” with “who is a **volunteer** preceptor **affiliated with but not** employed by any accredited New Mexico institution of higher education.”

Define “volunteer” to mean an individual who receives no financial compensation.