

LFC Requestor: FAUBION, Jennifer

2025 LEGISLATIVE SESSION  
AGENCY BILL ANALYSIS

Section I: General

Chamber: Senate

Category: Bill

Number: 295

Type: Introduced

Date (of THIS analysis): 02/06/2025

Sponsor(s): Jeff Steinborn, Carlos Hamblen, William Sherer, Craig Brandt

Short Title: Gross Receipt Tax Changes

Reviewing Agency: Agency 665 - Department of Health

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$ 0.00	\$ 0.00	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$ 0.00	\$ 0.00	\$ 0.00	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	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	N/A	N/A

### Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: HB226 Rural Health Care Tax Credit, SB 249 Health Care Provider Gross Receipts

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

### Section IV: Narrative

#### 1. BILL SUMMARY

a) Synopsis

Senate Bill 295 (SB295) would make various changes in taxation for individual medical providers or an association of medical providers. These changes would provide a gross receipts tax deduction for the sale of medical equipment, supplies and drugs and for certain health services as well as extending the gross receipts tax deduction to receipts from a patient paid to a health care practitioner for health care services not covered by their insurance, and allows for reimbursement of gross receipts tax when a health care provider or association of healthcare providers receives Medicaid reimbursement, the medical provider shall be reimbursed for all applicable gross receipts taxes that the health care provider is required to pay.

Is this an amendment or substitution?  Yes  No.

Is there an emergency clause?  Yes  No

b) Significant Issues

SB295 is an attempt to increase the number of providers who provide medical care to Medicaid patients by providing medical providers with the incentive to get a reimbursement on all gross receipt taxes paid for services provided to Medicaid recipients and for whom the provider was paid by Medicaid for those services. There is a need for providers in New Mexico who accept Medicaid. According to recent data from the Health Care Authority, over 40% of New Mexico's population is enrolled in Medicaid.

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](#)).

## 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

## 5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

- SB295 relates to HB226 Rural Health Care Tax Credit, by providing tax incentives for health care providers. It outlines eligible items allowed for the gross receipts tax deduction along with HB226 which allows a tax credit for health care practitioners providing services in rural counties.
- SB295 is related to S249, Health Care Provider Gross Receipts, which requires reimbursement for all applicable gross receipt's taxes that the health care provider is required to pay when receiving reimbursement from Medicaid claims, as this has been included in SB295.

## 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

NMAC 3.2.241 would need to be updated

## **8. DISPARITIES ISSUES**

None.

## **9. HEALTH IMPACT(S)**

- Health care practitioners, or associations of health care practitioners will benefit from this bill by obtaining gross receipts tax deductions on services rendered that are within the scope of their practice. Constituents will also benefit for health care services rendered by a practitioner when services are within the scope of practice of the practitioner and will include payments made for services via their insurance provider, or services that are not covered by their insurance provider.
- Health care practitioners defined in this bill, licensed pursuant to their specific practice act, and can be part of a managed health care operation are:
  - Chiropractic physician
  - Dentist or dental hygienist
  - Optometrist
  - Physical Therapist
  - Physician or physician assistant
  - Podiatrist
  - Psychologist
  - Midwife
  - Registered nurse or licensed practical nurse
  - Occupational therapist
  - Respiratory care practitioner
  - Professional clinical mental health counselor, marriage family therapists or professional art therapist
  - Independent social worker

## **10. ALTERNATIVES**

None

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

If SB 295 is not passed practitioners will not receive a gross receipts tax reimbursement for certain services rendered and medical equipment sold. Patients will not be able to receive a tax reimbursement for gross receipts tax paid for certain procedure not covered by insurance.

## **12. AMENDMENTS**

None