FISCAL IMPACT REPORT

BILL NUMBER: House Bill 24a/HGEIC

SHORT TITLE: Professional Recruitment & Retention Act

SPONSOR: Cates/Anaya

LAST UPDATE: 1/26/2026 **ORIGINAL DATE:** 1/23/2026 **ANALYST:** Gygi

APPROPRIATION*
(dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
$0	$5,000.0	Recurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Relates to LFC recommendation for FY27 fund transfers.

Sources of Information

LFC Files

Agency Analysis Received From
New Mexico Mortgage Finance Authority
Workforce Solutions Department

Agency That was Asked for Analysis but did not Respond
Department of Finance and Administration

SUMMARY

Synopsis of HGEIC Amendment to House Bill 24

The House Government, Elections, and Indian Affairs Committee (HGEIC) amendment to House Bill 24 changes the income limit for loans specified in Section 3(D)(1) from "below 151 percent" to "equal to or below 150 percent" of Area Medium Income (AMI). It also adds clarifying language in Section 4(C) that a loan shall be granted only one time "per qualified professional" in 10 years.

Synopsis of House Bill 24

House Bill 24 (HB24), the Professional Recruitment and Retention Act, appropriates $5 million from the general fund to the Department of Finance and Administration (DFA) to establish a professional recruitment and retention housing loan-for-service program within the New Mexico

Mortgage Finance Authority (NMMFA). Loans may be made for downpayments or closing costs for purchase of a home in New Mexico by a variety of health care providers and social workers who are licensed in the state of New Mexico in exchange for 10 years of service in the state at 75 percent or more full-time employment. The qualified professional must earn a current annual income that is equal to or below 150 percent of Area Medium Income (AMI).

The program includes the following key requirements:

- Loans cannot exceed 10 percent of the total home purchase price limit, as determined by the authority.
- The loan will act as a lien on the property for 10 years. If the recipient fulfills the 10-year work requirement as a licensed professional, the lien will be removed, and the loan obligations will be considered met.
- A loan recipient who leaves the state before completing 10 years of service must pay back the loan as follows: 0-5 years – 100 percent, 5-7 years – 50 percent, 7-10 years – 25 percent. All incur a 5.5 percent interest charge.
- NMMFA may allow loan forgiveness through rule for extenuating circumstances such as serious illness or incapacitation.
- Each professional may only receive one loan in a 10-year period.

The bill defines qualified professionals under Section 2.D as individuals licensed in New Mexico under the following categories:

- Registered nurse licensed pursuant to the Nursing Practice Act
- Dentist or dental hygienist licensed pursuant to the Dental Health Care Act
- Physician licensed pursuant to the Medical Practice Act
- Physician assistant licensed pursuant to the Physician Assistant Act
- Anesthesiologist assistant licensed pursuant to the Anesthesiologist Assistants Act
- Psychologist licensed pursuant to the Professional Psychologist Act
- Pharmacist licensed pursuant to the Pharmacy Act
- Occupational therapist licensed pursuant to the Occupational Therapy Act
- Physical therapist licensed pursuant to the Physical Therapy Act
- Respiratory care practitioner licensed pursuant to the Respiratory Care Act
- Speech-language pathologist or audiologist licensed pursuant to the Speech-Language Pathology, Audiology and Hearing Aid Dispensing Practices Act
- Social worker licensed pursuant to the Social Work Practice Act

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

HB24 appropriates $5 million for the program; any unexpended balance remaining at the end of FY27 shall revert to the general fund. Although HB24 does not specify future appropriations, establishing a new loan-for-service program creates an expectation that the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

NMMFA estimates the program would reach about 1,000 households. This estimate is based on the purchase price limit for NMMFA's first mortgage program for middle-income earners, which is about $568 thousand, and HB24's loan limit of 10 percent of purchase price, or $56.8

thousand per borrower. Because of the reversion language in HB24, the authority would only have a little over a year to make these loans.

HB24 assigns NMMFA responsibility for rulemaking, program management, and reporting. Further, the authority would continue to have enforcement obligations for 10 years even if the program only operates for one year. NMMFA does not indicate additional operating costs associated with the new program. Presumably the authority will be able to use a portion of the appropriation for any operational expenses, but only though FY27.

The Department of Finance and Administration (DFA) did not submit a FIR for this bill. However, responding to the almost identical 2025 House Bill 118, the agency estimated a recurring annual cost for one program coordinator at approximately $109 thousand. The coordinator would monitor the contract with NMMFA, manage fund distribution, monitor statutory requirements, and track expenditures.

SIGNIFICANT ISSUES

New Mexico is facing both a shortage of licensed health care professionals and social workers and a rapidly rising cost of housing. The shortages in these professions are described in the annual reports produced by the New Mexico Health Care Workforce Committee.[1] The housing affordability crisis affects the ability of lower-income licensed professionals to move to New Mexico or continue practicing in the state. Thus, HB24 potentially is a recruitment and a retention tool.

WSD points out the bill does not explain how MFA would know whether a qualified professional relocated or stopped practicing in their field, commenting:

> While the Regulation & Licensing Department may be able to report to MFA if a certain professional ceased to be licensed in New Mexico, that would not necessarily track directly to their continued practice in-state. Presumably the loan recipient would have a contractual obligation to report any change in their work.

According to NMMFA, because of different income limits and forgiveness terms, the proposed loan-for-service fund would be separated from the authority's other homebuyer assistance programs. NMMFA's first home program is funded with tax exempt bonds, so eligibility is restricted to 120 percent of area median income (AMI). HB24's proposed program aligns with the authority's downpayment assistance and mortgage programs for second home purchases.

A 2008 LFC program evaluation of financial aid programs concluded that loan-for-service programs are less cost-effective compared with loan repayment programs. Loan-for-service programs:

- have greater administrative costs since program administrators need to track borrowers over many years;
- create greater financial risk for the state which must claw back the money should the recipient not complete the terms of service; and
- generate less demand than loan repayment programs.

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[1] Available at https://digitalrepository.unm.edu/nmhc_workforce/

The same LFC evaluation found other states are transitioning away from loan-for-service programs and moving toward loan repayment programs.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The LFC's recommendation for FY27 fund transfers includes $51.3 million to the New Mexico housing trust fund of the Mortgage Finance Authority to expand housing services, transitional housing, and support those with behavioral health needs. These monies can be used for downpayment assistance.

HB24 is almost identical to House Bill 118 introduced in the 2024 session, which died API after its first committee.

TECHNICAL ISSUES

WSD suggests the bill might need language restricting loans to first-time homebuyers for primary residences:

> The bill does not require the qualified professional to be a first-time homebuyer or to use the property purchased with the loan as their primary residence. As written, the borrower could purchase a second home, rental home, home for a family member, etc.

WSD also notes issues with language in the following sections of the bill:

> Section 5(C) may cause some confusion. Since the bill requires a secured loan, the general law of security would apply and the provision for MFA to "sue in its own name to enforce a contract" may be unnecessarily confusing.
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> Sections (D)(1)-(3) states that a qualified professional who violates the term of the loan shall repay the loan "using the proceeds from the sale of the property that was purchased using the loan." This creates confusion as to whether the obligation to repay is contingent on the sale of the home. Qualified professionals who cease to practice may not need or want to sell their homes, and even those who wish to leave New Mexico may want to retain the house. It may make sense to remove that language and simply require repayment.

ALTERNATIVES

In 2025, the executive's Office of Housing suggested the following alternatives should the almost identical HB118 not be enacted: 1) utilize existing NMMFA and local government downpayment assistance resources to serve targeted groups and strengthen outreach to targeted licensed professionals and 2) expand other recruitment programs like the educational loan forgiveness programs to include non-clinical licensed social workers.

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