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HOUSE BILL

**56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO TAXATION; ADDING CERTAIN PHARMACISTS, REGISTERED NURSES, SOCIAL WORKERS, BEHAVIORAL HEALTH COUNSELORS AND THERAPISTS AND PHYSICAL THERAPISTS TO THE RURAL HEALTH CARE PRACTITIONER TAX CREDIT; MODIFYING THE REQUIREMENTS FOR RECEIVING THE RURAL HEALTH CARE PRACTITIONER TAX CREDIT; INCREASING DATA COLLECTION AND REPORTING REQUIREMENTS FOR THE TAXATION AND REVENUE DEPARTMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 7-2-18.22 NMSA 1978 (being Laws 2007, Chapter 361, Section 2) is amended to read:

"7-2-18.22. [~~TAX CREDIT~~] RURAL HEALTH CARE PRACTITIONER TAX CREDIT.--

A. A taxpayer who files an individual New Mexico tax return, who is not a dependent of another individual, who

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1 is an eligible health care practitioner and who has provided  
2 health care services in New Mexico in a rural health care  
3 underserved area in a taxable year may claim a credit against  
4 the tax liability imposed by the Income Tax Act. The credit  
5 provided in this section may be referred to as the "rural  
6 health care practitioner tax credit".

7 B. The rural health care practitioner tax credit  
8 may be claimed and allowed in an amount that shall not exceed:

9 (1) five thousand dollars (\$5,000) for all  
10 [~~eligible~~] physicians, osteopathic physicians, dentists,  
11 clinical psychologists, podiatrists and optometrists who  
12 qualify pursuant to the provisions of this section [~~except the~~  
13 ~~credit shall not exceed~~] and have provided health care during a  
14 taxable year for at least one thousand five hundred eighty-four  
15 hours at a practice site located in an approved rural health  
16 care underserved area. Eligible health care practitioners  
17 listed in this paragraph who provided health care services for  
18 at least seven hundred ninety-two hours but less than one  
19 thousand five hundred eighty-four hours at a practice site  
20 located in an approved rural health care underserved area  
21 during a taxable year are eligible for one-half of the tax  
22 credit amount; and

23 (2) three thousand dollars (\$3,000) for all  
24 [~~eligible~~] pharmacists, dental hygienists, physician  
25 assistants, certified nurse-midwives, certified registered

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1 nurse anesthetists, certified nurse practitioners, ~~[and]~~  
2 clinical nurse specialists, registered nurses, licensed  
3 clinical social workers, licensed independent social workers,  
4 professional mental health counselors, professional clinical  
5 mental health counselors, marriage and family therapists,  
6 professional art therapists, alcohol and drug abuse counselors  
7 and physical therapists who qualify pursuant to the provisions  
8 of this section and have provided health care during a taxable  
9 year for at least one thousand five hundred eighty-four hours  
10 at a practice site located in an approved rural health care  
11 underserved area. Eligible health care practitioners listed in  
12 this paragraph who provided health care services for at least  
13 seven hundred ninety-two hours but less than one thousand five  
14 hundred eighty-four hours at a practice site located in an  
15 approved rural health care underserved area during a taxable  
16 year are eligible for one-half of the tax credit amount.

17 ~~[G. To qualify for the rural health care~~  
18 ~~practitioner tax credit, an eligible health care practitioner~~  
19 ~~shall have provided health care during a taxable year for at~~  
20 ~~least two thousand eighty hours at a practice site located in~~  
21 ~~an approved rural health care underserved area. An eligible~~  
22 ~~rural health care practitioner who provided health care~~  
23 ~~services for at least one thousand forty hours but less than~~  
24 ~~two thousand eighty hours at a practice site located in an~~  
25 ~~approved rural health care underserved area during a taxable~~

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1 ~~year is eligible for one-half of the credit amount.~~

2           ~~D-]~~ C. Before an eligible health care practitioner  
3 may claim the rural health care practitioner tax credit, the  
4 practitioner shall submit an application to the department of  
5 health that describes the practitioner's clinical practice and  
6 contains additional information that the department of health  
7 may require. The department of health shall determine whether  
8 an eligible health care practitioner qualifies for the rural  
9 health care practitioner tax credit and shall issue a  
10 certificate to each qualifying eligible health care  
11 practitioner. The certification shall include the  
12 practitioner's taxpayer identification number and first  
13 eligible tax year and shall be numbered for identification and  
14 declare the date of issuance and the amount of tax credit  
15 allowed. The department of health shall provide the taxation  
16 and revenue department appropriate information for all eligible  
17 health care practitioners to whom certificates are issued in a  
18 secure manner on regular intervals agreed upon by both the  
19 taxation and revenue department and the department of health.

20           ~~[E-]~~ D. A taxpayer claiming the credit provided by  
21 this section shall submit a copy of the certificate issued by  
22 the department of health with the taxpayer's New Mexico income  
23 tax return for the taxable year. If the amount of the credit  
24 claimed exceeds a taxpayer's tax liability for the taxable year  
25 in which the credit is being claimed, the excess may be carried

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1 forward for three consecutive taxable years.

2 E. A taxpayer allowed a tax credit pursuant to this  
3 section shall report the amount of the credit to the department  
4 in a manner required by the department.

5 F. The department shall compile an annual report on  
6 the tax credit provided by this section that shall include the  
7 number of taxpayers approved by the department to receive the  
8 credit, the aggregate amount of credits approved and any other  
9 information necessary to evaluate the credit. The department  
10 shall present the report to the revenue stabilization and tax  
11 policy committee and the legislative finance committee with an  
12 analysis of the cost of the tax credit.

13 ~~[F.]~~ G. As used in this section:

14 (1) "eligible health care practitioner" means:

15 (a) a certified nurse-midwife licensed  
16 by the board of nursing as a registered nurse and licensed by  
17 the public health division of the department of health to  
18 practice nurse-midwifery as a certified nurse-midwife;

19 (b) a dentist or dental hygienist  
20 licensed pursuant to the Dental Health Care Act;

21 (c) an optometrist licensed pursuant to  
22 the provisions of the Optometry Act;

23 (d) an osteopathic physician [~~licensed~~  
24 ~~pursuant to the provisions of Chapter 61, Article 10 NMSA 1978~~  
25 ~~or an osteopathic physician assistant~~] licensed pursuant to the

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1 provisions of the [~~Osteopathic Physicians' Assistants~~] Medical  
2 Practice Act;

3 (e) a physician [~~or physician assistant~~]  
4 licensed pursuant to the provisions of [~~Chapter 61, Article 6~~  
5 ~~NMSA 1978~~] the Medical Practice Act or a physician assistant  
6 licensed pursuant to the provisions of the Physician Assistant  
7 Act;

8 (f) a podiatrist licensed pursuant to  
9 the provisions of the Podiatry Act;

10 (g) a clinical psychologist licensed  
11 pursuant to the provisions of the Professional Psychologist  
12 Act; [~~and~~]

13 (h) a registered nurse [~~in advanced~~  
14 ~~practice who has been prepared through additional formal~~  
15 ~~education as provided in Sections 61-3-23.2 through 61-3-23.4~~  
16 ~~NMSA 1978 to function beyond the scope of practice of~~  
17 ~~professional registered nursing, including certified nurse~~  
18 ~~practitioners, certified registered nurse anesthetists and~~  
19 ~~clinical nurse specialists~~] licensed pursuant to the provisions  
20 of the Nursing Practice Act;

21 (i) a pharmacist licensed pursuant to  
22 the provisions of the Pharmacy Act;

23 (j) a licensed clinical social worker or  
24 a licensed independent social worker licensed pursuant to the  
25 provisions of the Social Work Practice Act;

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1                   (k) a professional mental health  
2 counselor, a professional clinical mental health counselor, a  
3 marriage and family therapist, an alcohol and drug abuse  
4 counselor or a professional art therapist licensed pursuant to  
5 the provisions of the Counseling and Therapy Practice Act; and

6                   (1) a physical therapist licensed  
7 pursuant to the provisions of the Physical Therapy Act;

8                   (2) "health care underserved area" means a  
9 geographic area or practice location in which it has been  
10 determined by the department of health, through the use of  
11 indices and other standards set by the department of health,  
12 that sufficient health care services are not being provided;

13                   (3) "practice site" means a private practice,  
14 public health clinic, hospital, public or private nonprofit  
15 primary care clinic or other health care service location in a  
16 health care underserved area; and

17                   (4) "rural" means ~~[an area or location~~  
18 ~~identified by the department of health as falling outside of an~~  
19 ~~urban area]~~ a rural county or an unincorporated area of a  
20 partially rural county, as designated by the health resources  
21 and services administration of the United States department of  
22 health and human services."

23                   SECTION 2. APPLICABILITY.--The provisions of this act  
24 apply to taxable years beginning on or after January 1, 2023.