

**LFC Requester:** \_\_\_\_\_

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

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

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***(Analysis must be uploaded as a PDF)***

**SECTION I: GENERAL INFORMATION**

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

**Date Prepared:** 1/22/2026 *Check all that apply:*  
**Bill Number:** H24-341 Original  Correction   
 Amendment  Substitute

**Sponsor:** Rep. Cates \_\_\_\_\_ **Agency Name and Code Number:** DFA-341  
 Rep. Silva \_\_\_\_\_  
 PROFESSIONAL RECRUITMENT AND RETENTION ACT  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	5,000	Non-recurring	GF

(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>		150	150	300	Non-recurring	GF

(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:

House Bill 24 (HB24) establishes the Professional Recruitment and Retention Act, which provides financial assistance to licensed professionals purchasing homes in New Mexico. The New Mexico Mortgage Finance Authority administers the program and requires recipients to commit to practicing in the state for 10 years. Loans are repayable if the contract terms are violated, with provisions for loan forgiveness in cases of extenuating circumstances. HB24 appropriates \$5 million for the program's implementation in fiscal years 2026 and 2027.

- Definitions:
  - Authority: Refers to the New Mexico Mortgage Finance Authority, which will administer the program.
  - Loan: A contract between the authority and a qualified professional to finance home purchases.
  - Program: The Professional Recruitment and Retention Housing Loan for Service Program.
  - Qualified Professional: Includes licensed professionals such as registered nurses, dentists, physicians, physician assistants, anesthesiologist assistants, psychologists, pharmacists, occupational therapists, physical therapists, respiratory care practitioners, speech-language pathologists, audiologists, and social workers.
- Program Creation and Eligibility: The program is administered by the New Mexico Mortgage Finance Authority. Loans are available for down payments or closing costs for home purchases in New Mexico.
  - Recipients must practice in New Mexico for 10 years, with at least three-fourths full-time employment.
  - Applicants must meet income requirements (below 151% of the area median income, adjusted for family size) and provide documentation, including proof of licensure and an approved mortgage application.
- Loan Terms and Requirements:
  - Loans cannot exceed 10% of the total home purchase price.

- Loans will be secured by a lien on the property for 10 years, and the lien will be removed upon completion of the service requirement.
- Each qualified professional may receive only one loan within a 10-year period.
- **Contracts, Cancellation, and Repayment:** Loans are formalized through written contracts between the authority and the professional. The authority may cancel the contract for reasonable cause. If the professional violates the contract (e.g., relocates out of state, fails to meet work requirements, or loses licensure), they must repay the loan with interest (5.5%) according to the following schedule:
  - Full repayment if a violation occurs within the first 5 years.
  - 50% repayment if a violation occurs between 5-7 years.
  - 25% repayment if a violation occurs between 7-10 years.
  - Loan forgiveness may be granted for extenuating circumstances like serious illness or incapacitation.
- **Reporting Requirements:** The authority must submit an annual report to the Mortgage Finance Authority Act Oversight Committee by August 1, detailing program activities, including the number of loans granted, professions, and locations.
- **Appropriation:** \$5 million is appropriated from the general fund to the Department of Finance and Administration for the program in fiscal years 2026 and 2027. Any unspent funds by the end of fiscal year 2027 will revert to the general fund.

## **FISCAL IMPLICATIONS**

HB24 appropriates \$5,000,000 from the general fund to the Department of Finance and Administration (DFA) for expenditure in FY26 and FY27 to contract with the New Mexico Mortgage Finance Authority (MFA) to implement the program; any unexpended balance reverts at the end of FY27.

Key fiscal considerations:

- HB24 does not specify an administrative cost cap or the share of the appropriation that may be used for program administration versus loan principal assistance.
  - As HB24 appropriates amounts to the DFA for expenditure by MFA in accordance with § 58-18-5.5 (G) MFA cannot receive direct appropriations from the NM Legislature; both MFA and DFA will incur administrative costs based on HB24.
    - To help with DFA's administrative costs, the bill could provide the department with roughly \$150,000 per year for legal drafting, oversight, and monitoring, which could equal 1,000 work hours annually.

## **SIGNIFICANT ISSUES**

HB24 represents a meaningful effort to address professional recruitment and retention in New Mexico. DFA believes several implementation factors warrant careful consideration to optimize program effectiveness. The following areas may benefit from additional clarification or resources:

- The bill could provide guidance on how the 10-year lien affects refinancing options, property transfers, and sale scenarios.
- Clarification on where repaid loan funds will be deposited after FY27 will help clarify fund reversion.
- Both MFA and DFA may need additional administrative funding to help with the implementation of the program, monitoring, and compliance.

## **PERFORMANCE IMPLICATIONS**

To assess effectiveness, DFA/MFA should implement performance measures such as:

- Number of loans issued by profession and geography (required in the report).
- Retention outcomes at 5, 7, and 10 years (aligning to repayment thresholds).
- Default/noncompliance rates and amounts recovered.
- Distribution of recipients by income band and county.

## **ADMINISTRATIVE IMPLICATIONS**

- DFA will serve as the appropriation fund recipient and will need to draft, execute, and manage an intergovernmental agreement with MFA, including fiscal monitoring and reporting compliance.
- MFA could face administrative challenges with a compressed timeline, requiring completion of all implementation tasks before the end of FY27 using its general operating budget.

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

N/A.

## **TECHNICAL ISSUES**

- HB24 should define “full-time employment,” “practice,” or “primary residence,” which may be important for compliance monitoring and enforcement.

- Repayment is tied to “proceeds from the sale of the property” in noncompliance scenarios. HB24 should address cases in which the property is not sold immediately or is refinanced, transferred, or destroyed.
- It would be helpful if HB24 addressed repayments and interests that should remain available for program use.

## **OTHER SUBSTANTIVE ISSUES**

NA

## **ALTERNATIVES**

N/A.

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

N/A.

## **AMENDMENTS**

Suggested amendments for clarity, consistency, and administrative feasibility:

- Define key terms (e.g., “full-time employment,” “practice,” “primary residence”).
- Clarify repayment and lien scenarios (refinance, transfer, casualty loss, divorce, or relocation within NM while maintaining qualifying employment).
- Clarify treatment of repayments and interest (e.g., remain in program account as revolving funds).