

**Bill Analysis and Fiscal Impact Report  
Taxation and Revenue Department**

**February 2, 2026**

**Bill:**

HHHS Sub. for HB-90

**Sponsor:**

Representatives Anita Gonzales and Marianna Anaya and Senator Leo Jaramillo

**Short Title:**

Health Care Preceptor Income Tax Credit

**Description:**

This bill creates a new \$1,000 personal income tax (PIT) credit for a licensed medical doctor, osteopathic physician, advanced practice nurse, a nurse-midwife, physician assistant, dentist, pharmacist, psychologist or social worker who serves as a “preceptor,” either as an employee or a volunteer of an accredited New Mexico institution of higher education. The taxpayer must provide at least four weeks of supervised clinical training to enable an eligible graduate student to obtain an eligible professional degree. The credit may not exceed \$1,000 for any preceptorships performed in a taxable year and only one credit may be claimed. The unused portion of the credit may be carried forward until the credit is exhausted.

**Effective Date, Applicability, and Contingency Language:**

Not specified or 90 days following adjournment (May 20, 2026). Applicable to tax years beginning January 1, 2026.

**Taxation and Revenue Department Analyst:**

Sara Grubbs

**Estimated Revenue Impact\***

<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>	<b>Recurring or Non-Recurring</b>	<b>Fund(s) Affected</b>
--	(\$2,790)	(\$2,790)	(\$2,790)	(\$2,790)	R	General Fund

\* In thousands of dollars. Parentheses ( ) indicate a revenue loss.

**Methodology for Estimated Revenue Impact:**

The Taxation and Revenue Department (Tax & Rev) assumes there is one preceptor per graduate student or medical resident<sup>1</sup>. This bill expands the type of student the preceptor instructs to both graduates and medical residents. Tax & Rev has no straightforward way to identify the full universe of both types and therefore assumes the number of medical residents mimics the number of graduate students in New Mexico.

As such, Tax & Rev gathered graduate enrollment counts from the University of New Mexico (UNM) Health Sciences Center. In the Fall 2025 enrollment reports, there were approximately 1,180 graduate students. Tax & Rev assumes New Mexico State University has 152 graduate students who also meet the eligibility requirements<sup>2</sup>. Tax & Rev estimates another 67 graduate level students would be participating in preceptorships programs through other accredited New Mexico institutions. Tax & Rev’s estimate is a total of 1,395 graduate students and assumes the same number of medical residents for a total of 2,790 working with a preceptor. Tax & Rev assumes these graduate students meet the eligibility requirements described in Section G(1) of the bill for the preceptorship program.

<sup>1</sup>Per personal correspondence with University of New Mexico program manager with the College of Nursing, 2/19/2025

<sup>2</sup>Per personal correspondence with New State University School of Nursing Academic Advisor for Graduate Programs, 1/23/2026

At UNM, summer clinical rotations are a minimum of six weeks. Tax & Rev assumes there is one preceptor engaging in a preceptorship for at least four weeks per graduate student and therefore it is assumed all preceptors would be eligible. The annual enrollment of graduate students is kept flat. The medical professionals participating in preceptorships are assumed to have PIT liability amounts that would allow the preceptor to be able to claim the \$1,000 credit in full, leaving a minimal amount to be carried over.

### **Policy Issues:**

PIT represents a consistent source of revenue for many states. For New Mexico, PIT is approximately 16% of the state's recurring General Fund revenue. While this revenue source is susceptible to economic downturns, it is also positively responsive to economic expansions. New Mexico is one of 41 states, along with the District of Columbia, that impose a broad-based PIT (New Hampshire and Washington do not tax wage and salary income). Like several states, New Mexico computes its income tax based on the federal definition of "adjusted gross income" and ties to other statutes in the federal tax code. This is referred to as "conformity" to the federal tax code. The PIT is an important tax policy tool that has the potential to further both horizontal equity by ensuring the same statutes apply to all taxpayers, and vertical equity, by ensuring the tax burden is based on taxpayers' ability to pay. By basing the credit on a profession, taxpayers in similar economic circumstances are no longer treated equally.

While tax incentives can support specific industries or promote desired social and economic behaviors, the growing number of such incentives complicate the tax code. Introducing more tax incentives has two main consequences: (1) it creates special treatment and exceptions within the code, leading to increased tax expenditures and a narrower tax base, which negatively impacts the General Fund; and (2) it imposes a heavier compliance burden on both taxpayers and Tax & Rev. Increasing complexity and exceptions in the tax code is generally not in line with sound tax policy.

Preceptors are medical doctors, nurses, dentists, physician assistants, pharmacists, psychologists, or social workers. There is a high demand for these professionals in both urban and rural New Mexico. These professionals often work well over the average 40-hour week<sup>3</sup>. Becoming a preceptor requires incurring personal expenses. Preceptorships are primarily unpaid, volunteering for hundreds of hours, incurring additional financial costs. This tax credit would help defray this cost.

The bill currently offers a \$1,000 tax credit for preceptorships of not less than four weeks. This sets a baseline but does not account for longer periods of service. A preceptor working four weeks receives the same credit as someone working 30 weeks. The amount of \$1,000 may be too small of an amount to incentivize more doctors to participate in preceptorships. Colorado and Hawaii have similar single credit amounts but allow credits to be tied to the number of preceptorships thus increasing the total amount of credits a taxpayer may receive. Georgia has a preceptorship credit in which a total of \$8,500 that may be claimed for a taxable year.

If the intent of this bill is to incentivize eligible taxpayers to become a preceptor, it is possible that the inclusion of medical residents may not result in this. Preceptors provide a supply of instructors, while students and residents represent the demand for instruction. The inclusion of medical residents increases demand, but a \$1,000 nonrefundable tax credit may not induce an eligible taxpayer to become a preceptor.

The tax credit does not include a sunset date. Tax & Rev supports sunset dates for policymakers to review the impact of a credit or other tax incentive before extending it if a sufficient timeframe is allotted for tax incentives to be measured.

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<sup>3</sup> <https://www.statista.com/statistics/1534917/us-physician-working-hours-by-specialty/>

**Technical Issues:**

[Section 1] On page 2, lines 1 -5, this credit specifies that the credit cannot be more than \$1,000 but does not provide a way to calculate a credit for less than that amount. If the intent of this bill is to provide a \$1,000 tax credit, Tax & Rev suggests replacing “shall not exceed” with “shall be” on page 2, line 2.

**Other Issues:**

[Section 1], on page 2, Tax & Rev recommends on line 12 that the certification should include the amount certified, the year it can be used, and should be shared with Tax and Rev electronically at regular intervals.

The bill requires taxpayers to submit a certification from the institution where the preceptorship was performed, but it does not create a statutory certification process. As a result, Tax & Rev would have no authority or mechanism to verify whether the preceptorship occurred, whether the required hours were completed, or whether the institution issued the document. Without standardized certificates and direct data sharing from institutions, Tax & Rev would be forced to rely on taxpayer submitted paperwork that cannot be independently validated.

Requiring institutions to issue certificates of eligibility and transmit that information directly to Tax & Rev gives the department a verifiable record to match against tax returns. This avoids suspended returns, delayed refunds, and manual eligibility reviews, and reduces the risk of improper or fraudulent claims. These changes will bring the bill into alignment with the structure used for all other New Mexico tax credits and ensure the credit can be more easily administered.

As drafted, the bill effectively requires Tax & Rev to accept third-party certifications at face value without a statutory mechanism for verification. To address this, Tax & Rev recommends rewriting Subsection C so that the institution, not Tax & Rev, determines eligibility, issues a formal certificate of eligibility, and transmits verification data directly to Tax & Rev.

To align this bill with existing New Mexico tax credit statutes and ensure administrability, Tax & Rev recommends replacing Section C on page 2, lines 6–13, and adding language for institutional certification and data sharing as follows:

C. A taxpayer may claim a health care preceptor income tax credit for the taxable year in which the taxpayer performs a preceptorship. A taxpayer shall not claim more than one tax credit per taxable year. To receive the tax credit, a taxpayer shall apply to the department on forms and in the manner prescribed by the department and shall submit a certificate of eligibility issued by the accredited New Mexico institution of higher education for which the taxpayer is employed or volunteers. The institution shall determine whether the taxpayer has completed a qualifying preceptorship and shall issue a certificate of eligibility that includes the taxpayer’s name, taxpayer identification number, the dates and total hours of the preceptorship, the name of the institution, a certificate identification number and the taxable year for which the credit may be claimed. Each accredited New Mexico institution of higher education that issues a certificate of eligibility pursuant to this section shall provide the taxation and revenue department with information regarding all certificates issued in a secure manner and at intervals agreed upon by both the taxation and revenue department and the institution.

**Administrative & Compliance Impact:**

Tax & Rev will update forms, instructions and publications and make information system changes. This implementation will be included in the annual tax year changes.

For Tax & Rev’s Administrative Services Division (ASD), implementation of this credit will require two existing FTEs 40 hours split between pay-band eight and 10 positions. Pay band eight hours are estimated at time and ½ due to extra hours worked required for implementation.

For Tax & Rev’s Information Technology Division (ITD), implementing this bill will have a moderate impact on ITD, approximately 480 hours or three months and \$33,220 of staff workload costs.

For Tax & Rev’s Revenue Processing Division (RPD), as drafted, the bill provides no statutory certification process and requires Tax & Rev to rely entirely on taxpayer submitted documents from third-party institutions. Without standardized certificates and direct data sharing, Tax & Rev would be required to manually review and validate each submission at the time of filing or have a separate certification process.

The administration of this bill, associated with manually certifying credits, is disproportionately high. Processing this volume of third-party paperwork increases the likelihood of suspended returns, delayed refunds, manual eligibility reviews, and a higher risk of improper or fraudulent claims.

Several existing tax credits require data-sharing between Tax & Rev and a certifying agency. These provisions have significantly streamlined credit processing by reducing the need for manual review and lowering administrative risk. Without similar language, this bill would effectively reverse those gains by pushing Tax & Rev back into a manual, document driven process that is less efficient and more prone to error.

**Estimated Additional Operating Budget Impact\***

<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>3 Year Total Cost</b>	<b>Recurring or Non-Recurring</b>	<b>Fund(s) or Agency Affected</b>
--	\$2.7	--	\$2.7	NR	ASD – Staff workload
--	\$33.2	--	\$33.2	NR	ITD – Staff workload

\* In thousands of dollars. Parentheses ( ) indicate a cost saving. \*\* Recurring (R) or Non-Recurring (NR).

**Related Bills:**

Similar to HB-395 (2025 Session)