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**AGENCY BILL ANALYSIS
2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

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{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

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

Click all that apply:
Original **Amendment**
Correction **Substitute**

Date Prepared: 2026-01-27
Bill No: HB143

Sponsor: Jones, Jenifer
HEALTH CARE
Short Title: CHANGES

Agency Name and Code NMHED
Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	\$3,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue	Recurring	Fund Affected

FY26	FY27	FY28	or Nonrecurring	
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(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

House Bill (HB143) creates a new section of the NMSA 1978 to create the Medical Residency Loan Repayment Act for medical residents and medical fellows who complete training in New Mexico, and creates a new section of the NMSA 1978 to create two income tax credits for health care professionals.

The New Mexico Higher Education Department (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

HB143 appropriates three million dollars (\$3,000,000) from the General Fund to the Medical Residency Loan Repayment Fund for expenditure in FY27 and subsequent years to create a nonreverting appropriation for the Medical Residency Loan Repayment Program.

Additional information regarding the fiscal implications of the income tax credits may be required from other agencies, including the New Mexico Taxation and Revenue Department.

SIGNIFICANT ISSUES

The New Mexico Health Professional Loan Repayment Program Act (HPLRP), administered by the New Mexico Higher Education Department (NMHED), currently supports medical residents enrolled in residency programs across New Mexico. The HPLRP provides assistance with outstanding student loans

as part of a broader retention strategy. In FY26, NMHED awarded twenty-seven (27) new loan repayment awards to medical residents. The average educational debt among the residents receiving awards was two hundred and eighteen dollars (\$218,000).

HB143 establishes eligibility for the program to individuals who have completed a medical residency or fellowship within New Mexico and are licensed to practice as physicians in New Mexico. Loan repayment awards shall cover both undergraduate and medical education debt for selected participants. Award recipients are required to complete a five-year service obligation as a practicing physician in New Mexico. Awards must be disbursed within three years of selection.

The proposal also prevents duplication of loan repayment across programs, limiting eligibility for applicants who have previously participated in other New Mexico loan-for-service or loan repayment programs.

HB143 does not specify award amounts; however, it provides a repayment structure for eligible debt to be completed within three years, subject to available funding. The legislation does not include any penalty provisions.

HB143 establishes a refundable rural health practitioner income tax credit of up to fifteen thousand dollars (\$15,000) for eligible rural health professionals. The credit increases from five thousand (\$5,000) to fifteen thousand (\$15,000) annually and applies to the following professions:

- Physicians and osteopathic physicians
- Dentists
- Psychologists
- Podiatric physicians
- Optometrists
- Other health care practitioners

The credit also extends to a broad range of professionals, including:

- Nurses (RNs, LPNs, CRNAs, NPs, CNSs, midwives)
- Pharmacists
- Physician assistants
- Behavioral health professionals
- Allied health professionals
- EMTs and paramedics

This structure does not function as a loan repayment program and does not require payment to lenders. NMHED is responsible for certifying eligibility for the taxable years and applicable credit amounts. Full-time and part-time eligibility requires at least one thousand five hundred and eight four (1,584) hours per year, equivalent to 30+ hours per week.

HB143 also establishes a physician income tax credit for individuals who have completed a medical residency. Eligible physicians may claim a credit against their tax liability under the Income Tax Act for up to five consecutive taxable years, provided they practice medicine full-time in New Mexico and have an outstanding medical education loan. The credit amount is up to fifty thousand dollars (\$50,000).

PERFORMANCE IMPLICATIONS

Under HB 143, NMHED shall repay educational debt within three years, while requiring participants to complete a five-year service obligation. Once a participant's loans are fully repaid by year three, NMHED has delivered the full financial benefit, yet the participant is still required to complete the remaining two years of service. This front-loaded repayment structure may:

- Increase enforcement risk for ensuring completion of the full-service period.
- Weaken retention incentives during the later years of service.
- Shift financial risk to the state.

Oversight of the physician income tax credit and the rural health care practitioner tax credit is split between NMHED and the Taxation and Revenue Department (TRD). Limitations include:

- Limited post-certification monitoring.
- No service obligations or clawback mechanisms.
- Increased fiscal risk due to the refundable nature of the credits.

Eligibility for tax credits is based on annual hour thresholds:

- 1,584 hours for full credit.
- 792–1,583 hours for half credit.

Verifying hours across multiple practice sites or part-time arrangements may be administratively burdensome and relies heavily on self-reported or employer-provided documentation.

ADMINISTRATIVE IMPLICATIONS

HB 143 assigns primary administrative authority for both the loan repayment program and the tax credits to NMHED. This may increase operational complexity and resource demands for program administration.

NMHED will be responsible for:

- Ensuring contracts are executed between medical residents or fellows and NMHED.
- Developing eligibility criteria and award mechanisms, including enforcement of multi-year service agreements.
- Establishing a committee to review applicants and make recommendations to NMHED.

For the refundable tax credit, NMHED will be responsible for certifying eligibility and coordinating data exchange with the New Mexico Taxation and Revenue Department (NMTRD). NMHED currently lacks the system infrastructure to reliably collect and verify data to ensure certifications are accurate for eligibility purposes.

The NMTRD will administer the credit on tax returns and issue refunds for any excess credit. The bill does not explicitly require annual re-certification prior to claiming the credit.

To carry out the administrative and programmatic duties outlined in HB 143, NMHED will require an additional FTE.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB143 is in relationship to SB11 and SB14, which amends the Health Professional Loan Repayment Act.

HB 143 is in relationship to HB85, which establishes a trust fund and appropriates funds.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB143 were not passed, then three million dollars (\$3,000,000) would not be appropriated from the General Fund to the medical residency loan repayment fund.

AMENDMENTS

N/A