

LFC Requestor: Laird Graeser

2026 LEGISLATIVE SESSION  
AGENCY BILL ANALYSIS

Section I: General

Chamber: House  
Number: 249

Category: Bill  
Type: Introduced

Date (of THIS analysis): 02/03/2026

Sponsor(s): Jenifer Jones and Pamela Herndon

Short Title: Electronic Medical Records Tax Credit

Reviewing Agency: Agency 665 - Department of Health

Analysis Contact Person: Joshua Swatek

Phone Number: (505) 629-9142

e-Mail: Joshua.swatek@doh.nm.gov

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 26	FY 27		
\$0	\$0	NA	NA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 26	FY 27	FY 28		
\$0	\$0	\$0	NA	NA

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 26	FY 27	FY 28	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$200,574	\$180,574	\$180,574	\$561,722	Recurring	SGF

### Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

### Section IV: Narrative

#### 1. BILL SUMMARY

a) Synopsis

House Bill 249 (HB249) proposes to add a new section to the Income Tax Act for the purpose of allowing health care practitioners who made payments on electronic medical records (EMR) systems during the year to claim a credit against their individual New Mexico state taxes up to \$6,000.

Eligible health care practitioners for the tax credit include those who employ ten or fewer people, and who provide health care for at least 1,584 hours for the taxable year. The tax credit could not exceed the amount the practitioner paid toward their electronic medical system. Eligible professionals for the Electronic Medical Records Tax Credit include Midwives, Physicians, Physician Assistants, Psychologists, Registered Nurses, Pharmacists, Licensed Clinical Social Workers, Professional Mental Health Counselors, Marriage and Family Therapists, Alcohol and Drug Abuse Counselors, Professional Art Therapists, and Physical Therapists

HB249 proposes that the Department of Health (DOH) issue certificates of claimants' eligibility for a tax credit through verification of practitioners' self-kept records of payments toward their electronic medical records systems for the tax year.

HB249 says that a health care practitioner claiming the Electronic Medical Records Tax Credit could also not claim the Rural Health Care Practitioner Tax Credit.

This would apply for a taxable year beginning on or after January 1, 2026, and prior to January 1, 2031.

Is this an amendment or substitution?  Yes  No

Is there an emergency clause?  Yes  No

b) Significant Issues

The proposed legislation does not include any appropriation for the DOH administrative support, including electronic data exchange to New Mexico Taxation and Revenue Department, for the Electronic Medical Records Tax Credit. A Full-Time Equivalent (FTE) position would be necessary. Pay Band 6 - \$30.20/hr. x 2080 hours x 0.4395 = 90,424 + Office Setup \$6,150 + Rent \$4,000 = \$100,574 (2080 hours are the standard full-time hours per year). The proposed legislation also does not include any appropriation for building an online application system, application maintenance and support, hosting and operations, and system enhancements. Initial build costs are at least \$100,000 then post launch budget (maintenance, hosting, enhancements) is estimated \$65,000-\$80,000 per year. This is based on the Rural Health Care Practitioner Tax Credit Online Application Portal.

HB249 does not allow dentists to claim electronic medical records tax credit. This is a significant issue because dentists are often sole proprietors of their own small businesses in New Mexico and would otherwise be eligible for the tax credit.

## 2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?  
 Yes  No
- Is this proposal related to the NMDOH Strategic Plan?  Yes  No

## 3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?  
 Yes  No  N/A
- If there is an appropriation, is it included in the LFC Budget Request?  
 Yes  No  N/A
- Does this bill have a fiscal impact on NMDOH?  Yes  No

## 4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH?  Yes  No

See above

## 5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None

## 6. TECHNICAL ISSUES

Are there technical issues with the bill?  Yes  No

## 7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written?  Yes  No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)?  Yes  No
- Does this bill conflict with federal grant requirements or associated regulations?

Yes  No

- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs?  Yes  No

## 8. DISPARITIES ISSUES

None.

## 9. HEALTH IMPACT(S)

There are approximately 2.1 million New Mexicans and about 538,970 are living in rural areas (25% of New Mexicans) ([2020 Decennial Census](#)). The cost of health care, including paying for health insurance and out-of-pocket expenses, tops the list of the public's economic anxieties. Most adults (55%) say their health care costs have gone up in the past year, including at least one in five who say they have increased at a faster rate than food or utilities. A majority (56%) of the public say they expect health care costs for them and their families to become even less affordable in the coming year. ([KFF Health Tracking Poll: Health Care Costs, Expiring ACA Tax Credits, and the 2026 Midterms | KFF](#)).

HB 142 could help to improve the health of populations in rural and underserved areas by providing an incentive that could increase the number of healthcare providers in those areas.

Providing health care and public health services in rural areas poses challenges such as the ability to hire and maintain health care providers. Rural communities throughout the country, but especially in the West, face challenges in health care due to many factors including aging populations, closure and/or downsizing of hospitals (<https://pubmed.ncbi.nlm.nih.gov/33011448/>), aging out of local health providers (<https://pubmed.ncbi.nlm.nih.gov/36205415/>) and loss of younger people and changes in local economies away from extractive and agricultural economies. Rural and frontier communities face transportation and isolation. These and other issues create circumstances in which every community is unique in the strength of each of the factors and which ones affect unique health care issues especially health workforce shortages.

1. Health workforce shortages: Rural areas struggle with a shortage of healthcare professionals, including doctors, nurses, and specialists. Attracting and retaining healthcare providers in rural communities can be challenging due to factors such as limited career opportunities, lower reimbursement rates, and a lack of infrastructure. (<https://pubmed.ncbi.nlm.nih.gov/35760437/>) The labor force participation rate shows a more robust effect on healthcare spending, morbidity, and mortality than the unemployment rate. (<https://pubmed.ncbi.nlm.nih.gov/24652416/>)

2. Financial constraints: Rural communities have limited financial resources, making it challenging to invest in healthcare infrastructure, recruit healthcare professionals, and offer affordable healthcare services to residents.

## 10. ALTERNATIVES

None

## 11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HB 249 is not enacted, a new section would not be added to the Income Tax Act for the purpose of allowing health care practitioners who made payments on electronic medical records (EMR) systems during the year to claim a credit against their individual New Mexico state taxes up to \$6,000.

**12. AMENDMENTS**

None