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| LFC Requester: | Connor Jorgensen |
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(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: 1/15/26 **Bill Number:** SB0011 **Original** X **Amendment** **Substitute**
Short Title: NURSE LOAN REPAYMENT ACT
Sponsor: Sen. Lopez, Sen. O'Malley, Sen. Nava, Sen. Charley, Sen. Sedillo Lopez
Name and Code Number: HCA 630
Mario Portillo
Phone: 505-699-7526 **Email:** mario.portillo@hca.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|-----------|------------------------------|------------------|
| FY26 | FY27 | | |
| \$0 | \$5,000.0 | Recurring | General Fund |

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------------|------------------|
| FY26 | FY27 | FY28 | | |
| \$0 | \$0 | \$0 | NA | NA |

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY26 | FY27 | FY28 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|-------------------|---------------------------|---------------|
| Total | \$0 | \$0 | \$0 | \$0 | NA | NA |

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

The Nurse Loan Repayment Act provides an appropriation of \$5.0 million from the General Fund to the nurse loan repayment fund, with the aim of promoting New Mexico's health care workforce. The "nurse loan repayment fund" is created as a non-reverting fund in the state Treasury. Provisions of the Nurse Loan Repayment Act will be promulgated by the Higher Education Department, and implemented by this department through the appointment of an ongoing "nurse selection committee," which will identify designated underserved areas of the state and rank them as to need. Recipients of awards (practicing nurses) are subject to terms and conditions established through contractual agreement.

FISCAL IMPLICATIONS

HCA does not foresee the Bill having fiscal impacts on its Operating Budget in FY27 and subsequent years, since the appropriation is made to the Higher Education Department in FY27 and subsequent years.

SIGNIFICANT ISSUES

No significant issues for MAD.

Health care workforce shortage is a well-recognized problem facing rural and underserved communities throughout the state. The Nurse Loan Repayment Act is a means of addressing this issue.

Under existing federal tax law, payments made to the nurses' lenders under the proposed legislation would very likely be treated as taxable gross income, which could make the program less attractive to participating nurses. Avoiding that tax consequence may require a restructuring of the program.

Two provisions of the Internal Revenue Code create ways a loan repayment program could be structured to avoid payments being considered taxable income. *See* 26 U.S.C. § 127 (allowing *employer* payments to be excluded from taxable income up to \$5,250, adjustable for inflation) and 26 U.S.C. § 108(f)(1) (providing for non-taxable *discharge* of loans upon completion of defined period of service for broad class of employers).

This bill does not appear to be at risk of violating the anti-donation clause of the NM Constitution because of the specific exception allowing "a program of loans to students of the healing arts" for state residents who, in return for the payment of educational expenses, contract with the state to practice their profession for a period of years after graduation within areas of the state designated by law. N.M. Const. art. IX, § 14.

None for ITD

PERFORMANCE IMPLICATIONS

Provisions of the Nurse Loan Repayment Act will be promulgated by the Higher Education Department and implemented through the appointment of an ongoing "nurse selection committee," which will identify designated underserved areas of the state and rank them as to need.

HCA recognizes the Nurse Loan Repayment Act benefits Medicaid members in underserved communities throughout New Mexico, in promoting the development of the health care workforce. This initiative is consistent with HCA-MAD's mission, goals and objectives.

ADMINISTRATIVE IMPLICATIONS

HCA does not foresee the Nurse Loan Repayment Act requiring inter-agency collaborations.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

The bill potentially increases provider enrollment in the Medicaid program across rural and underserved areas. This outcome would benefit Medicaid members across municipalities and counties, consistent with HCA's mission, goals and objectives.

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Non-enactment of the 'The Nurse Loan Repayment Act' would maintain a status-quo level of health services rendered in underserved communities.

AMENDMENTS

None