LFC Requestor: Laird Graeser

2026 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: Senate

Category: Bill

Number: 13

Type: Introduced

Date (of **THIS** analysis)**:** 01/21/2026

Sponsor(s): Natalie Figueroa, Jeff Steinborn, and Pete Campos

Short Title: Extending Gross Receipts Tax Deduction for Health Care Practitioners

Reviewing Agency: Agency 665 - Department of Health

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 26	FY 27		
$ 0.00	$ 0.00	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 26	FY 27	FY 28		
$ 0.00	$ 0.00	$ 0.00	N/A	N/A

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	$	$ 0.00	$ 0.00	$ 0.00	N/A	N/A

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

Senate Bill 13 (SB13) would extend the sunset date for a gross receipts tax (GRT) deduction for health care practitioners and expanding the deduction to include coinsurance.

Section 1- adds coinsurance as qualifying for a GRT deduction for providers

Is this an amendment or substitution? ☐ Yes ☒ No

Is there an emergency clause? ☐ Yes ☒ No

b) Significant Issues

Co-pays are the fixed amounts paid by the patient for a specific service. For example, a health plan might have a $25 per visit patient co-pay per primary care visit. This is paid for all instances, both before and after the plan's annual deductible amount has been reached. It is also applied toward each patient's out-of-pocket maximum - once that limit is reached, no co-pays are required. Under many plans, co-pays do not apply to the deductible. Most plans have different co-pays for different services. For example, specialist outpatient visits normally have a higher co-pay than primary care visits.

Co-pays are variable and service specific. Co-insurance is a percentage of each health care bill to be paid by a patient after the deductible is reached. It is the cost-sharing of the bill between patient and insurance company.

Commercial plans have a mix of both co-pays and co-insurance. Often co-pays (fixed patient payments) are applied to basic outpatient services and co-insurance (patient percent of bill) are applied to inpatient services. There can even be a combination of co-pays and co-insurance - for example, a patient may be required, after deductible, to pay the first $500 per hospital admission (co-pay) and 20% of the remaining hospital bill (co-insurance) for the balance.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

  ☐ Yes ☒ No

  If yes, describe how.

- 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

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

Rural areas struggle with a shortage of healthcare professionals. There is also a dearth of facilities operating in these areas offering quality inpatient care. Attracting and retaining healthcare providers in rural communities can be challenging due to factors such as lower reimbursement rates and a lack of infrastructure. Consequently, programs to deal broadly with issues must first assess the abilities at each level – state, county and local – to overcome them. (https://pubmed.ncbi.nlm.nih.gov/37214231/).

9. HEALTH IMPACT(S)

There are many different payment methods currently or historically used by the U.S. healthcare system. The health impact of healthcare providers being fully reimbursed for gross receipts taxes is multifaceted. In the short term, it could provide significant financial relief, leading to better healthcare service access and improved provider stability. However, there is also the risk of resource misallocation if not carefully managed. For providers, this could reduce burnout and stress, but long-term sustainability and efficiency will remain critical for maximizing the benefit of such reimbursements.

For health care businesses operating in New Mexico, the health impacts of allowing them to deduct services and equipment purchases from their gross receipts taxes include the potential for improved access to care for rural and frontier areas. Equipment purchase deductions may be especially impactful for smaller hospitals in rural and frontier areas, since smaller entities may have diminished capacity for capital improvements, gross receipts deductions on equipment purchases may help improve infrastructure

10. ALTERNATIVES

None

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

If SB 13 does not pass the current tax deductions provided to health care providers would expire July 01, 2028, causing taxes to increase for providers and consumers of health care.

12. AMENDMENTS

None