

HOUSE BILL 142

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; CHANGING THE NAME OF THE RURAL HEALTH CARE PRACTITIONER TAX CREDIT; EXPANDING THE CREDIT TO INCLUDE A HEALTH CARE PRACTITIONER PROVIDING SERVICES IN AN URBAN HEALTH CARE UNDERSERVED AREA; INCREASING THE AMOUNT OF CREDIT THAT CAN BE CLAIMED FOR A HEALTH CARE PRACTITIONER IN A RURAL HEALTH CARE UNDERSERVED AREA; REDUCING THE NUMBER OF PRACTICE HOURS REQUIRED FOR AN EMERGENCY MEDICAL PHYSICIAN TO BE ELIGIBLE FOR THE CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-2-18.22 NMSA 1978 (being Laws 2007, Chapter 361, Section 2, as amended) is amended to read:

"7-2-18.22. [RURAL] HEALTH CARE PRACTITIONER TAX
CREDIT.--

A. A taxpayer who files an individual New Mexico

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1 tax return, who is not a dependent of another individual, who
2 is ~~[an eligible]~~ a health care practitioner and who has
3 provided health care services in New Mexico in a rural health
4 care underserved area or an urban health care underserved area
5 in a taxable year may claim a credit against the tax liability
6 imposed by the Income Tax Act. The credit provided in this
7 section may be referred to as the "[~~rural~~] health care
8 practitioner tax credit".

9 B. The ~~[rural]~~ health care practitioner tax credit
10 may be claimed ~~[and allowed]~~ by a health care practitioner
11 described in Subparagraphs (a) through (f) of Paragraph (2) of
12 Subsection H of this section in an amount ~~[that shall not~~
13 ~~exceed:~~

14 (1) ~~five thousand dollars (\$5,000) for all~~
15 ~~physicians, osteopathic physicians, dentists, psychologists,~~
16 ~~pediatric physicians and optometrists who qualify pursuant to~~
17 ~~the provisions of this section and have provided health care~~
18 ~~during a taxable year for at least one thousand five hundred~~
19 ~~eighty-four hours at a practice site located in an approved~~
20 ~~rural health care underserved area. Eligible health care~~
21 ~~practitioners listed in this paragraph who provided health care~~
22 ~~services for at least seven hundred ninety-two hours but less~~
23 ~~than one thousand five hundred eighty-four hours at a practice~~
24 ~~site located in an approved rural health care underserved area~~
25 ~~during a taxable year are eligible for one-half of the tax~~

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1 credit amount; and

2 (2) ~~three thousand dollars (\$3,000) for all~~
3 ~~pharmacists, dental hygienists, physician assistants, certified~~
4 ~~registered nurse anesthetists, certified nurse practitioners,~~
5 ~~clinical nurse specialists, registered nurses, midwives,~~
6 ~~licensed clinical social workers, licensed independent social~~
7 ~~workers, professional mental health counselors, professional~~
8 ~~clinical mental health counselors, marriage and family~~
9 ~~therapists, professional art therapists, alcohol and drug abuse~~
10 ~~counselors and physical therapists who qualify pursuant to the~~
11 ~~provisions of this section and have provided health care during~~
12 ~~a taxable year for at least one thousand five hundred eighty-~~
13 ~~four hours at a practice site located in an approved rural~~
14 ~~health care underserved area. Eligible health care~~
15 ~~practitioners listed in this paragraph who provided health care~~
16 ~~services for at least seven hundred ninety-two hours but less~~
17 ~~than one thousand five hundred eighty-four hours at a practice~~
18 ~~site located in an approved rural health care underserved area~~
19 ~~during a taxable year are eligible for one-half of the tax~~
20 ~~credit amount] equal to the following amounts if the health~~
21 ~~care practitioner provides health care in the following areas~~
22 ~~for the following number of hours during the taxable year in~~
23 ~~which the credit is claimed:~~

24 (1) ten thousand dollars (\$10,000) for:

25 (a) at least one thousand five hundred

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1 eighty-four hours at a practice site located in a rural health
2 care underserved area; and

3 (b) if the health care practitioner is
4 an emergency medical physician, at least one thousand four
5 hundred forty hours at a practice site located in a rural or
6 urban health care underserved area;

7 (2) five thousand dollars (\$5,000) for:

8 (a) at least seven hundred ninety-two
9 hours but less than one thousand five hundred eighty-four hours
10 at a practice site located in a rural health care underserved
11 area;

12 (b) at least one thousand five hundred
13 eighty-four hours at a practice site located in an urban health
14 care underserved area; and

15 (c) if the health care practitioner is
16 an emergency medical physician, at least seven hundred twenty
17 hours but less than one thousand four hundred forty hours in a
18 rural or urban health care underserved area; and

19 (3) two thousand five hundred dollars (\$2,500)
20 for at least seven hundred ninety-two hours but less than one
21 thousand five hundred eighty-four hours at a practice site
22 located in an urban health care underserved area.

23 C. The health care practitioner tax credit may be
24 claimed by a health care practitioner described in
25 Subparagraphs (g) through (m) of Paragraph (2) of Subsection H

of this section in an amount equal to the following amounts if
the health care practitioner provides health care in the
following areas for the following number of hours during the
taxable year in which the credit is claimed:

(1) seven thousand five hundred dollars

(\$7,500) for at least one thousand five hundred eighty-four hours at a practice site located in a rural health care underserved area;

(2) three thousand dollars (\$3,000) for at least one thousand five hundred eighty-four hours at a practice site located in an urban health care underserved area;

(3) three thousand seven hundred fifty dollars
(\$3,750) for at least seven hundred ninety-two hours but less
than one thousand five hundred eighty-four hours at a practice
site located in a rural health care underserved area; and

(4) one thousand five hundred dollars (\$1,500)
for at least seven hundred ninety-two hours but less than one
thousand five hundred eighty-four hours in an urban health care
underserved area.

[G.] D. Before ~~[an eligible]~~ a health care practitioner may claim the ~~[rural]~~ health care practitioner tax credit, the practitioner shall submit a completed application to the department of health that describes the practitioner's clinical practice and contains additional information that the department of health may require. The department of health

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1 shall determine whether [an eligible] a health care
2 practitioner qualifies for the [rural health care practitioner]
3 tax credit and shall issue a certificate to [each qualifying
4 eligible] a health care practitioner. The department of health
5 shall provide the taxation and revenue department appropriate
6 information for all [eligible] health care practitioners to
7 whom certificates are issued in a secure manner on regular
8 intervals agreed upon by both the taxation and revenue
9 department and the department of health.

10 [D.] E. A taxpayer claiming the credit provided by
11 this section shall submit a copy of the certificate issued by
12 the department of health with the taxpayer's New Mexico income
13 tax return for the taxable year. If the amount of the credit
14 claimed exceeds a taxpayer's tax liability for the taxable year
15 in which the credit is being claimed, the excess may be carried
16 forward for three consecutive taxable years.

17 [E.] F. A taxpayer allowed a tax credit pursuant to
18 this section shall claim the credit on forms and in a manner
19 required by the department.

20 [F.] G. The tax credit provided by this section
21 shall be included in the tax expenditure budget pursuant to
22 Section 7-1-84 NMSA 1978, including the annual aggregate cost
23 of the tax credit.

24 [G.] H. As used in this section:

25 (1) "emergency medical physician" means a

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1 physician licensed pursuant to the provisions of the Medical
2 Practice Act who provides care to patients in an emergency
3 setting;

4 [+] (2) "[eligible] health care
5 practitioner" means:

6 (a) a dentist [~~or dental hygienist~~]
7 licensed pursuant to the Dental Health Care Act;
8 [b) a midwife that is a: 1) certified
9 ~~nurse-midwife licensed by the board of nursing as a registered~~
10 ~~nurse and licensed by the public health division of the~~
11 ~~department of health to practice nurse-midwifery as a certified~~
12 ~~nurse-midwife; or 2) licensed midwife licensed by the public~~
13 ~~health division of the department of health to practice~~
14 ~~licensed midwifery;~~

15 [e) (b) an optometrist licensed
16 pursuant to the provisions of the Optometry Act;

17 [d) (c) an osteopathic physician
18 licensed pursuant to the provisions of the Medical Practice
19 Act;

20 [e) (d) a physician licensed pursuant
21 to the provisions of the Medical Practice Act or a physician
22 assistant licensed pursuant to the provisions of the Physician
23 Assistant Act;

24 [f) (e) a podiatric physician licensed
25 pursuant to the provisions of the Podiatry Act;

[~~(g)~~] (f) a psychologist licensed pursuant to the provisions of the Professional Psychologist Act;

(g) a midwife that is a: 1) certified nurse-midwife licensed by the board of nursing as a registered nurse and licensed by the public health division of the department of health to practice nurse-midwifery as a certified nurse-midwife; or 2) licensed midwife licensed by the public health division of the department of health to practice licensed midwifery;

(h) a registered nurse licensed pursuant to the provisions of the Nursing Practice Act;

(i) a pharmacist licensed pursuant to the provisions of the Pharmacy Act;

(j) a licensed clinical social worker or a licensed independent social worker licensed pursuant to the provisions of the Social Work Practice Act;

(k) a professional mental health counselor, a professional clinical mental health counselor, a marriage and family therapist, an alcohol and drug abuse counselor or a professional art therapist licensed pursuant to the provisions of the Counseling and Therapy Practice Act;

[and]

(1) a physical therapist licensed pursuant to the provisions of the Physical Therapy Act; and

(m) a dental hygienist licensed pursuant to the Dental Health Care Act;

[+2] (3) "health care underserved area" means a geographic area or practice location in which it has been determined by the department of health, through the use of indices and other standards set by the department of health, that sufficient health care services are not being provided;

[~~3~~] (4) "practice site" means a private practice, public health clinic, hospital, public or private nonprofit primary care clinic or other health care service location in a health care underserved area; [and

(4)] (5) "rural" means a rural county or an unincorporated area of a partially rural county [as] that is designated by the health resources and services administration of the United States department of health and human services to be a health care underserved area; and

(6) "urban" means a metropolitan area that is designated by the health resources and services administration of the United States department of health and human services to be a health care underserved area."

SECTION 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on and after January 1, 2026.