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# FISCAL IMPACT REPORT

**BILL NUMBER:** House Bill 321

**SHORT TITLE:** Medical Services and Economic Development

**SPONSOR:** Dixon

**LAST ORIGINAL**  
**UPDATE:** \_\_\_\_\_ **DATE:** 02/11/2026 **ANALYST:** Chilton

## ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Choose an item.	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency or Agencies Providing Analysis

Health Care Authority  
Economic Development Department

## SUMMARY

### Synopsis of House Bill 321

House Bill 321 (HB321) amends Section 5-10-3 NMSA 1978, the Local Economic Development Act, specifically the definition section to add to the definition of “qualified entity” to include businesses providing medical services performed by persons licensed through fourteen licensing acts, ranging from the Medical Practice Act to the Emergency Medical Services Act.<sup>1</sup>

The Local Economic Development Act, otherwise unchanged by this proposed legislation, allows the use of stimulus through public money “to foster, promote and enhance local economic development efforts while continuing to protect against the unauthorized use of public money

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<sup>1</sup> Covered acts are the Medical Practice Act, the Physical Therapy Act, the Occupational Therapy Act, the Speech-Language Pathology and Hearing Aid Dispensing Practice Act, the Pharmacy Act, the Nutrition and Dietetics Practice Act, the Pharmacy Act, the Nutrition and Dietetics Act, the Respiratory Care Act, the Medical Imaging and radiation Therapy Health and Safety Act, the Dental Health Care Act, the Professional Psychologist Act, the Counseling and Therapy Practice Act, the Nursing Oractice Act, the Optometry Act, and the Emergency Medical Services Act.

and other public resources. Further, the purpose of that act is to allow municipalities and counties to enter into joint powers agreements to plan and support regional economic development projects, including investments in arts and cultural districts created pursuant to the Arts and Cultural District Act [[15-5A-1](#) to [15-5A-7](#) NMSA 1978].”

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

## **FISCAL IMPLICATIONS**

There is no appropriation in House Bill 321.

The Economic Development Department (EDD) does not indicate any cost to that agency, but notes that, without additional funding, the Local Economic Development Act (LEDA) funds would be stretched more thinly, making it more difficult to fund other local business initiatives and that additional personnel might be required to “review, approve and monitor a broader, more complex range of projects.”

## **SIGNIFICANT ISSUES**

Lack or loss of health care-related services is often devastating to a community, often leading to emptying out of the population and closure of other local businesses. LEDA funding might enable the health care-related services, such as those listed in this bill, to establish themselves in communities, leading to retention of population and other businesses.

On the other hand, EDD points out that LEDA funding “was created to support economic-base development projects that expand the state’s economy by attracting new dollars from outside New Mexico. The program is grounded in the long-standing economic development principle that sustainable growth comes from industries that export goods or services beyond state borders, thereby introducing new capital rather than merely recirculating existing local spending.” EDD states that health care services have not traditionally or historically been classified as economic-base industries. These services primarily serve in-state populations and rely on public and private reimbursement systems already embedded within the local economy. Unlike export oriented industries, medical service providers generally do not generate significant out-of-state sales or drive new external investment.”

The [LEDA portion of the EDD website](#) lists the following qualifying and excluding factors presently used in determining eligibility for LEDA funding:

### **Qualifying Entity:**

Means a corporation, Limited Liability Company, partnership, joint venture, syndicate, association or other person that is one or a combination of two or more of the following:

- An industry for the manufacturing, processing or assembling of agricultural or manufactured products;
- A commercial enterprise for storing, warehousing, distributing or selling products of agriculture, mining or having been manufactured; or
- An “Economic Base Employer”, which is defined as an employer who is deemed eligible for in-plant training assistance by the Economic Development Department’s Job Training

incentive Program (Section 21-19-7 NMSA 1978).

**Non-Qualifying Entities:**

- Any enterprise for the sale of goods or commodities at retail or for distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;
- A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but **not including businesses primarily engaged in the sale of goods or commodities at retail.**

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