SENATE BILL 12

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

INTRODUCED BY

Katy M. Duhigg and Elizabeth "Liz" Thomson and Cindy Nava
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AN ACT

RELATING TO TAXATION; CREATING THE PHYSICIAN TAX CREDIT PURSUANT TO THE INCOME TAX ACT.

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

SECTION 1. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] PHYSICIAN TAX CREDIT.--

A. A taxpayer who files an individual New Mexico tax return, is not a dependent of another individual, is a physician and provides health care in New Mexico for at least one thousand five hundred eighty-four hours during a taxable year may claim a credit against the tax liability imposed by the Income Tax Act in an amount equal to four thousand dollars ($4,000). The credit provided in this section may be referred to as the "physician tax credit".

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B. A taxpayer shall apply for certification of eligibility for the tax credit from the department of health on forms and in the manner prescribed by that department. Completed applications shall be considered in the order received. For a taxpayer approved to receive the credit, the department of health shall issue a certificate of eligibility to the qualifying physician. The department of health shall provide the department with certificates of eligibility issued pursuant to this subsection in an electronic format at regularly agreed-upon intervals.

C. That portion of a tax credit that exceeds a taxpayer's tax liability in the taxable year in which the credit is being claimed may be carried forward for up to three consecutive taxable years.

D. A taxpayer allowed a tax credit pursuant to this section shall claim the credit on forms and in a manner required by the department.

E. A taxpayer who claims a rural health care practitioner tax credit shall be eligible to claim the tax credit provided by this section.

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

G. As used in this section, "physician" means a

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health professional who is a medical physician or an osteopathic physician licensed to practice medicine in New Mexico pursuant to the Medical Practice Act."

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

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