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FISCAL IMPACT REPORT

BILL NUMBER: HJCS/House Bill 12/aSHPAC

SHORT TITLE: Physical Therapy Licensure Compact

SPONSOR: House Judiciary Committee

LAST UPDATE: 2/17/2026 **ORIGINAL DATE:** 1/20/2026 **ANALYST:** Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
RLD/Physical Therapy Board	No fiscal impact	\$70.0	Indeterminate but minimal	\$70.0	Nonrecurring	Other state funds
Total	No fiscal impact	At least \$40.0	At least \$40.0	At least \$80	Recurring	Other state funds

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bills 10, 11, 13, 14, 31, 32, 33, 44, 45 and 50

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Regulation and Licensing Department

Health Care Authority

SUMMARY

Synopsis of SHPAC Amendment to HJC Substitute for House Bill 12

The Senate Health and Public Affairs Committee amendment to House Judiciary Committee substitute for House Bill 12 aligns criminal background checks with federal definitions and clarifies who receives immunity, by limiting coverage to officers and employees, and indemnification coverage, by limiting it to the executive director and staff. The amendment also clarifies New Mexico licensee records also fall under the state’s confidentiality and transparency laws, adds a federal court in New Mexico to venue options for commission actions, and gives the Attorney General standing to review actions of the commission that affect New Mexico’s practice laws.

Synopsis of HJC Substitute for House Bill 12

The House Judiciary Committee substitute for House Bill 12 (HB12/HJCS) enters New Mexico into the Physical Therapy Licensure Compact (PT compact) to “facilitate interstate practice of physical therapy with the goal of improving public access to physical therapy services.” The PT compact states it “preserves the regulatory authority of states to protect public health and safety

through the current system of state licensure.” The bill offers definitions for the PT compact, including “home state” to mean the licensee’s state of residence, “member state” to mean a state that has enacted the PT compact, and “remote state” as a member state other than the home state, where one seeks additional licensure.

The bill also details criteria a state must implement to participate in the PT compact, including (1) participation in the data system, (2) having a mechanism for receiving and investigating complaints about a licensee, (3) notifying the commission of any adverse action regarding a licensee, (4) implementing a criminal history background check system, (5) complying with rules of the PT compact and its commission, (6) utilizing a national examination as requirement for licensure, and (7) requiring continuing education as a condition for license renewal.

HB12/HJCS provides that compact law shall not override existing state authority, requires judicial or administrative proceedings to give deference to the commission if a judgment or order affects its duties or powers, and gives standing to the commission to intervene and participate in those proceedings.

Under Article 6, (G) HB12/HJCS imposes liability limits for the commission that may not exceed liability limits under state laws for state officials and employees, Article 7 requires all data to be treated as confidential, Article 12 says the compact does not limit the effect of New Mexico’s Physical Therapy Act (Act), and Article 13 discusses the compact’s binding effects.

In addition, under Sections 4, 5 and 6, HB12/HJCS would require the board to conduct criminal history background checks, prohibit employers from requiring PT compact licensure as a condition for employment, establishes reporting requirements for commissioners representing New Mexico on the commission, and allows joint state investigations with a written agreement.

Finally, HB12/HJCS provides for contingent repeal if a rule or decision of the commission changes the scope of practice or definition of “unprofessional conduct” in the act.

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

States may charge a fee to access PT compact privileges. Some states have been slow to join the PT compact because of the fear of losing revenue from licensing fees. However, the Federation of State Boards of Physical Therapy reports that data from existing states in the PT compact suggests that licensee numbers have remained stable in those states, and states have been able to integrate compact processes without additional staff.

RLD will incur costs to update and integrate its NM Plus licensing system with the compact’s data system in order to share licensing and disciplinary information. LFC scores this additional expense in the operating budget impact table above. RLD and the board will need to update administrative rules, which may not require additional resources. The board will also incur out-of-state travel expenses for its commission delegates to attend and participate in annual meetings.

The commission is permitted to recover operational costs with an annual assessment for states.

SIGNIFICANT ISSUES

The PT compact is an agreement between states to allow physical therapists to practice across state lines without the need for separate licenses. Currently, 37 states have enacted the compact. Of those, a majority are actively issuing and accepting compact privileges to eligible licensees.

The PT compact provides for a coordinated database and reporting system containing licensure, adverse action, and investigative information on all licensed individuals in member states. The PT compact also has a process to handle determinations if a member state has defaulted in the performance of its obligations or responsibilities under the PT compact or promulgated rules.

For states to participate, the model compact, which is a contract between states, cannot be materially altered, but certain state-specific additions for clarification purposes are allowed.

ADMINISTRATIVE IMPLICATIONS

An administrative rulemaking process, including a public hearing and required publication of notices and proposed rules, would also be required. RLD believes an amendment to the Act is needed to allow the board to charge fees for a compact privilege under Section 61-12D-7 NMSA 1978 of the Act. RLD and the board may need to absorb some of these implementation costs.

Administrative staff that support the board would require training on how to report and obtain licensing and disciplinary action information using the compact's shared data system.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

In addition to HB12, the Legislature is also considering other workforce compacts:

- House Bill 10 Physician Assistant Interstate Compact
- House Bill 11 Audiology and Speech-Language Pathology Compact
- House Bill 13 Occupational Therapy Licensure Compact
- House Bill 14 Dentist and Dental Hygienist Compact
- House Bill 31 EMS Personnel Licensure Interstate Compact
- House Bill 32 Counseling Licensure Compact
- House Bill 33 Psychology Interjurisdictional Compact
- House Bill 44 Dentist and Dental Hygienist Compact
- House Bill 45 Physician Assistant Licensure Compact
- House Bill 50 Social Work Licensure Interstate Compact

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