

HOUSE BILL 221

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

## INTRODUCED BY

John Block and Stefani Lord and Alan T. Martinez  
and Jonathan A. Henry and Jimmy G. Mason

## AN ACT

RELATING TO TAXATION; REMOVING THE LIMITATION ON THE AMOUNT OF  
THE INCOME TAX EXEMPTION FOR ARMED FORCES RETIREMENT PAY.

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

**SECTION 1.** Section 7-2-5.13 NMSA 1978 (being Laws 2022, Chapter 47, Section 6, as amended) is amended to read:

"7-2-5.13. EXEMPTION--ARMED FORCES RETIREMENT PAY.--

A. An individual who is an armed forces retiree or the surviving spouse of an armed forces retiree may claim an exemption in [an amount equal to thirty thousand dollars (\$30,000) of] the amount of the retiree's armed forces retirement pay includable, except for this exemption, in net income.

B. As used in this section, "armed forces retiree" means a former member of the armed forces of the United States

1 who has qualified by years of service or disability to separate  
2 from military service with lifetime benefits."

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

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