

LFC Requester:

Graeser, Laird

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to billanalysis@dfa.nm.gov*****(Analysis must be uploaded as a PDF)*****SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}***Date Prepared:** 1/20/26*Check all that apply:***Bill Number:** HB 55Original ☒ Correction ☐Amendment ☐ Substitute ☐**Sponsor:** Representative Martinez**Agency Name****and Code**366-PERA**Number:****Short
Title:**1ST RESPONDER
RETIREMENT TAX
DEDUCTION**Person****Writing Analysis:**Anna Williams**Phone:** 505-259-8489**Email**anna.williams@pera.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Effective January 1, 2026, HB 55 amends the Tax Administration Act [NMSA 1978 7-1-84] to allow a deduction in net income for a taxpayer who is a first responder retiree or the unmarried surviving spouse of a first responder retiree; the deduction claimed can be equal to fifty percent of the taxpayer's retirement pay that is includable in net income and was earned for services as a first responder.

FISCAL IMPLICATIONS

HB 55 should not have an impact on PERA's operating budget.

SIGNIFICANT ISSUES

The PERA Act does not include a definition for "first responder". Therefore, eligible PERA retirees would have to be identified. Additionally, members who retired from PERA may have reciprocal or earned service credit from employment other than as a first responder. PERA questions whether it would be required to identify and provide the New Mexico Taxation and Revenue Department with a breakdown of first responder's benefit payments or other information to verify the claimed deduction.

PERFORMANCE IMPLICATIONS

HB 55 will not affect PERA's performance measures.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

PERA's pension administration system is not currently configured to provide information about "first responder" benefit calculations.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Retiree income would continue to be taxed consistent with the applicable statutes.

AMENDMENTS

None.