

LFC Requestor: Laird Graeser

2026 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: House

Category: Bill

Number: HB055

Type: Introduced

Date (of THIS analysis): 1/20/2026

Sponsor(s): Alan Martinez

Short Title: Income Tax Deduction for First Responder Retirement

Reviewing Agency: Agency 665 - Department of Health

Analysis Contact Person: Joshua Swatek

Phone Number: 505-629-9142

e-Mail: Joshua.swatek@doh.nm.gov

Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 26	FY 27		
\$0	\$0	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 26	FY 27	FY 28		
\$0	\$0	\$0	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 26	FY 27	FY 28	3 Year Total Cost	Recurring or Non- recurring	Fund Affected
Total	\$0	\$0	\$0	\$0	N/A	N/A

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

House Bill 55 (HB55) proposes to create a new income tax deduction under the Income Tax Act for first responder retirement income. The bill would allow a qualifying taxpayer to deduct fifty percent of retirement income earned for service as a first responder, including emergency medical services personnel, from net taxable income. The deduction would also be available to an unmarried surviving spouse of a qualifying retiree.

The deduction would apply to taxable years beginning on or after January 1, 2026, and would be included in the state's tax expenditure budget.

This is not a Department of Health (DOH) bill.

Is this an amendment or substitution? ☐ Yes ☒ No

Is there an emergency clause? ☐ Yes ☒ No

b) Significant Issues

The bill defines "first responder" broadly to include law enforcement officers, firefighters, and emergency medical services personnel whose duties include responding rapidly to an emergency. NMDOH provides licensure specific to EMS workers in New Mexico. At present, there are 6,118 EMS providers licensed in New Mexico, including instructors, dispatchers, EMTs, and paramedics, who would be eligible for this tax deduction upon retirement.

Under the definition of "first responder," it is unclear whether several other professions could be included, such as corrections officers, emergency dispatchers, emergency room personnel, or parking enforcement agents. This could greatly expand the number of people eligible for the proposed tax deduction.

Many first responders' retirement income originates from a variety of systems, including public pensions, private plans, and mixed-service employment. The bill does not specifically address the effect on these different retirement income sources.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?
☐ Yes ☒ No
- Is this proposal related to the NMDOH Strategic Plan? ☐ Yes ☒ No

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?
☐ Yes ☒ No ☐ N/A
- If there is an appropriation, is it included in the LFC Budget Request?
☐ Yes ☒ No ☐ N/A
- Does this bill have a fiscal impact on NMDOH? ☐ Yes ☒ No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? ☐ Yes ☒ No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None

6. TECHNICAL ISSUES

Are there technical issues with the bill? ☐ Yes ☒ No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? ☒ Yes ☐ No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? ☐ Yes ☒ No
- Does this bill conflict with federal grant requirements or associated regulations?
☐ Yes ☒ No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? ☐ Yes ☒ No

8. DISPARITIES ISSUES

None.

9. HEALTH IMPACT(S)

None

10. ALTERNATIVES

No

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HB55 is not enacted, there will be no deduction on retirement benefits for first responders.

12. AMENDMENTS

None