

**LFC Requestor: Laird Graeser**

**2026 LEGISLATIVE SESSION  
AGENCY BILL ANALYSIS**

**Section I: General**

**Chamber:** House

**Number:** HB055

**Category:** Bill

**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

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**Section II: Fiscal Impact**

**APPROPRIATION (dollars in thousands)**

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

**REVENUE (dollars in thousands)**

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

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>	<b>3 Year Total Cost</b>	<b>Recurring or Non-recurring</b>	<b>Fund Affected</b>
<b>Total</b>	\$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