

LFC Requester:

Brendon Gray

### AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2/3/2026

*Check all that apply:*

**Bill Number:** HB 224

Original  Correction   
Amendment  Substitute

**Sponsor:** Reps. Randall T. Pettigrew  
and Gail Armstrong

**Agency Name and Code Number:** 305 – New Mexico  
Department of Justice

**Short Title:** Medical Care Expenses Tax  
Deduction

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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis ( ) indicate expenditure decreases)

**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
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

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

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

Synopsis: HB 224 amends NMSA 1978, Section 7-2-37 (2015), to expand the applicability and scope of the income tax deduction for unreimbursed or uncompensated medical care expenses to taxpayers of all income levels.

Section One

Whereas Section 7-2-37 currently places certain requirements on the percentage of unreimbursed or uncompensated medical care expenses that can be matched by the income tax deduction according to adjusted gross income, HB 224 would enable citizens of every income level to deduct an amount equal to all unreimbursed or uncompensated medical care expenses not already accounted for in the person’s itemized deductions.

Subsection (B) of this statute, which currently imposes the gross income-based requirements, would be replaced with language requiring the taxpayer to report the amount deducted to the department.

A new subsection (C) would be added to require this deduction to be included in the tax expenditure budget pursuant to NMSA 1978, Section 7-1-84 (2023).

The current Subsection (C) would be made into Subsection (D), with some minor changes for clarity.

Section Two

This section applies the above provisions to taxable years beginning on or after January 1, 2026.

**FISCAL IMPLICATIONS**

N/A

**SIGNIFICANT ISSUES**

N/A

**PERFORMANCE IMPLICATIONS**

N/A

**ADMINISTRATIVE IMPLICATIONS**

N/A

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 224 is likely duplicative with HB 264, which covers multiple tax deductions and includes the same amendments to Section 7-2-37.

**TECHNICAL ISSUES**

N/A

**OTHER SUBSTANTIVE ISSUES**

N/A

**ALTERNATIVES**

N/A

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo.

**AMENDMENTS**

N/A