

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

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(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: 01/27/26

Check all that apply:

Bill Number: SB 117Original Correction Amendment Substitute Agency Name
and CodeDepartment of Veterans' Services
67000Sponsor: Jay Block

Number: _____

Short Uniformed Svc. SalaryPerson Writing Danelle LuceroTitle: Tax ExemptionPhone: 505-372-9035Email Danelle.lucero@dvs.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	N/A	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
N/A	N/A	N/A	N/A	N/A

(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	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE: This bill expands New Mexico’s income tax exemption for salaries paid by the United States to individuals serving in the uniformed services. It updates existing law to cover all uniformed service members, not just active-duty armed forces and defines uniformed services to include military components, the National Guard, the U.S. Merchant Marine, and the commissioned corps of the U.S. Public Health Service and NOAA. The bill maintains reporting and tax expenditure tracking requirements for fiscal transparency.

BILL SUMMARY

Synopsis: This bill expands New Mexico’s income tax exemption for military-related pay by exempting all salaries paid by the United States for service in the uniformed services from state income tax. It updates existing law to include not only active-duty armed forces, but also reserve components, the National Guard, the U.S. Merchant Marine, and the commissioned corps of the U.S. Public Health Service and NOAA. The bill requires taxpayers to report the exempt amount and includes the exemption in the state’s tax expenditure budget for fiscal tracking.

FISCAL IMPLICATIONS Minimal impact to NMDVS if **SB 117** becomes law, the impact on operations is expected to be minimal. However, there will be additional administrative costs to provide promotional materials aimed at informing our veteran community about the new tax exemption benefit. These costs can effectively be absorbed within the existing marketing budget without requiring additional funding.

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES N/A

PERFORMANCE IMPLICATIONS NMDVS would anticipate increase volume in phone calls, in person, and walk-in questions to the agency regarding the income tax to uniformed services members.

ADMINISTRATIVE IMPLICATIONS

With the passage of SB 117, the New Mexico Department of Veterans' Services (NMDVS) will train staff members and coordinate outreach efforts to ensure the New Mexico veteran community is fully informed about the related tax benefits available to them. These efforts will include distributing informational materials, conducting targeted outreach campaigns, and leveraging existing resources to effectively communicate these benefits.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP N/A

TECHNICAL ISSUES N/A

OTHER SUBSTANTIVE ISSUES N/A

ALTERNATIVES N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL Status quo
Uniformed services members will continue to pay taxes on their salaries.

AMENDMENTS N/A