

HOUSE BILL 224

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

Randall T. Pettigrew and Gail Armstrong

AN ACT

RELATING TO TAXATION; AMENDING AND EXPANDING AN INCOME TAX  
DEDUCTION FOR UNREIMBURSED OR UNCOMPENSATED MEDICAL CARE  
EXPENSES TO TAXPAYERS OF ALL INCOME LEVELS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-2-37 NMSA 1978 (being Laws 2015 (1st  
S.S.), Chapter 2, Section 3) is amended to read:

"7-2-37. DEDUCTION--UNREIMBURSED OR UNCOMPENSATED MEDICAL  
CARE EXPENSES.--

A. [~~Prior to January 1, 2025~~] A taxpayer may claim  
a deduction from net income in an amount [~~determined pursuant~~  
~~to Subsection B of this section for medical care~~] equal to  
medical expenses paid during the taxable year for medical care  
of the taxpayer, the taxpayer's spouse or a dependent if the  
expenses are not reimbursed or compensated for by insurance or

otherwise and have not been included in the taxpayer's itemized deductions, as defined in Section 63 of the Internal Revenue Code, for the taxable year.

~~[B. The deduction provided in Subsection A of this section may be claimed in an amount equal to the following percentage of medical care expenses paid during the taxable year based on the taxpayer's filing status and adjusted gross income as follows:~~

~~(1) for surviving spouses and married individuals filing joint returns:~~

<del>If adjusted gross income is:</del>	<del>The following percent of medical care expenses paid may be deducted:</del>
<del>Not over \$30,000</del>	<del>25 percent</del>
<del>More than \$30,000 but not more than \$70,000</del>	<del>15 percent</del>
<del>Over \$70,000</del>	<del>10 percent;</del>

~~(2) for single individuals and married individuals filing separate returns:~~

<del>If adjusted gross income is:</del>	<del>The following percent of medical care expenses paid may be deducted:</del>
<del>Not over \$15,000</del>	<del>25 percent</del>
<del>More than \$15,000 but not more than \$35,000</del>	<del>15 percent</del>

1       ~~Over \$35,000~~                               ~~10 percent; and~~  
2                               ~~(3) for heads of household.~~  
3       ~~If adjusted gross income is:~~               ~~The following percent of~~  
4   ~~medical care expenses~~  
5   ~~paid may be deducted:~~  
6       ~~Not over \$20,000~~                               ~~25 percent~~  
7       ~~More than \$20,000 but not more than~~  
8       ~~\$50,000~~                                       ~~15 percent~~  
9       ~~Over \$50,000~~                               ~~10 percent.]~~

10               B. A taxpayer allowed a deduction pursuant to this  
11       section shall report the amount of the deduction to the  
12       department in a manner required by the department.

13               C. The deduction provided by this section shall be  
14       included in the tax expenditure budget pursuant to Section  
15       7-1-84 NMSA 1978, including the annual aggregate cost of the  
16       deduction.

17               [~~E.~~] D. As used in this section:

18                       (1) "dependent" means "dependent" as defined  
19       in Section 152 of the Internal Revenue Code;

20                       (2) "health care facility" means a hospital,  
21       outpatient facility, diagnostic and treatment center,  
22       rehabilitation center, free-standing hospice or other similar  
23       facility at which medical care is provided;

24                       (3) "medical care" means the diagnosis, cure,  
25       mitigation, treatment or prevention of disease or for the

1 purpose of affecting any structure or function of the body;

2 (4) "medical care expenses" means amounts paid  
3 for:

4 (a) the diagnosis, cure, mitigation,  
5 treatment or prevention of disease or for the purpose of  
6 affecting any structure or function of the body, excluding  
7 cosmetic surgery, if provided by a physician or in a health  
8 care facility;

9 (b) prescribed drugs or insulin;

10 (c) qualified long-term care services as  
11 defined in Section 7702B(c) of the Internal Revenue Code;

12 (d) insurance covering medical care,  
13 including amounts paid as premiums under Part B of Title 18 of  
14 the federal Social Security Act or for a qualified long-term  
15 care insurance contract defined in Section 7702B(b) of the  
16 Internal Revenue Code, if the insurance or other amount is paid  
17 from income included in the taxpayer's adjusted gross income  
18 for the taxable year;

19 (e) nursing services, regardless of  
20 where the services are rendered, if provided by a practical  
21 nurse or a professional nurse licensed to practice in the state  
22 pursuant to the Nursing Practice Act;

23 (f) specialized treatment or the use of  
24 special therapeutic devices if the treatment or device is  
25 prescribed by a physician and the patient can show that the

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1 expense was incurred primarily for the prevention or  
2 alleviation of a physical or mental defect or illness; and

3 (g) care in an institution other than a  
4 hospital, such as a sanitarium or rest home, if the principal  
5 reason for the presence of the person in the institution is to  
6 receive the medical care available; provided that if the meals  
7 and lodging are furnished as a necessary part of such care, the  
8 cost of the meals and lodging are "medical care expenses";

9 (5) "physician" means a medical doctor,  
10 osteopathic physician, dentist, [~~podiatrist~~] podiatric  
11 physician, chiropractic physician or psychologist licensed or  
12 certified to practice in New Mexico; and

13 (6) "prescribed drug" means a drug or  
14 biological that requires a prescription of a physician for its  
15 use by an individual."

16 SECTION 2. APPLICABILITY.--The provisions of this act  
17 apply to taxable years beginning on or after January 1, 2026.