

HOUSE BILL 224

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

INTRODUCED BY

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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

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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:

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

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

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

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

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

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

[C.] D. As used in this section:

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

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

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

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purpose of affecting any structure or function of the body;

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

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

(b) prescribed drugs or insulin;

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

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

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

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

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

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

(5) "physician" means a medical doctor, osteopathic physician, dentist, [pediatrician] podiatric physician, chiropractic physician or psychologist licensed or certified to practice in New Mexico; and

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

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

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