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SENATE BILL 117

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

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX EXEMPTION FOR
SALARIES PAID BY THE UNITED STATES FOR SERVICE IN THE UNIFORMED
SERVICES.

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

SECTION 1. Section 7-2-5.11 NMSA 1978 (being Laws 2007,
Chapter 45, Section 11) is amended to read:

"7-2-5.11. EXEMPTION--~~[ARMED FORCES]~~ UNIFORMED SERVICE
SALARIES.--

A. A salary paid by the United States to a taxpayer
for ~~[active-duty]~~ service in the ~~[armed forces]~~ uniformed
services of the United States is exempt from state income
taxation.

B. A taxpayer allowed an exemption pursuant to this
section shall report the amount of the exemption to the

.232804.1

1 department in a manner required by the department.

2 C. The exemption provided by this section shall be
3 included in the tax expenditure budget pursuant to Section
4 7-1-84 NMSA 1978, including the annual aggregate cost of the
5 exemption.

6 D. As used in this section, "uniformed service"
7 means:

8 (1) active and reserve components of the army,
9 navy, air force, space force, marine corps or coast guard of
10 the United States;

11 (2) the United States merchant marine;

12 (3) the commissioned corps of the United
13 States public health service;

14 (4) the commissioned corps of the national
15 oceanic and atmospheric administration of the United States; or

16 (5) the national guard of a state."

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