

LFC Requester:**Jennifer Faubion**

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

SECTION I: GENERAL INFORMATION*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}**Check all that apply:*

Original X **Amendment** _____
Correction _____ **Substitute** _____

Date Prepared: 01/26/2024**Bill No:** HB 248

Sponsor: Rep. C. N. Brown
Rep. G. Armstrong

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

Short Title: SOCIAL SECURITY
INCOME TAX
EXEMPTION CAP

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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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:

House Bill (“HB”) 248 proposes to amend NMSA 1978, Section 7-2-5.14 by removing the adjusted gross income levels that limit who qualifies for the Social Security income tax exemption. This essentially allows qualifying Social Security recipients to receive an income tax exemption regardless of adjusted gross income limitations.

FISCAL IMPLICATIONS

None to this office.

SIGNIFICANT ISSUES

If enacted, HB 248 would likely cause the State of New Mexico to have less revenue from state income taxes because there would no longer be limits on availability of the Social Security exemption.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

There is likely a de minimis burden for the department for publication of new tax forms. Under NMSA 1978, Section 7-1-4.3, the department shall develop a publication that states the rights of taxpayers in simple, nontechnical terms and shall disseminate the publication to taxpayers, at a minimum, with tax forms periodically issued by the department.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Conflict – House Bill 249

House Bill (“HB”) 249 proposes to amend NMSA § 7-2-5.14 by adding section B. Section 7-2-5.14(B) would provide the limitation on adjusted gross income, as identified in Section 7-2-5.14(A)a, b, and c, to be adjusted to account for inflation. The calculation would be

determined by multiplying each amount of modified gross income by a fraction, the numerator of which is the consumer price index ending during the prior taxable year and the denominator of which is the consumer price index ending in tax year 2023.

HB 249 would be in direct conflict with HB 248 because HB 249 proposes retaining, but annually adjusting, the adjusted gross income levels that HB 248 proposes to entirely eliminate.

Related – Senate Bill 114

Senate Bill (“SB”) 114 would extend the state income tax exemption for social security income found in NMSA Section 7-2-5.14 to public employee retirement income as well. The adjusted gross income levels that limit those qualified for the income tax exemption would remain the same.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo.

AMENDMENTS

None.