

<b>LFC Requester:</b>	<b>Graeser, Laird</b>
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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**AgencyAnalysis.nmlegis.gov**

*{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}*

*Check all that apply:*

**Original**     **Amendment**      
**Correction**     **Substitute**   

**Date** 2/9/24

**Bill No:** SB 114

**Sponsor:** Senator Talman  
**Short Title:** Public Employee Retirement Income Tax

**Agency Name and Code**    366-PERA  
**Number:** \_\_\_\_\_  
**Person Writing**    Anna Williams  
**Phone:** 505-259-8489    **Email** anna.williams@pera.nm.

**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)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

Effective January 1, 2024, SB 114 amends the Tax Administration Act [NMSA 1978 7-2-5.14] to allow an exemption for certain public employee retirement income to claim an exemption in an amount equal to the amount included in adjusted gross income pursuant to Section 86 of the Internal Revenue Code.

The exemption is related to retirement income from employment from a state, a political subdivision of state, or an instrumentality of a state or political subdivision of state and was exempt, pursuant to section 3121(b)(7) for the federal Social Security Act and/or for an individual for which an agreement pursuant to Section 218 has not been entered into to extend social security benefits.

**FISCAL IMPLICATIONS**

SB 114 should not have an impact on PERA’s operating budget.

**SIGNIFICANT ISSUES**

Public Employee Retirement Association does not have information at the individual member level regarding whether social security taxes were deducted related to their employment at a PERA affiliate. PERA would not be able to provide any tax information related to Section 218 not being extended to an individual retiree. PERA only receives information regarding a member’s total wages and contributions withheld related to pensionable wages.

**PERFORMANCE IMPLICATIONS**

SB 114 will not affect PERA’s performance measures.

**ADMINISTRATIVE IMPLICATIONS**

None

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

None

**ALTERNATIVES**

None

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Retiree income would continue to be taxed in the current manner.

**AMENDMENTS**

None