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| LFC Requester: | Jennifer Faubion |
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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 01/19/2024
Bill No: SB125

| | |
|---|---|
| Sponsor: <u>Sen William F. Burt</u> | Agency Name and Code <u>Veterans Services Department (VSD) 67000</u> |
| Short Title: <u>Armed Forces Retirement Pay Tax Sunset</u> | Number: <u>(VSD) 67000</u> |
| | Person Writing <u>Danelle Lucero</u> |
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY24 | FY25 | | |
| n/a | n/a | n/a | |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------|---------------|
| FY24 | FY25 | FY26 | | |
| n/a | n/a | n/a | | |
| | | | | |

(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 | n/a | n/a | n/a | n/a | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB56
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 125 (SB125) would amend the Military Retirement Tax Exemption to remove the sunset date for the \$30,000 income tax exemption for armed forces retirement pay and extend the exemption to the surviving spouse of an armed forced retiree. Currently, the \$30,000 exemption ends with tax year 2026. Effective date is January 1, 2025.

FISCAL IMPLICATIONS Minimal impact to NMDVS. Additional costs would be absorbed into existing outreach and advertising budgets to support promotional materials provided to our Veterans' and surviving spouses to make them aware of new income tax related deduction benefit.

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES – None noted by reviewer.

PERFORMANCE IMPLICATIONS – None noted by reviewer.

ADMINISTRATIVE IMPLICATIONS If SB125 passes, NMDVS would provide training to staff and coordinate outreach to inform Veterans' and surviving spouses of additional income tax related deduction benefit.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP – SB125 is a duplicate Bill (SB56 (Pope) found germane 18 Jan 24).

TECHNICAL ISSUES – None noted by reviewer.

OTHER SUBSTANTIVE ISSUES – None noted by reviewer.

ALTERNATIVES – None noted by reviewer.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL - Individuals who are Armed Forces Retirees will see this benefit cease to exist in 2026. When Armed Forces Retiree is deceased, the surviving spouse would not retain the benefit. Armed Forces Retiree members may seek residence outside of the state of New Mexico.

AMENDMENTS – None noted by reviewer.