

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}

Date Prepared: 1/31/2025

Check all that apply:

Bill Number: SB184

Original Correction

Amendment Substitute

Sponsor: Senator David Gallegos, Jay Block and James Townsend
Short Title: REMOVING THE INCOME CAP FOR THE

Agency Name

and Code ALTSD

Number: _____

Person Writing Denise King, ALTSD Aging

Phone: 505-469-1933 **Email** Denise.king@altsd.nm

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	NA	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	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

BILL SUMMARY

Senate Bill 184 (SB 184) purposes to remove the income tax cap for social security exemptions. Currently, individuals married but filing separately who have an adjusted gross income of \$75,000 or more, individuals who are head of household, surviving spouse and married filers with a gross income of \$150,000 or more, and individuals with a gross income of \$100,00 or more are exempt from the social security income tax. SB 184 eliminates all income requirement language for all categories of social security recipient tax filers. SB 184 allows all individuals regardless of income to claim a social security tax exemption as long as it does not exceed the individual's net income.

FISCAL IMPLICATIONS There are no fiscal implications to the Aging and Long-Term Services Department (ALTSD).

SIGNIFICANT ISSUES

Currently the majority of states do not tax social security income.¹ New Mexico is one of nine states that currently does tax social security in some form.² Removing the current income caps and exempting all social security income will overwhelmingly benefit high-income seniors who have other sources of income and do not rely solely on social security. Seniors with adjusted gross income levels less than two to three times the poverty standard, do not pay taxes and will see no impact from this amended bill. Further, removing all income caps on social security tax may additionally impact state funded programs for lower-income New Mexicans that are funded by taxes.

Removing income caps on all social security income could potentially attract older adults to relocate to New Mexico for tax benefits purposes. However, New Mexico currently has relatively low property taxes³ which may also entice older adults to relocate to New Mexico for retirement. Therefore, a holistic evaluation should be considered when examining the true benefit of removing income caps on social security.

PERFORMANCE IMPLICATIONS No performance implications for ALTSD.

ADMINISTRATIVE IMPLICATIONS No administrative implications for ALTSD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

¹ <https://www.kiplinger.com/retirement/social-security/603803/states-that-tax-social-security-benefits>

² *Id.*

³ <https://taxfoundation.org/location/new-mexico/>

The current income caps on social security tax will remain requiring certain recipients of social security to pay taxes on social security.

AMENDMENTS