

**BILL ANALYSIS AND FISCAL IMPACT REPORT**  
**Taxation and Revenue Department**

**March 4, 2025**

**Bill:** SB-473

**Sponsor:** Senators Carrie Hamblen and Leo Jaramillo

**Short Title:** Volunteer Search & Rescue Tax Credit

**Description:** This bill adds a new section to the Income Tax Act creating the volunteer search and rescue income tax credit. The credit is for a taxpayer, prior to taxable year 2035. The credit is \$500 if the taxpayer volunteer for search and rescue missions between six and 11 times or volunteers for between 60 and 120 hours, or \$1,000 if they volunteer 12 times or more or for a total of at least 120 hours. A taxpayer shall apply for certification from the State Police resource officer and the aggregate amount of credits that may be certified for any taxable year is \$3 million. Any portion of the credit that exceeds a taxpayer’s liability for the taxable year in which the credit is claimed will be refunded to the taxpayer.

**Effective Date:** Not specified; 90 days following adjournment (June 20, 2025). Applicable to taxable years beginning on or after January 1, 2025.

**Taxation and Revenue Department Analyst:** Sara Grubbs

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	(Up to \$980)	(Up to \$980)	(Up to \$980)	(Up to \$980)	R	General Fund

\* In thousands of dollars. Parentheses ( ) indicate a revenue loss. \*\* Recurring (R) or Non-Recurring (NR).

**Methodology for Estimated Revenue Impact:** This bill creates a refundable tax credit of \$500 or \$1,000 based on the number of search and rescue incidents or the total number of volunteer hours. According to the New Mexico State Police (NMSP), there are approximately 980 search and rescue (SAR) volunteers in New Mexico<sup>1</sup>. Tax & Rev assumes 980 SAR volunteers are eligible for the tax credit. Tax & Rev has no straightforward way to determine how many times or volunteer hours a search and rescue volunteer will volunteer in the future or if this tax credit would incentivize additional qualified volunteers. As such, Tax & Rev assumes all eligible volunteers will claim the \$1,000 tax credit. Assuming that, the estimated credits claimed fall well below the \$3 million cap.

**Policy Issues:** Personal income tax (PIT) represents a consistent source of revenue for many states. For New Mexico, PIT is approximately 16 percent of the state’s recurring general fund revenue. While this revenue source is susceptible to economic downturns, it is also positively responsive to economic expansions. New Mexico is one of 41 states, along with the District of Columbia, that impose a broad-based PIT (New Hampshire and Washington do not tax wage and salary income). Like several states, New Mexico computes its income tax based on the federal definition of taxable income and ties to other statutes in the federal tax code. This is referred to as “conformity” to the federal tax code. PIT is an important tax policy tool that has the potential to further both horizontal equity by ensuring the same statutes apply to all taxpayers, and vertical equity, by ensuring the tax burden is based on taxpayers’ ability to pay. This credit erodes horizontal equity by basing the credit on a taxpayer choice, thus taxpayers in similar economic circumstances are no longer treated equally.

<sup>1</sup> Per personal correspondence with the New Mexico Department of Public Safety, 2-24-25.

New Mexico has one of the few search and rescue programs organized at the state level. The New Mexico State Police Special Operations Bureau's Search and Rescue Team is a volunteer force that provides emergency response and rescue services. There are also other New Mexico-based search and rescue organizations. These volunteers are often required to participate in and complete a variety of training courses and certifications that must be renewed regularly. SAR volunteers must also have the appropriate gear and clothing. This necessitates personal financial cost and time to become an SAR volunteer. This bill will help offset the financial cost associated with becoming a SAR volunteer.

When New Mexico enacted the New Mexico SAR Act in 1978 (24-15A-1 to 24-15A-6 NMSA 1978), the NM SAR Plan was developed to implement the Act. This Act requires field certification for SAR volunteers. The certification consists of four parts<sup>2</sup>:

1. Successful completion of certain Federal Emergency Management Administration requirements,
2. A gear and clothing check,
3. A compass field test, and
4. A written test on the material in a SAR study guide.

While tax incentives can support specific industries or promote desired social and economic behaviors, the growing number of such incentives complicate the tax code. Introducing more tax incentives has two main consequences: (1) it creates special treatment and exceptions within the code, leading to increased tax expenditures and a narrower tax base, which negatively impacts the general fund; and (2) it imposes a heavier compliance burden on both taxpayers and Tax & Rev. Increasing complexity and exceptions in the tax code is generally not in line with sound tax policy.

This credit has a defined sunset date and a delayed repeal. Tax & Rev supports sunset dates for policymakers to review the impact of tax expenditures before extending them.

**Technical Issues:** None.

**Other Issues:** The Department of Public Safety (DPS) is the certifying agency, but this bill specifically designates the certification to a specific role within an agency. The bill mentions a resource officer which is later specifically defined as "the state search and rescue resource officer". This role is created under the Search and Rescue Act.

The DPS may need to promulgate rules to administer the certification of the credit or can work with Tax & Rev to submit rules under the Income Tax Act. A memorandum of understanding (MOU) and a data exchange specification will need to be established to securely receive the certification data electronically from DPS.

**Administrative & Compliance Impact:** Tax & Rev will update forms, instructions and publications and make information system changes. Staff training to administer the credit will occur. This implementation will be included in the annual tax year changes.

Tax & Rev's Administrative Services Division (ASD) will test credit sourcing and perform other systems testing. It is anticipated this work will take approximately 40 hours split between 2.0 FTE of a pay band 70 and a pay band 80 at a cost of approximately \$2,500. Pay band 70 hours are estimated at time and ½ due to extra hours worked required for implementation.

This bill will have a moderate impact on Tax & Rev's Information Technology Division (ITD), requiring

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<sup>2</sup> [https://www.nmsarc.org/uploads/6/3/5/6/63569937/nmsar\\_field\\_cert\\_study\\_guide\\_3-1-16.pdf](https://www.nmsarc.org/uploads/6/3/5/6/63569937/nmsar_field_cert_study_guide_3-1-16.pdf)  
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approximately 680 hours or about 4 months at an estimated staff workload cost of \$45,315. The estimate includes an interface between Tax & Rev and DPS. The data exchange will require coordination with DPS and should be implemented shortly after DPS begins issuing certificates of eligibility so that Tax & Rev will have a record of the certificates of eligibility in GenTax, the tax system of record, when taxpayers claim the credit on income tax returns.

<b>Estimated Additional Operating Budget Impact*</b>				<b>R or NR**</b>	<b>Fund(s) or Agency Affected</b>
<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>3 Year Total Cost</b>		
--	\$2.5	--	\$2.5	NR	ASD – Staff workload
--	\$45.3	--	\$45.3	NR	ITD – Staff workload

\* In thousands of dollars. Parentheses ( ) indicate a cost saving. \*\* Recurring (R) or Non-Recurring (NR).