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SENATE BILL 259

55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021

INTRODUCED BY

William F. Burt

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX DEDUCTION FOR CERTAIN UNIFORMED SERVICES RETIREES AND THEIR SPOUSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] DEDUCTION--UNIFORMED SERVICES RETIREE INCOME.--

A. A taxpayer who is not a dependent of another individual and is a uniformed services retiree or the retiree's surviving spouse may claim a deduction from net income in the following percentages of military retirement income that the uniformed services retiree or the retiree's surviving spouse received in a taxable year:

- (1) for a taxable year beginning on or after

underscoring material = new
[bracketed material] = delete

1 January 1, 2022 and prior to January 1, 2023, twenty-five
2 percent, not to exceed six thousand two hundred fifty dollars
3 (\$6,250);

4 (2) for a taxable year beginning on or after
5 January 1, 2023 and prior to January 1, 2024, fifty percent,
6 not to exceed twelve thousand five hundred dollars (\$12,500);

7 (3) for a taxable year beginning on or after
8 January 1, 2024 and prior to January 1, 2025, seventy-five
9 percent, not to exceed eighteen thousand seven hundred fifty
10 dollars (\$18,750); and

11 (4) for a taxable year beginning on or after
12 January 1, 2025, one hundred percent, not to exceed twenty-five
13 thousand dollars (\$25,000).

14 B. The purpose of the deduction provided by this
15 section is to encourage uniformed services retirees to make New
16 Mexico the retirees' state of residency and to utilize the
17 expertise of uniformed services retirees in New Mexico's
18 workforce and business community.

19 C. To claim a deduction pursuant to this section, a
20 taxpayer shall submit to the department information required by
21 the secretary establishing that the taxpayer is eligible to
22 claim a deduction pursuant to this section.

23 D. A taxpayer allowed a deduction pursuant to this
24 section shall report the amount of the deduction to the
25 department in a manner required by the department.

.219188.1

underscored material = new
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1 E. The department shall compile an annual report on
2 the deduction provided by this section that shall include the
3 number of taxpayers that claimed the deduction, the aggregate
4 amount of deductions claimed and any other information
5 necessary to evaluate the effectiveness of the deduction. The
6 department shall present the annual report to the revenue
7 stabilization and tax policy committee and the legislative
8 finance committee with an analysis of the effectiveness and
9 cost of the deduction and whether the deduction is performing
10 the purpose for which it was created.

11 F. As used in this section:

12 (1) "uniformed services" means the army, navy,
13 air force, marine corps and coast guard and the commissioned
14 officer corps of the national oceanic and atmospheric
15 administration; and

16 (2) "uniformed services retiree" means a
17 former member of the uniformed services of the United States
18 who has qualified by years of service or disability to separate
19 from military service with lifetime benefits."

20 SECTION 2. APPLICABILITY.--The provisions of this act
21 apply to taxable years beginning on or after January 1, 2022.