

1 SENATE BILL 114

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

3 INTRODUCED BY

4 Bill Tallman

5
6
7
8
9
10 AN ACT

11 RELATING TO TAXATION; PROVIDING AN EXEMPTION FOR CERTAIN PUBLIC
12 EMPLOYEE RETIREMENT INCOME THAT IS ATTRIBUTABLE TO WAGES FROM
13 PUBLIC EMPLOYMENT THAT ARE NOT SUBJECT TO THE FEDERAL SOCIAL
14 SECURITY TAX.

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 7-2-5.14 NMSA 1978 (being Laws 2022,
18 Chapter 47, Section 7) is amended to read:

19 "7-2-5.14. EXEMPTION--SOCIAL SECURITY INCOME OR CERTAIN
20 PUBLIC EMPLOYEE RETIREMENT INCOME.--

21 A. Except as provided in Subsection B of this
22 section, an individual may claim an exemption in [~~an amount~~
23 ~~equal to the amount~~] one of the following amounts included in
24 adjusted gross income [~~pursuant to Section 86 of the Internal~~
25 ~~Revenue Code, as that section may be amended or renumbered~~] of

.226860.1

underscored material = new
[bracketed material] = delete

underscoring material = new
[bracketed material] = delete

1 income includable except for this exemption in net income

2 [~~provided that~~]:

3 (1) the amount pursuant to Section 86 of the
4 Internal Revenue Code; or

5 (2) the amount from certain public employee
6 retirement income.

7 B. To be eligible to claim the exemption provided
8 by this section, the individual's adjusted gross income shall
9 not exceed:

10 [~~A.~~] (1) seventy-five thousand dollars
11 (\$75,000) for married individuals filing separate returns;

12 [~~B.~~] (2) one hundred fifty thousand dollars
13 (\$150,000) for heads of household, surviving spouses and
14 married individuals filing joint returns; and

15 [~~C.~~] (3) one hundred thousand dollars
16 (\$100,000) for single individuals.

17 C. As used in this section:

18 (1) "certain public employee retirement
19 income" means income from a pension or other retirement benefit
20 pursuant to a public retirement system that is attributable to
21 wages:

22 (a) from employment for an employer that
23 is a state, a political subdivision of a state or an
24 instrumentality of a state or political subdivision of a state;

25 (b) that are exempt, pursuant to Section

.226860.1

underscoring material = new
~~[bracketed material] = delete~~

1 3121(b)(7) of the federal Social Security Act, from the tax
2 imposed pursuant to Section 3101(a) of the Internal Revenue
3 Code; and

4 (c) for services performed by an
5 individual for which an agreement pursuant to Section 218 of
6 the federal Social Security Act has not been entered to extend
7 social security benefits to the individual pursuant to
8 subchapter II of the federal Social Security Act; and

9 (2) "social security income" means income
10 pursuant to Section 86 of the Internal Revenue Code.

11 D. References to sections or subchapters of a
12 federal law in this section shall be to those sections or
13 subchapters as they may be amended or renumbered."

14 **SECTION 2. APPLICABILITY.--**The provisions of this act
15 apply to taxable years beginning on or after January 1, 2024.