

LFC Requester:

Brendon Gray

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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: 02/21/25

Check all that apply:

Bill Number: SB 497Original  Correction Amendment  Substitute Sponsor: Gabriel Ramos / Joshua Sanchez  
/ Jay Block / Anthony ThorntonAgency Name  
and CodeDepartment of Veterans' Services  
67000Short Title: No Armed Forces Retirement

Person Writing

Danelle LuceroTitle: Tax Exempt LimitPhone: 505-372-9035Email Danelle.lucero@dvs.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE - SB 497** Is related to the income tax and the removal of the limit of \$30,000 for the income tax exemption for Armed Forces retirement pay.

**BILL SUMMARY - SB 497** Allows Armed Forces retirees or their surviving spouses to claim an exemption for the total amount of the retiree's Armed Forces retirement pay that would otherwise be limited to the first \$30,000 of their net income. The provisions of this act will apply to taxable years starting from January 1, 2026.

Synopsis: - **SB 497** Permits Armed Forces retirees and their surviving spouses to claim an income tax exemption for the retiree's Armed Forces retirement pay. This exemption will be applicable to taxable years beginning on or after January 1, 2026.

**FISCAL IMPLICATIONS** - Minimal impact to NMDVS if **SB 497** becomes law, the impact on operations is expected to be minimal. However, there will be additional administrative costs to provide promotional materials aimed at informing our veteran community about the new income tax benefit. These costs can effectively be absorbed within the existing marketing budget without requiring additional funding.

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 - NA**

**PERFORMANCE IMPLICATIONS -NA**

**ADMINISTRATIVE IMPLICATIONS** - With the passage of SB 497, the New Mexico Department of Veterans' Services (NMDVS) will train staff members and coordinate outreach efforts to ensure the New Mexico veteran community is fully informed about the new income tax exemption and the related tax benefits available to them. These efforts will include distributing informational materials, conducting targeted outreach campaigns, and leveraging existing resources to effectively communicate these benefits.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP - NA**

**TECHNICAL ISSUES - NA**

**OTHER SUBSTANTIVE ISSUES – N/A**

**ALTERNATIVES – N/A**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL – Status Quo**

**AMENDMENTS - NA**