

1 SENATE BILL 114

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

3 INTRODUCED BY

4 Bill Tallman

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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.

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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~~

underscored 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

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.