

## Legislative Liaison Report 03-21

### **New Mexico 2021 Legislative Session**

The New Mexico Legislative Session is nearing the midpoint. This will be a session to be remembered and in my humble opinion, not fondly. The Capitol is closed to the public, thus preventing the citizens of New Mexico to observe committee and floor hearings. More importantly, it is difficult to voice your concerns to the legislature that impacts military members, veterans, military retirees and surviving spouses. There is a way to be heard in committee meetings, which I will describe at the end of the newsletter.

The list of legislation for 2021 that affects military members, veterans, retirees and surviving spouses is fairly extensive.

**House Joint Resolution 2 (HJR 2) and Senate Joint resolution 16 (SJR 16)** proposes to allow veterans to claim an exemption to their property tax equal to the percentage of their disability rating. Currently, only a veteran who is 100 percent disabled can claim a 100 percent exemption. This exemption applies to the veteran's widow or widower. The resolution is scheduled for House Floor debate on 03/04. If the Senate passes HJR 2, it will be placed on the ballot for the 2022 General Election. SJR 16 is a duplicate of HJR 2 and will follow the same legislative path through the Senate and then through the House.

**House Joint Resolution 3 (HJR 3)** proposes to increase the property tax exemption of honorably discharged veterans from \$4,000 to \$10,000 beginning in 2023. HJR 3 passed the House 64-0 on 03/01 and is awaiting a hearing by the Senate Rules Committee. If the Senate passes HJR 2, it will be placed on the ballot for the 2022 General Election.

**House Bill 31 (HB 31)** amends the definition of sex crimes as it relates to the Code of Military Justice and applies only to military members of the New Mexico National Guard. HB 31 passed the House 68-09 on 02/22 and is scheduled to be heard by the Senate Health and Public Affairs Committee on 03/05 and then by the Senate Judiciary Committee.

**House Bill 49 (HB 49), Senate Bill 78 (SB 78), Senate Bill 162 (SB 162) and Senate Bill 208 (SB 208)** allows for an exemption of Social Security income from NM personal income tax not to exceed the individual's net income. HB 49 is awaiting hearing in the House Tax and Revenue Committee. SB 78 is awaiting hearing by the Senate Tax, Business and Transportation Committee and then by the Senate Finance Committee. SB 162 provides for an exemption of Social Security income capped at \$30,000. SB 162 is awaiting hearing by the Senate Tax, Business and Transportation Committee and then by the Senate Finance Committee. The maximum amount of Social Security payments for individuals at full retirement age is \$37,000 per year.

**House Bill 113 (HB 113)** prohibits discrimination based on military or veteran status as defined in the New Mexico Human Rights Act. HB 113 passed the House 66-0 on 02/11 and is awaiting a hearing by the Senate Health and Public Affairs Committee.

**House Bill 120 (HB 120)** extends the expedited licensure process for military members, spouses and families for a substitute teacher certificate. HB 120 passed the House 66-0 on 02/24 and is scheduled to be heard by the Senate Health and Public Health Committee on 03/05 and then by the Senate Finance Committee.

**House Bill 174 (HB 174)** proposes to double the exemption from New Mexico personal income tax for those over 65 or are blind. Exemption is limited to income less than \$25,500 for individuals and \$51,000 for heads of household, surviving spouses and married individuals filing jointly. HB 174 is waiting to be heard in the House Taxation and Revenue Committee.

**House Bill 260 (HB 260)** provides free passes to New Mexico State Parks to veterans and members of Gold Star families. HB 260 passed the House 68-0 on 02/24 and is awaiting a hearing by the Senate Conservation Committee and then by the Senate Finance Committee.

**Senate Bill 259 (SB 259)** proposes a deduction from net income of military retirement income in four graduated phase beginning in tax year 2022 and culminating in tax year 2025 with a 100% deduction not to exceed \$25,000. SB 259 is awaiting hearing by the Senate Tax, Business and Transportation Committee and then by the Senate Finance Committee.

**Senate Bill 272 (SB 272)** requires school districts to allow military families to enroll children prior to arriving at their military assignment in New Mexico. SB 272 passed the Senate 37-0 on 03/03 and is awaiting hearing by the House Education Committee and then by the House Labor, Veterans and Military Affairs Committee.

**Senate Bill 277 (SB 277)** sponsored by Sen. Polk, District 23, proposes a \$30,000 exemption to military retirement pay beginning in tax year 2021. Sen. Pope is a retired Air Force officer. SB 277 is awaiting hearing by the Senate Tax, Business and Transportation Committee and then by the Senate Finance Committee.

**Income Tax Exemption Discussion** The two bills introduced in this legislative session are similar to bills introduced over the last 10 years. New Mexico is one of five states that fully tax military retirement pay.

The Fiscal Impact Report published by the New Mexico Legislative Finance Committee has not been favorable for the exemption. In fact, the report is very negative.

The Military/Veterans Legislative Council (MVLC) continues support this initiative and is in contact with appropriate legislators this session. The Albuquerque MOAA Chapter is a member of the MVLC with representatives on the executive and legislative council. The MVLC is working with the New Mexico Legislature to obtain \$50,000 to update the study completed by New Mexico State University in 2009.

New Mexico likes to claim that the state is retiree tax friendly by citing the personal income tax exemption for those over 65 (See House Bill 174). If a married couple filing jointly has a taxable income exceeding \$51,000 there is no deduction for over 65.

### **Talking Points for Income Tax Exemption**

1. If a retiree joined the uniformed services joined the service at 18, most will qualify for retirement after 20 years. At 38 years old, the majority will move into a second

career and that income will be fully taxed.

2. A majority of retirees bring with them a spouse who most likely find employment and their income will also be fully taxed.
3. Retirees of the Uniformed Services bring with them their own health benefits.
4. Retirees will purchase homes, cars, and other assets that will be fully taxed.
5. Many uniformed services retirees bring with them specialized skills that translate to the private sector and many will start new small businesses. In New Mexico, 9.3% of all small businesses are veteran owned. According to the latest figures available for 2017, New Mexico businesses owned by veterans or retirees had total revenues of over \$6 billion that is fully taxed
6. Uniformed Services retirees are disciplined, dependable, skilled, highly trained, and do not need long periods of initial training as employees.
7. Considering the technical professions, our military is at the forefront in new technologies and their training regimen is unbeatable. From aircraft maintenance to cybersecurity, our military leads the world and these men and women receive years of specialized intense training that our state could benefit from.

### **Stay in contact with your legislator before, during and after session**

- The list of legislators has been updated on the website
  - Most legislators provide a contact number other than their office number in the Roundhouse.
- Remember there are tutorials on the Legislature Website
  - On the Home page, open Quick Links and click Website Video Tutorials
    - Videos are available on Finding Legislation and Finding Your Legislators and MyRoundhouse.
- If you have a Zoom app on your computer, tablet or phone, you can “attend “committee meetings”
  - At the Legislature website, nmlegis.gov, open the “What’s Happening” menu and open either the PDF version of the House or Senate Committee Schedules. The schedule will either list a link to join the Zoom meeting or provide instruction on how to join.