

**Michelle Lujan Grisham** *Governor*

**Sonya L. Smith** *Cabinet Secretary*

**Governor Signs Bill Into Law Exempting**

**Most Military Pensions From State Income Tax**

Thanks to the stroke of her pen, Governor Michell Lujan Grisham has given military retirees in New Mexico what many have been waiting for more than 1

5-years:

On March 8, the governor signed into law HB-163, a broad tax-cutting bill that, among other measures, will provide a five-year exemption of state income taxes on military pensions.

An exemption was something that DVS Secretary Sonya Smith advocated for in meetings with the governor, her staff--and legislators who pushed for it in this year’s 30-day legislative session that adjourned on February 17. The tax-cutting bill that made it to the governor’s desk did not have a provision for a military retiree income tax exemption. The governor inserted language into the bill outlining the following three-year exemption period before signing it.

For tax year 2022 (to be filed by April 15 of next year), the new law will provide a $10,000 exemption. Tax year 2023 will provide a $20,000 exemption, and a $30,000 exemption will apply for tax years 2024, 2025, and 2026.

“On behalf of the 15,000 military retirees in New Mexico, I want to thank our governor so very much for providing what other governors before her could not or would not do—a long-awaited military pension income exemption,” said an elated Secretary Smith. “This should not only keep our own military retirees here in New Mexico—it can also attract retirees from across the nation to move here.”

The exemption was among other tax cutting measures in the bill, such as the permanent elimination of income tax on social security income for most New Mexicans—with a cap for exemption eligibility set at $100,000 for single filers and $150,000 for married couples filing jointly.