



Office of the Governor

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EXEMPT SOCIAL SECURITY FROM INCOME TAX SB 108 – Sponsored by Senator Michael Padilla and Representative Cathrynn Brown

TOPLINE: Removing the tax on Social Security income puts more money in the pockets of New Mexico seniors, increases economic activity, and strengthens the middle class.

Senate Bill 108, which has bipartisan support, would exempt social security income from taxation.

- New Mexico is one of only 12 states that still taxes social security. Removing this tax makes New Mexico a more desirable place to retire, bringing more dollars into our economy.
- While low-income seniors are already exempt from paying taxes on their social security, that threshold is less than \$25,000 a year or \$32,000 a year for couples. This tax hurts seniors who miss these cut-offs, and many of whom care for grandchildren or other family members and pay out-of-pocket for medications – the average out-of-pocket cost for Medicare users in New Mexico is over \$8,300 annually. Removing this tax and returning dollars to the pockets of our seniors will make a big difference, especially as costs rise across the board.
- The elimination of this tax would help multi-generational New Mexico families, especially in rural areas, in a meaningful way: 49% of children being fostered in New Mexico live with their grandparents.
- Seniors who would benefit from the exemption will have more discretionary income and they're more likely to spend that extra money. That means more economic activity and higher Gross Receipts Tax revenues for local governments.
- Most of the tax burden from social security falls on the middle class, including those making less than \$75,000 a year. Forty percent of taxable social security benefits are earned by taxpayers with income between \$50,000 and \$100,000. A strong New Mexico includes a strong middle class.
- We estimate an impact of up to \$118 million – that's money that goes right back into the pockets of New Mexicans and into the New Mexico economy.
- No other public benefits, including Medicare, Medicaid, TANF, and food stamps, are subject to tax – and this one shouldn't be either.

**Now is the time to end this tax and
bring greater financial security to New Mexico retirees.**