

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to 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: 2/3/2026

Check all that apply:

Bill Number: HB 224

Original Correction

Amendment Substitute

Sponsor: Rep. Randall T. Pettigrew & Rep. Gail Armstrong
Short Title: MEDICAL CARE EXPENSES
Title: TAX DEDUCTION

Agency Name

and Code Number: State Ethics Commission 410

Person Writing Aurora Arreola
Phone: 505-554-7706 **Email** Aurora.Arreola@sec.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

This bill amends Section 7-2-37 NMSA 1978 to expand the income tax deduction for unreimbursed or uncompensated medical care expenses by removing income-based percentage limitations. Under the bill, taxpayers at all income levels may deduct qualifying medical care expenses paid during the taxable year that are not reimbursed or otherwise compensated and are not included in federal itemized deductions. The provisions apply to taxable years beginning on or after January 1, 2026.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

The bill broadens access to tax relief for unreimbursed medical expenses, potentially improving equity among taxpayers by removing income-based limitations. From a governance and accountability perspective, expanding tax expenditures heightens the need for ongoing monitoring, reporting, and evaluation to ensure the policy meets its intended objectives.

Because tax deductions operate indirectly through reduced revenue rather than direct appropriations, their fiscal impacts may be less visible in the annual budget process, underscoring the importance of clear inclusion in tax expenditure reporting.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the bill is not enacted, current income-based limitations on the medical care expense deduction would remain in place, continuing to restrict eligibility and deductible amounts for higher-income taxpayers.

AMENDMENTS