August 2026 General Fund Consensus Revenue Estimate

Revenue Stabilization and Tax Policy Committee

September 14, 2026

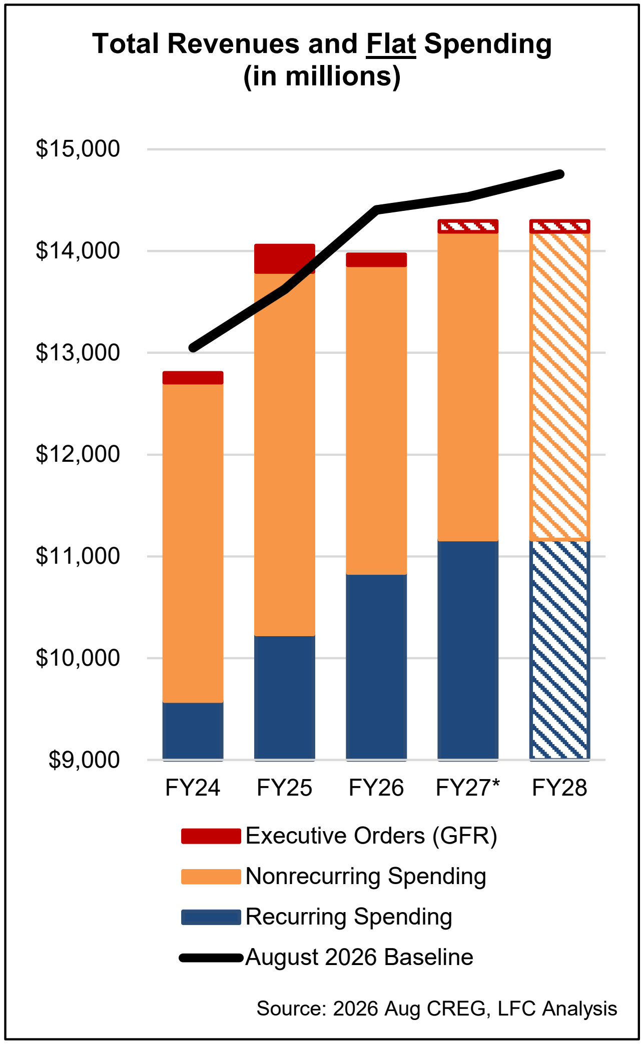
HEADLINE REVENUES AND NEW MONEY

Total new money in FY28 is estimated to be $924.2 million, or 6.7% growth from previous year spending.

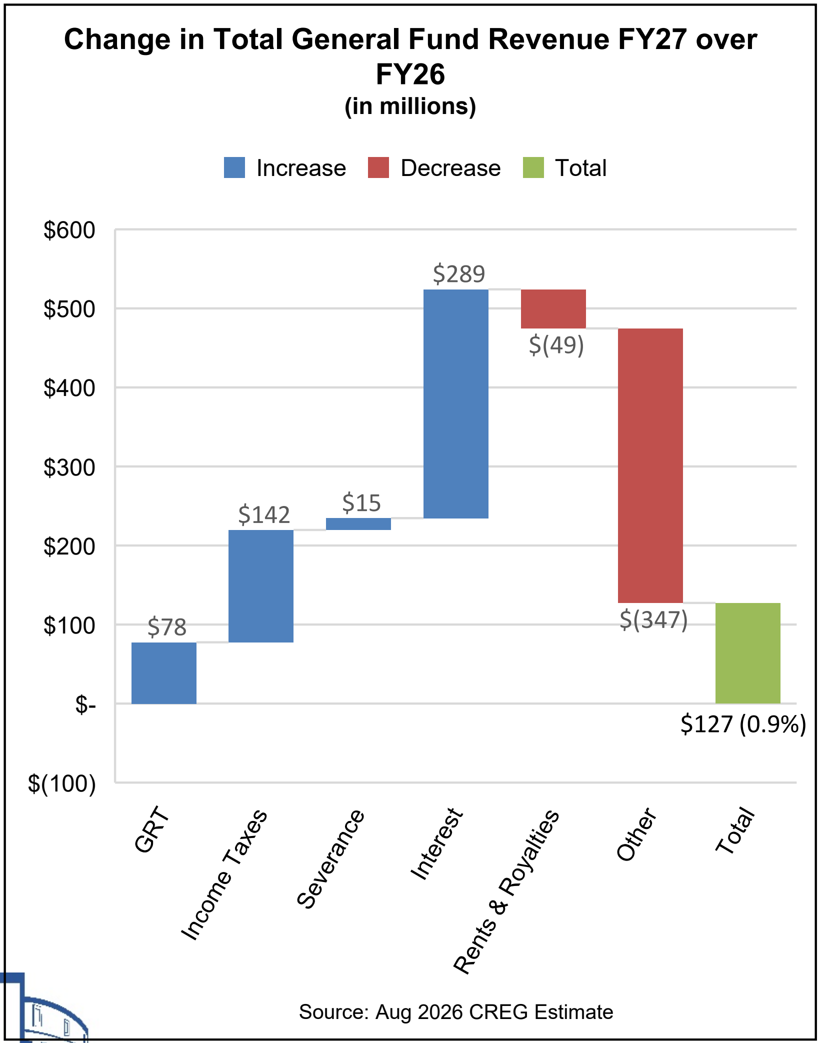
August 2026 Consensus General Fund Recurring Revenue Estimate

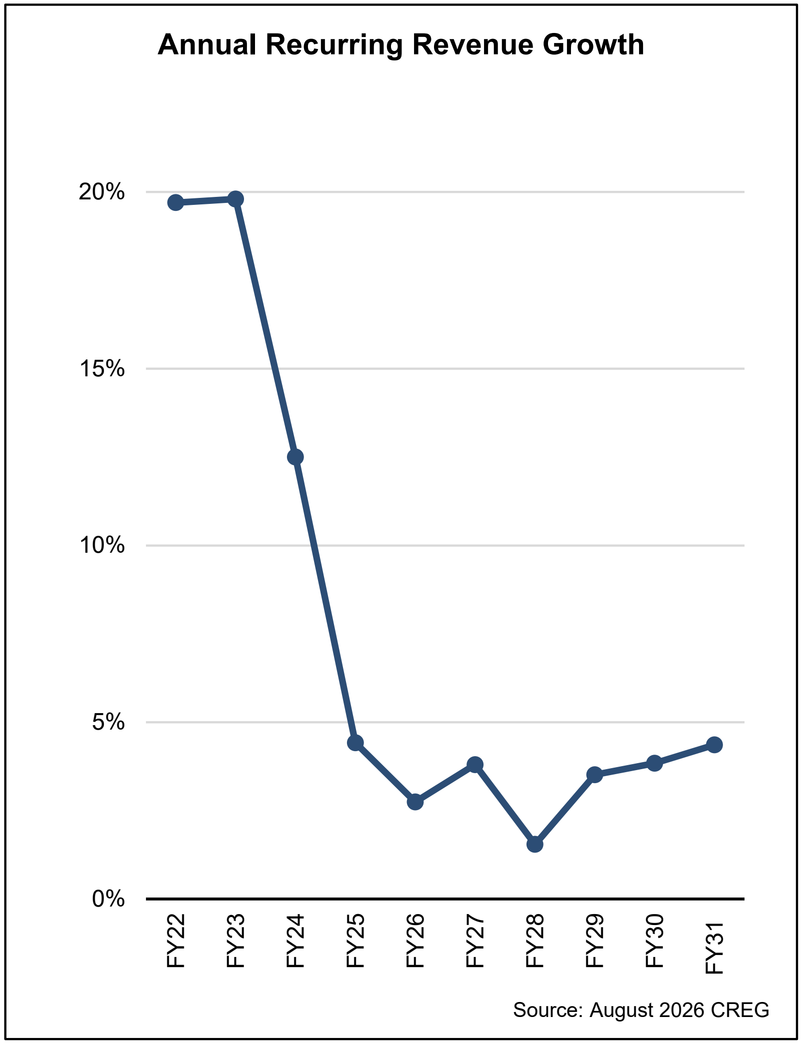
(in millions)

	FY26	FY27	FY28
December 2025 Consensus	$13,383.1	$13,913.2	$14,454.3
August 2026 Adjustments	$617.3	$618.7	$302.1
August 2026 Consensus	**$14,000.4**	**$14,532.0**	**$14,756.3**
Annual amount change	$402.1	$531.6	$224.4
Annual percent change	3.0%	3.8%	1.5%

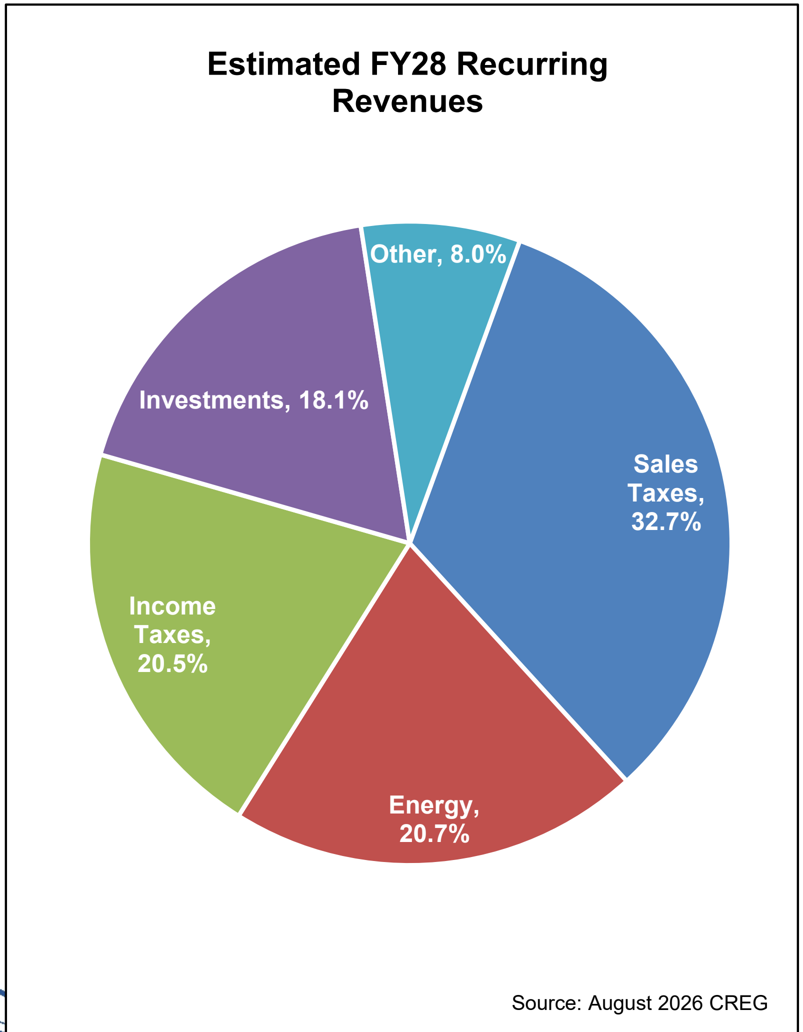


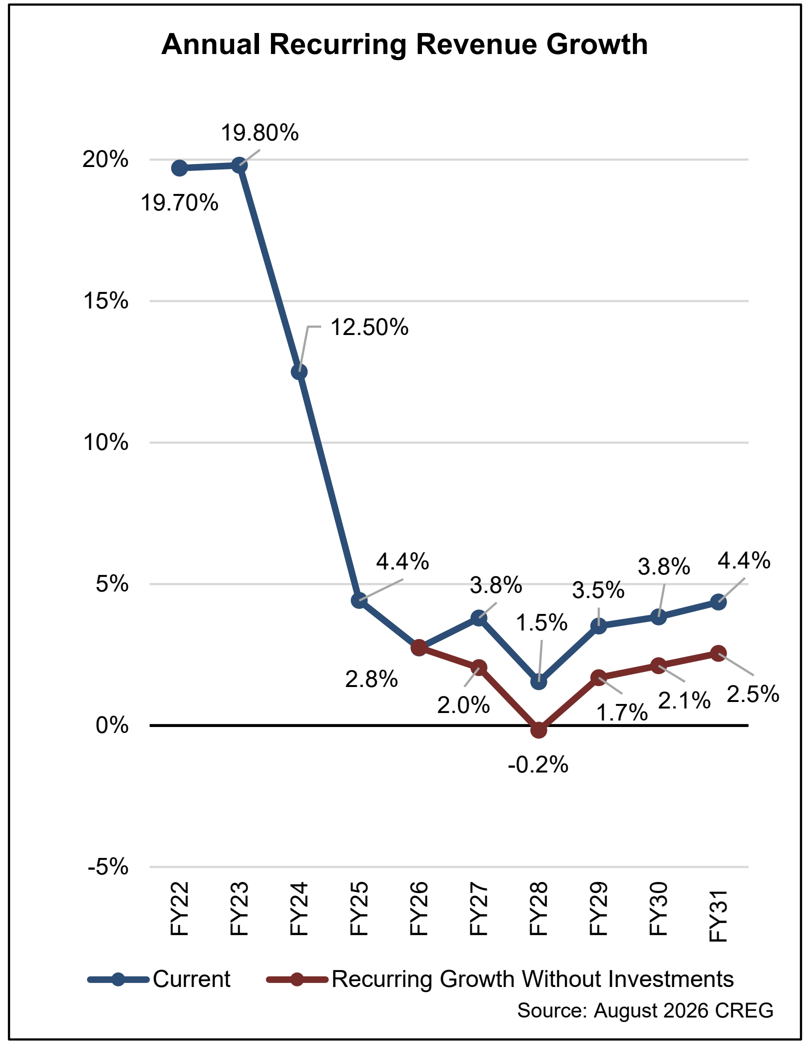
New money and recurring revenues revised higher due to sharp turns in revenue activity early this year.





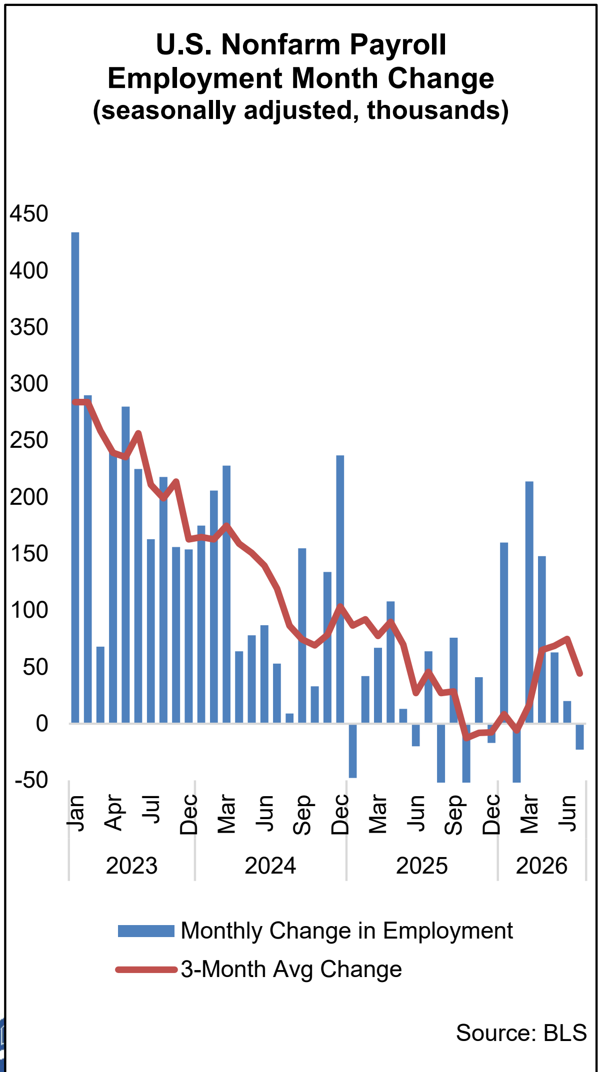
Investment income and oil and gas revenues hide the weaker underlying economic revenue growth.

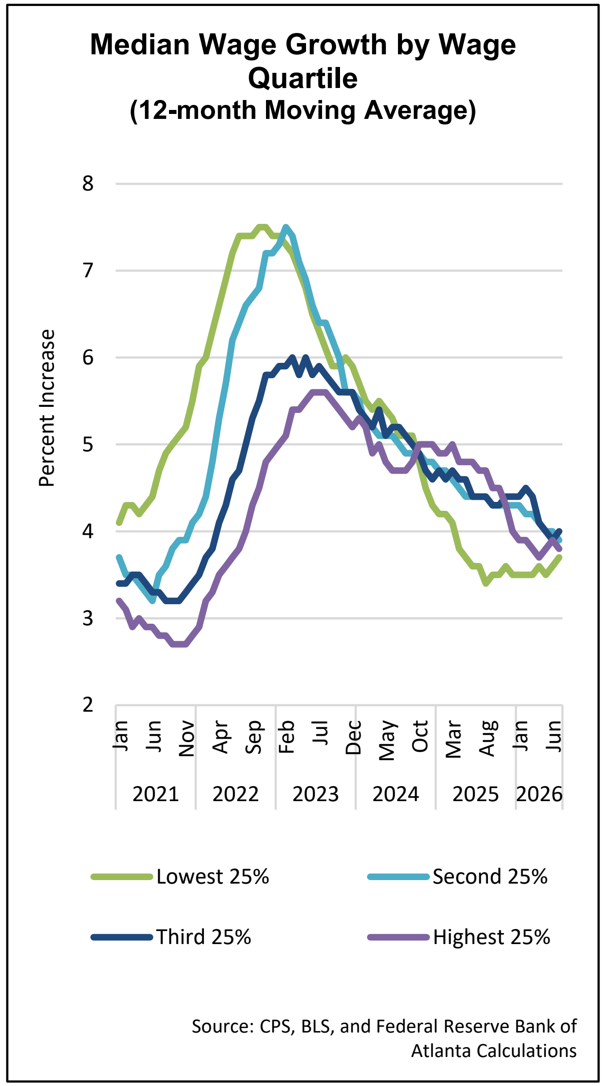


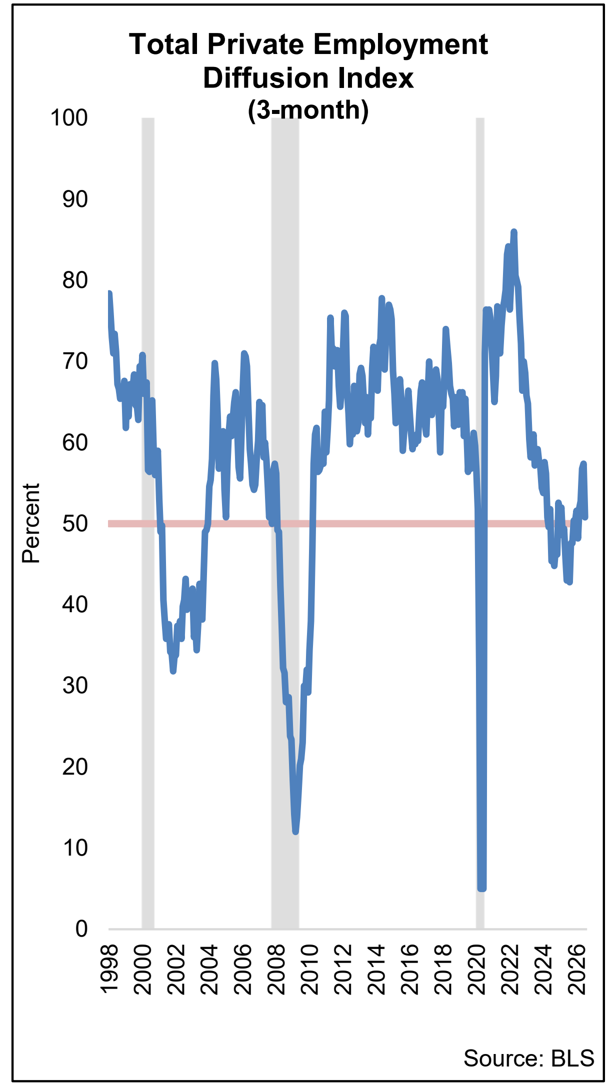


ECONOMIC FORECAST AND ANALYSIS

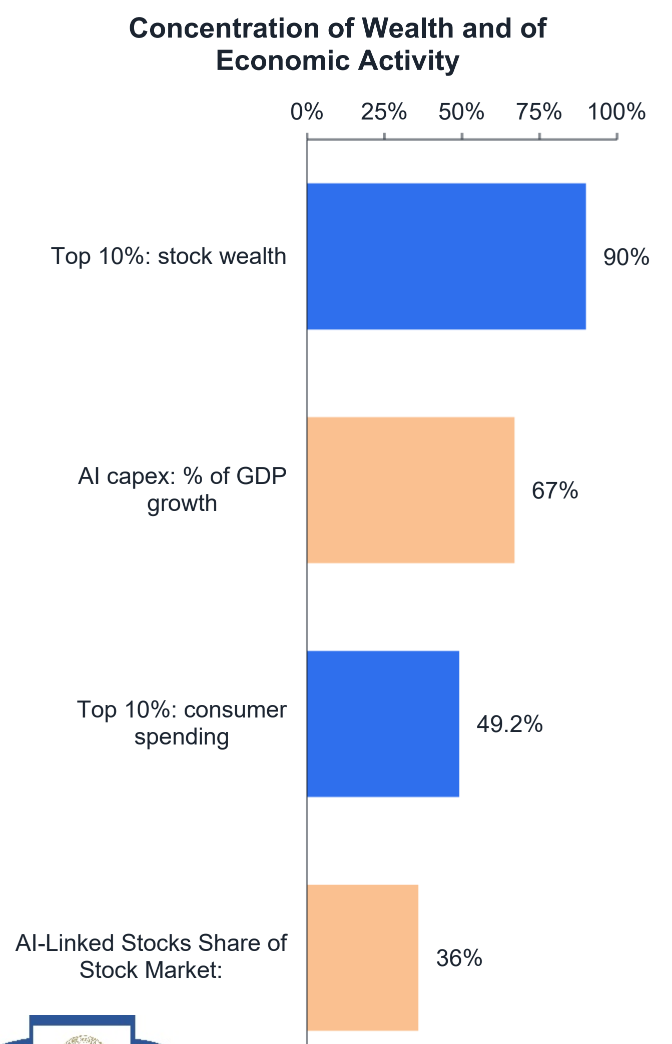
Steady as she goes; U.S. economy is resilient against significant headwinds but struggling to find footing.



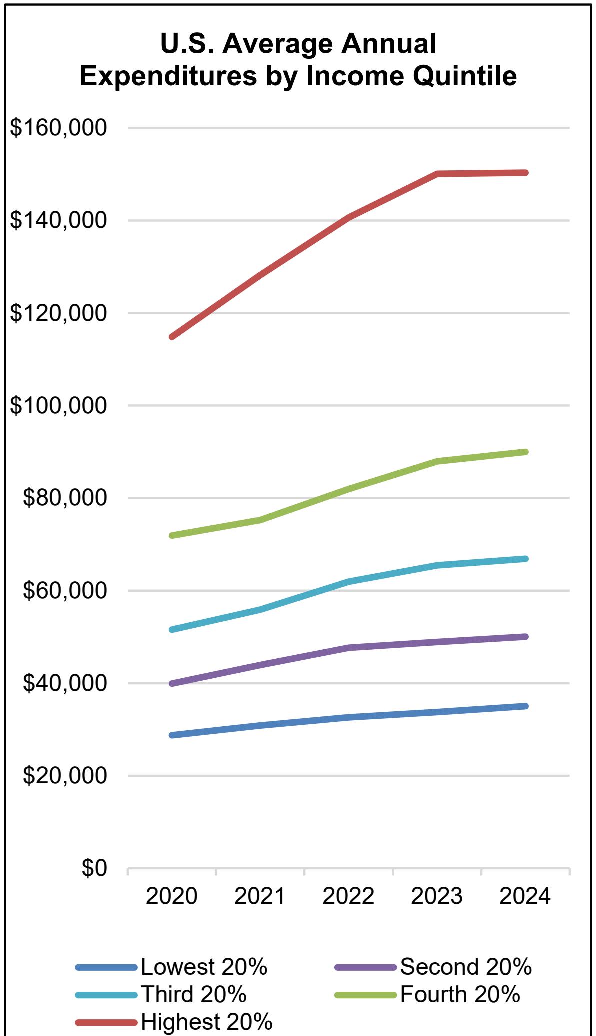




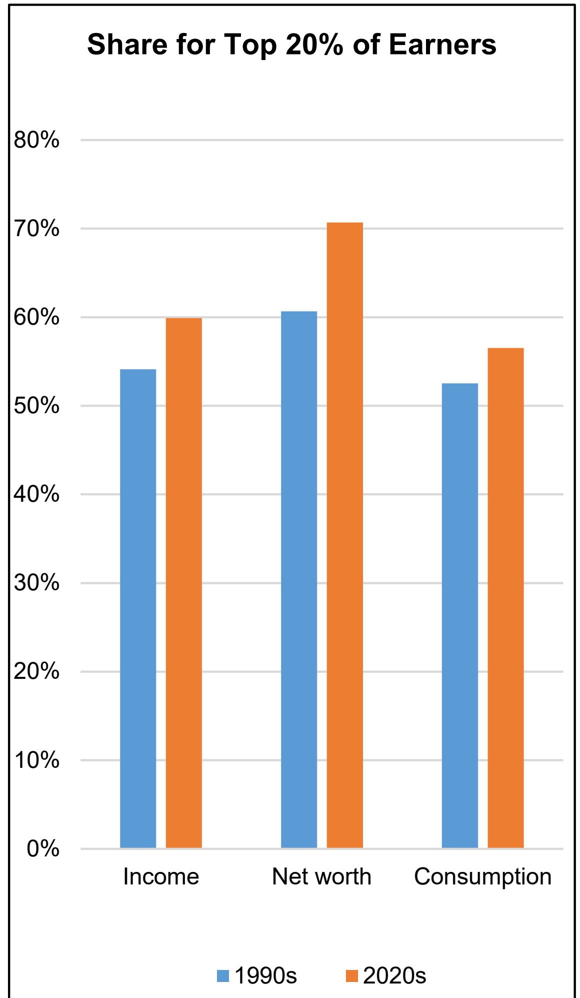
Economic success is still dependent on an increasingly concentrated group (high income, AI).



Sources: S&P Global; Moody's Analytics; Federal Reserve Board

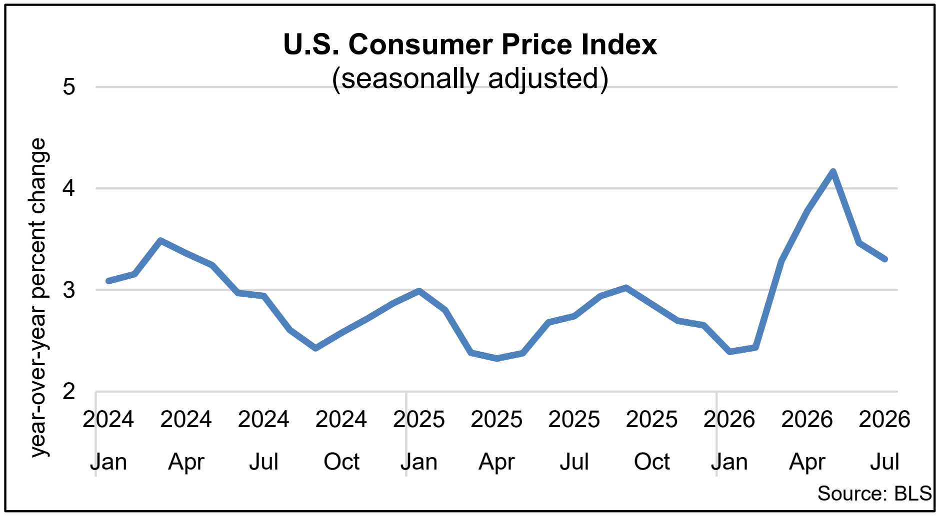


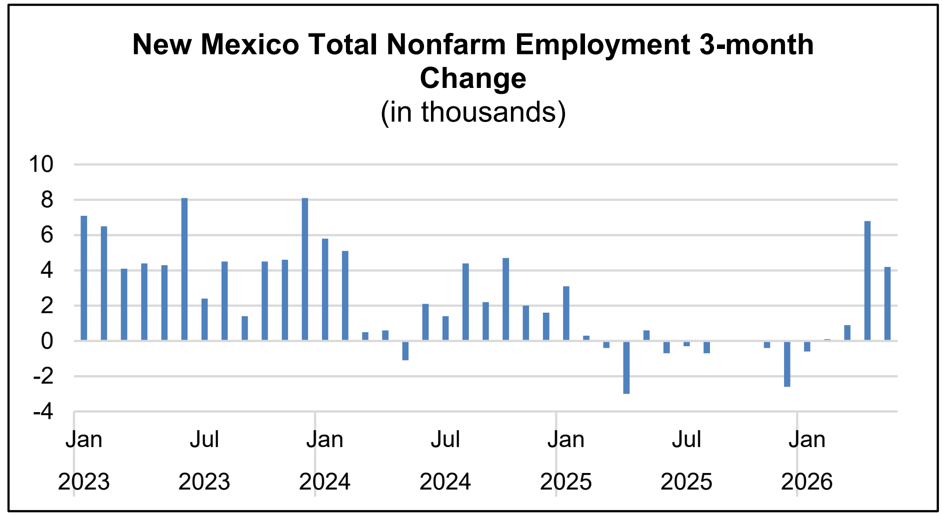
Source: Federal Reserve Bank of St. Louis

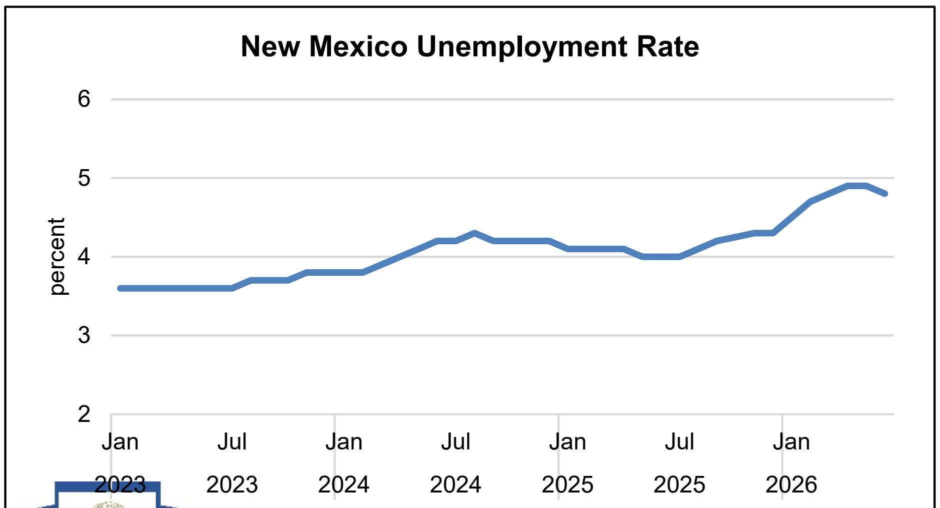


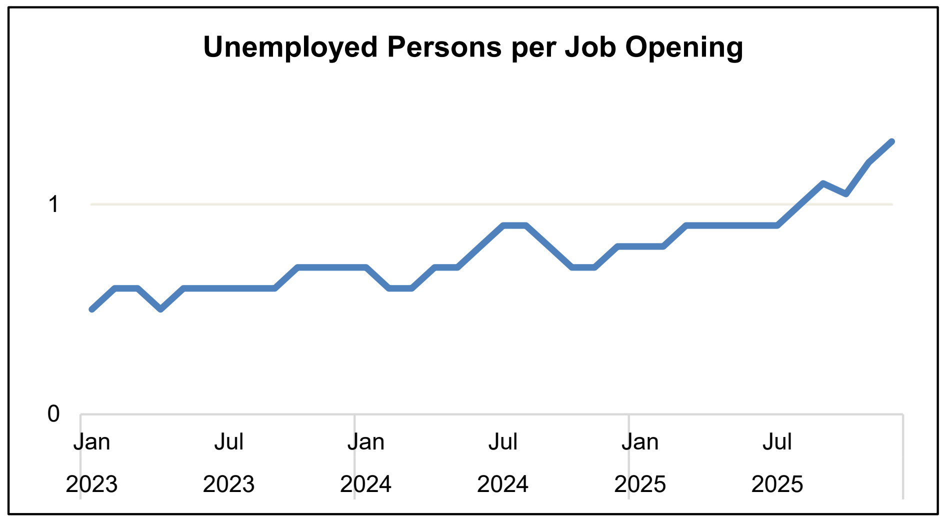
Source: Federal Reserve Bank of Dallas

New Mexico is seeing the same story – labor markets are struggling, affordability challenges rising again, and concentrated activity in construction.



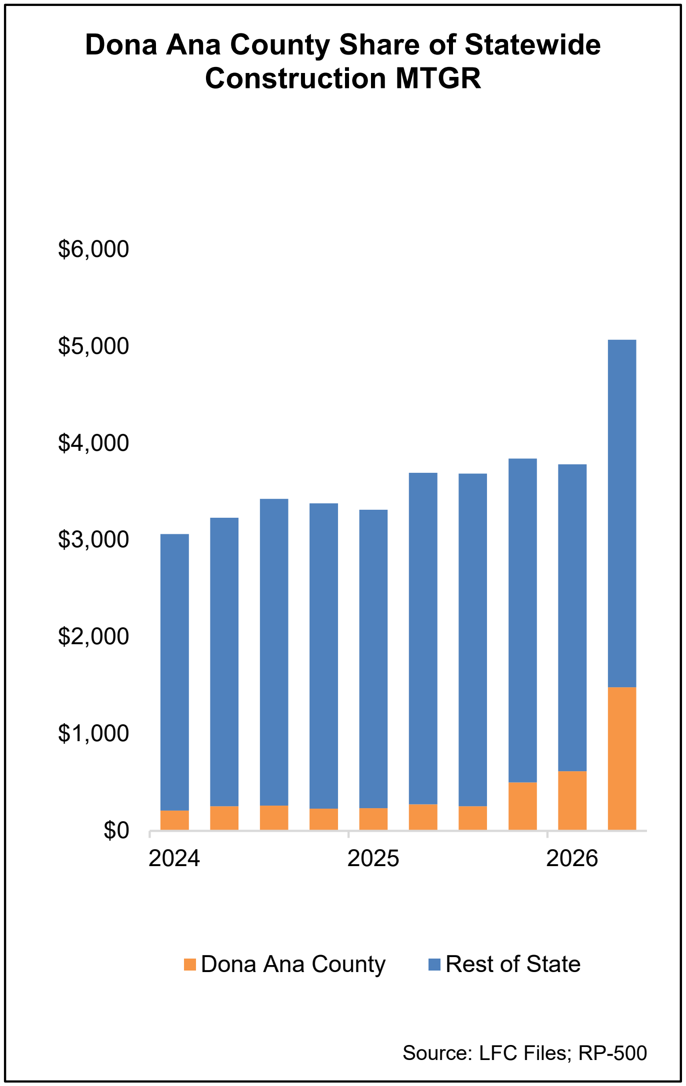




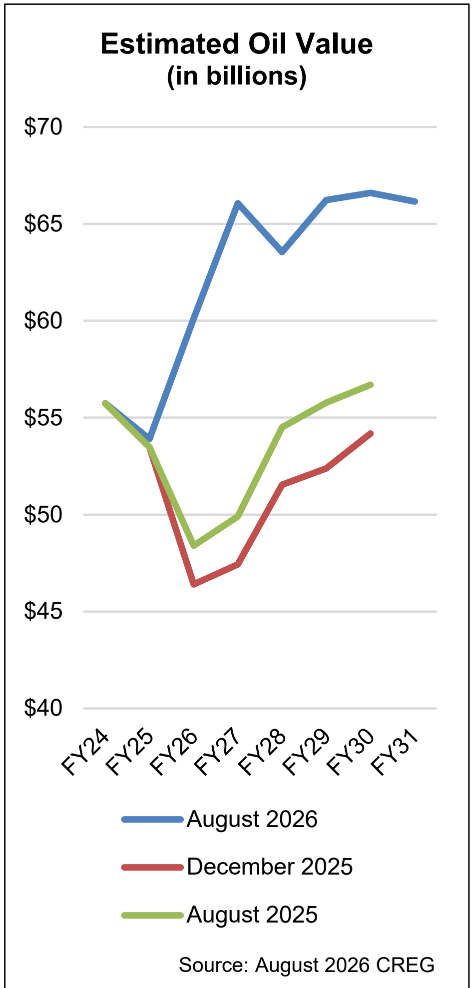


Sources: BLS; US Employment and Training Administration

New Mexico is seeing the same story – labor markets are struggling, affordability challenges rising again, and concentrated activity in construction.



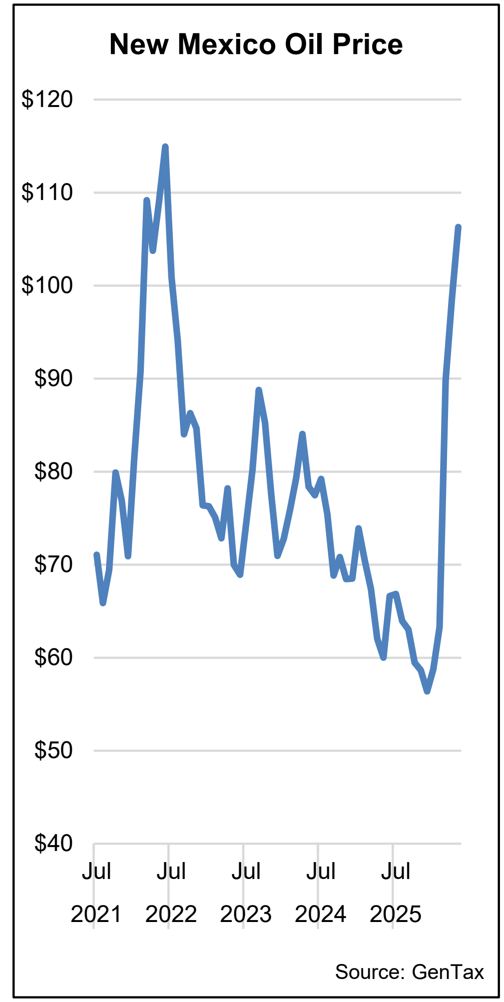
Revenues boosted by high oil prices, which are exhibiting high volatility with external events.



Fiscal Year	2026	2027	2028
	Actual	***Forecast***	***Forecast***
Gross Oil Price ($/bbl)	$72.00	$75.50	$71.00
Oil Volume (MMbbls)	835	875	895
Oil Volume (MMbbls/day)	2.29	2.40	2.45
Gross Natural Gas Price ($/mcf)	$2.70	$2.80	$3.10
Net Natural Gas Price ($/mcf)*	$1.65	$1.80	$2.01
Natural Gas Volume (bcf)	4,555	4,820	5,010
Natural Gas Volume (bcf/day)	12.48	13.21	13.73

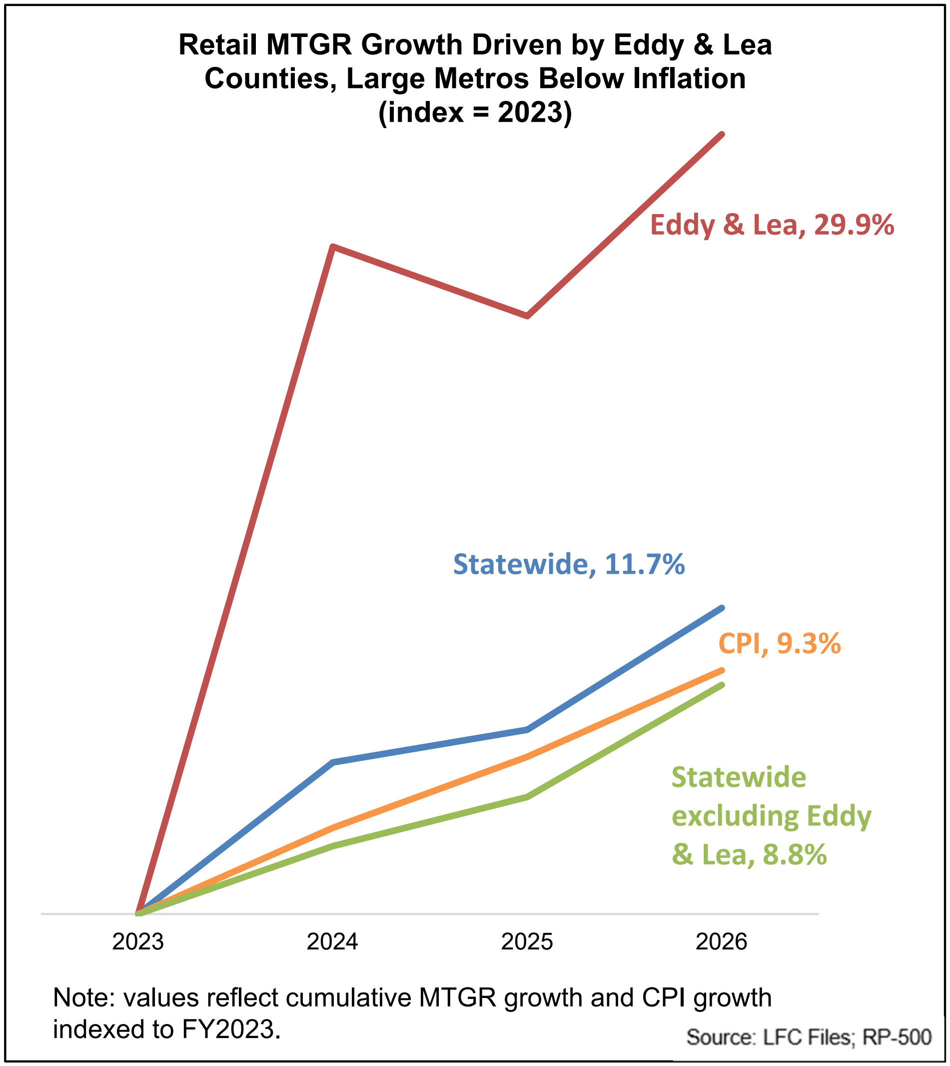
* Net prices are based on the taxable value of the product after deductions for transportation, processing, and royalties.

Source: August 2026 CREG

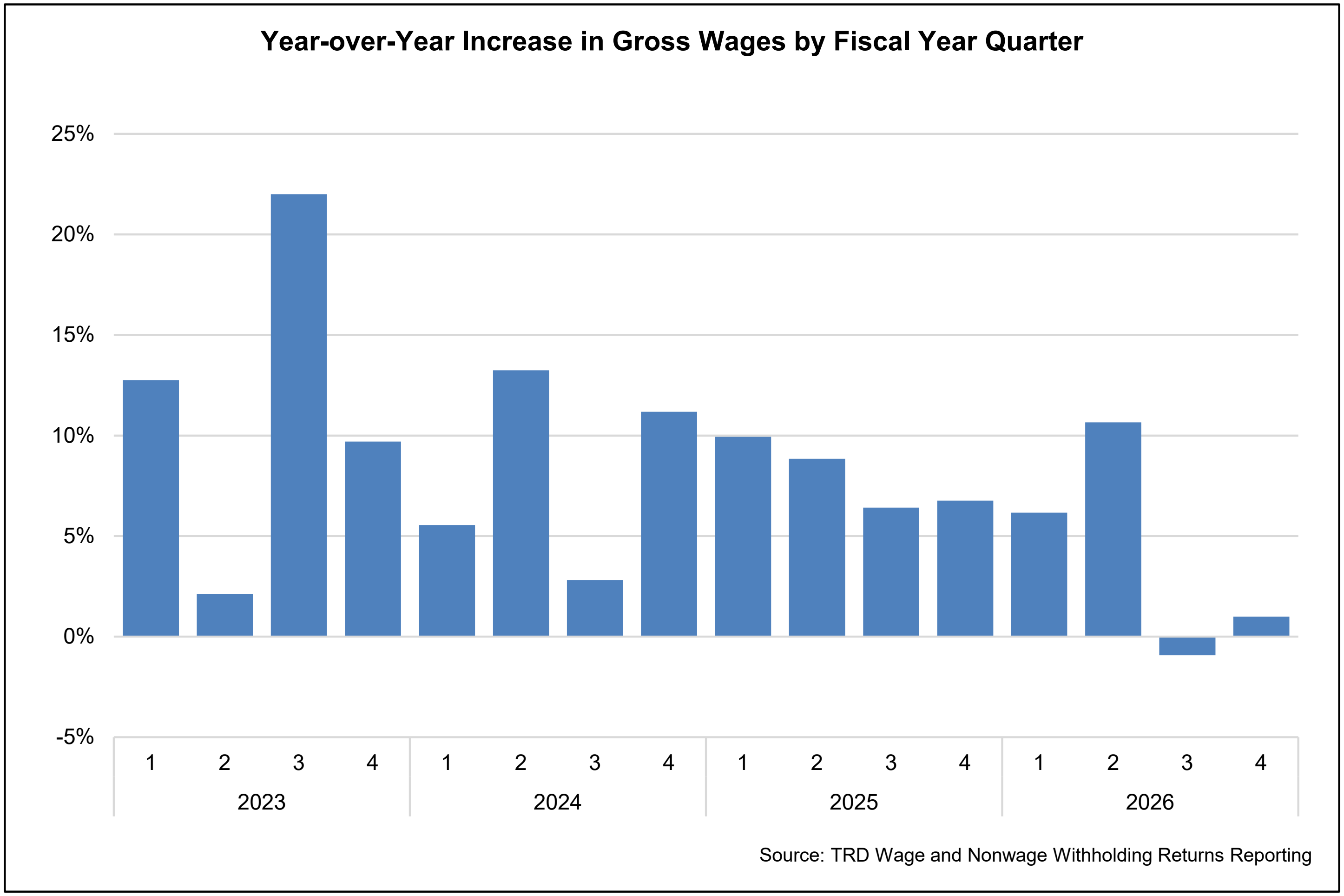


REVENUES

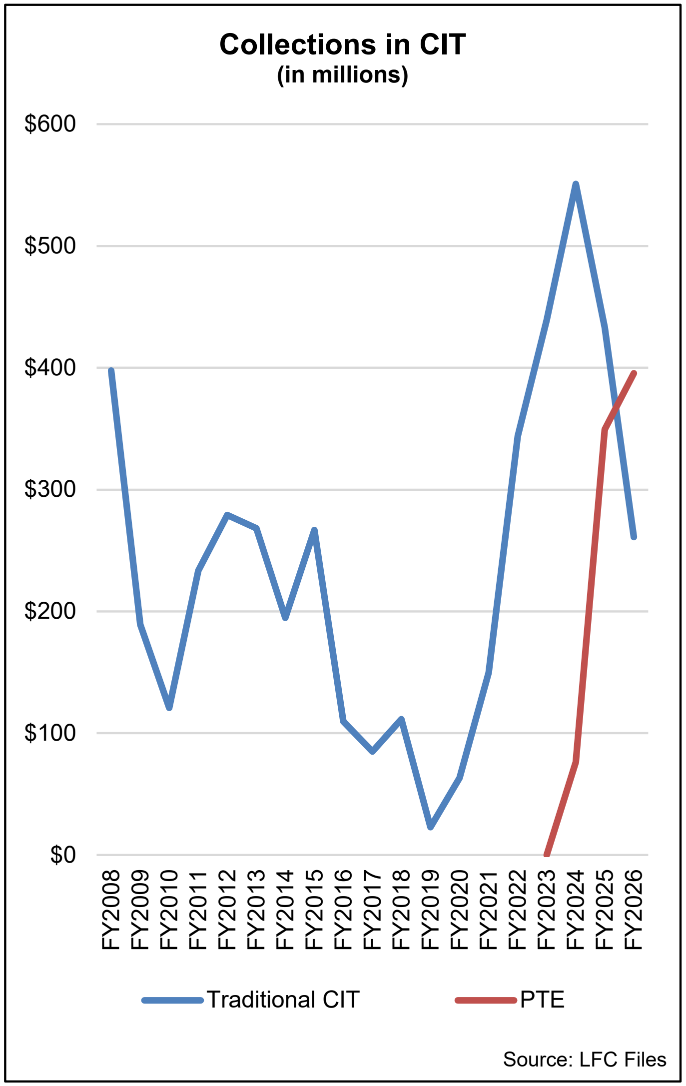
GRT is boosted by inflation and construction. Geographic concentration risks and disproportionate gains remain a concern.

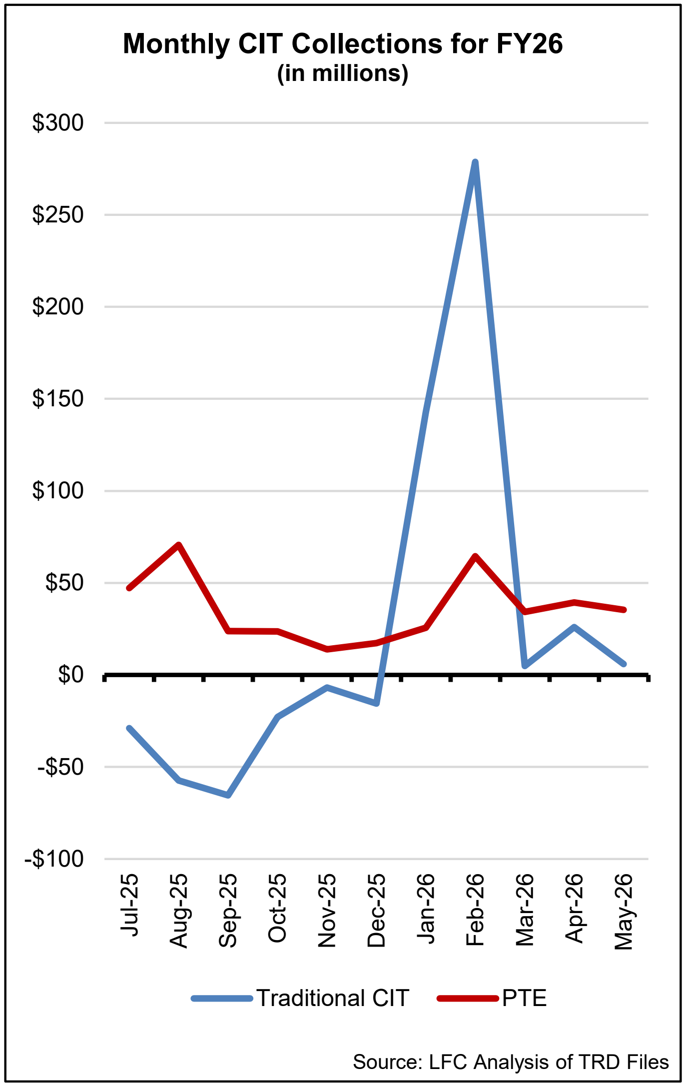


Personal income taxes are moving sideways – employment weakness is translating into slow growth.



Traditional corporate income taxes have fallen, as expected, but pass-through entity payments are ballooning.

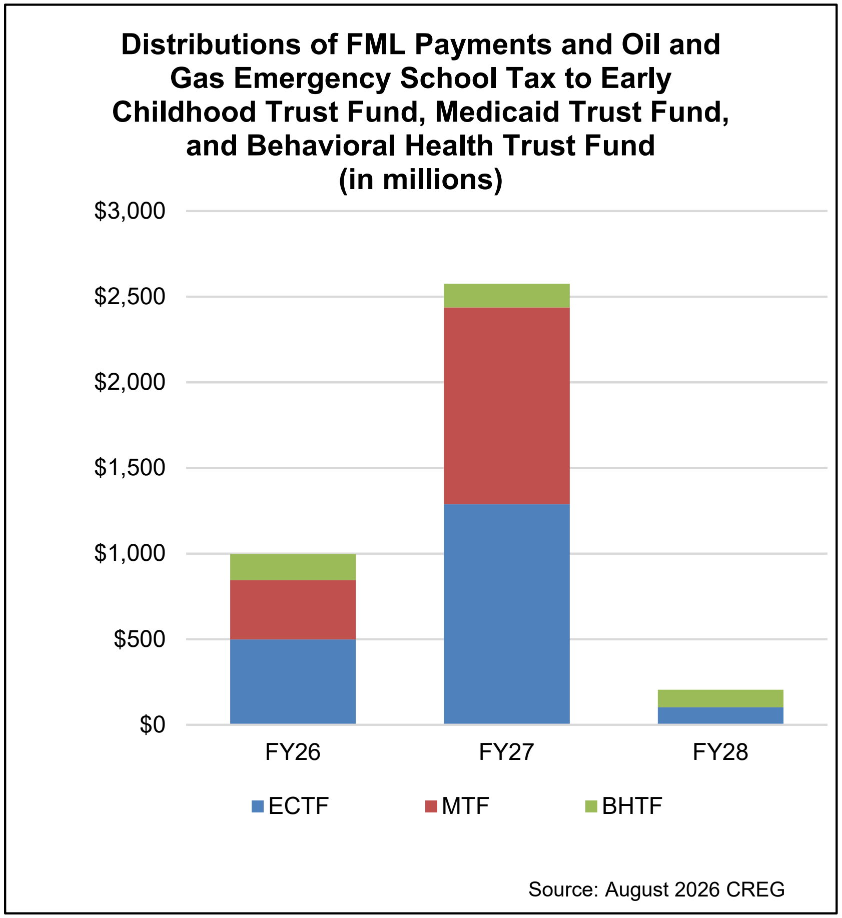




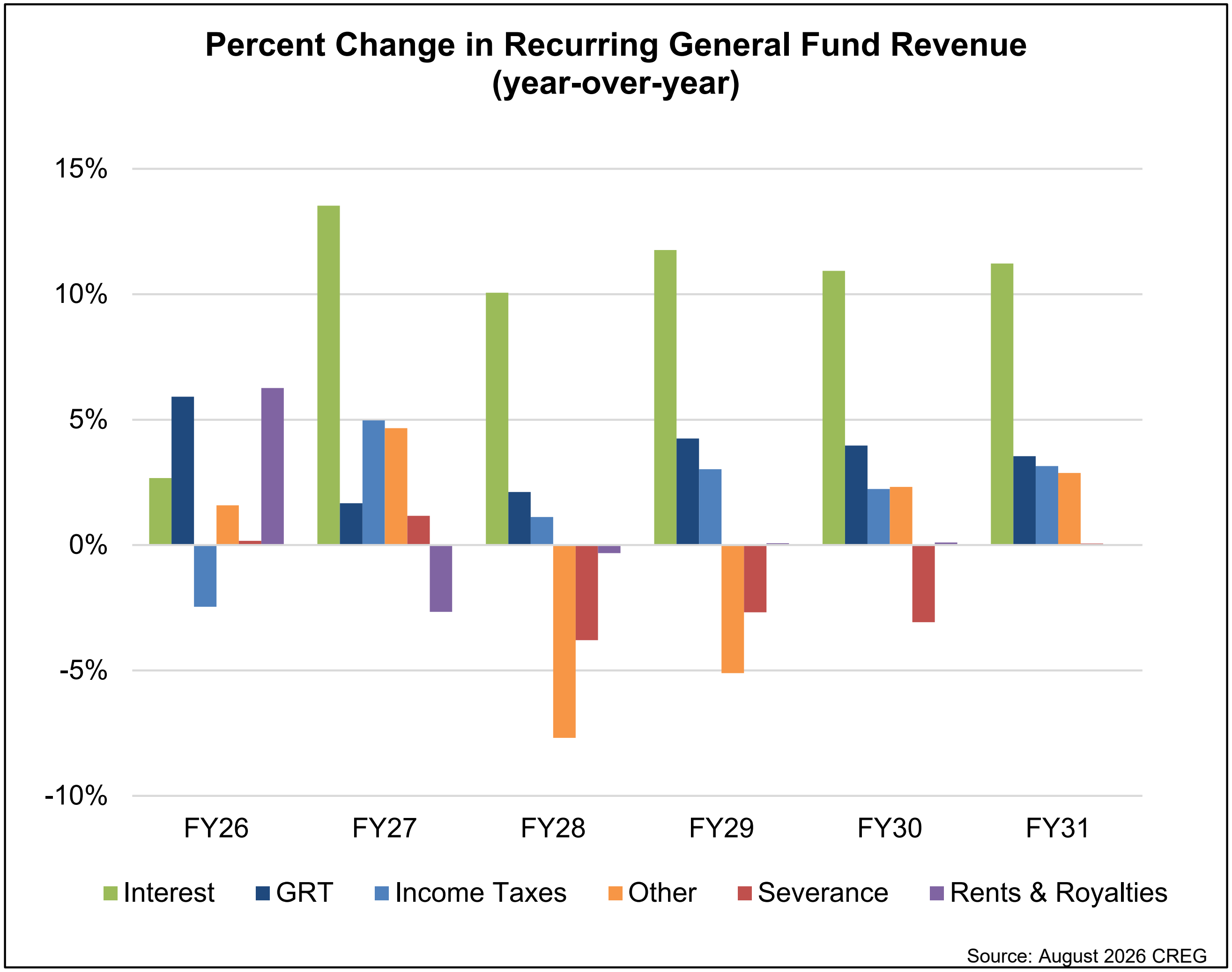
Higher oil prices are translating into higher revenues, but for whom?

Based on the August 2026 estimate for direct oil and gas revenues (production taxes and federal royalties),

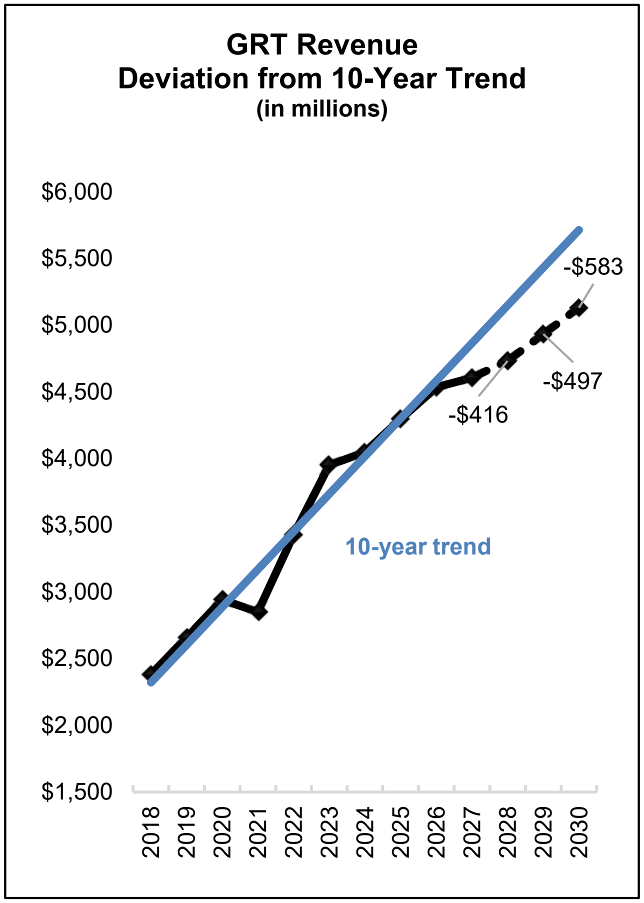
- A $1 change in the annual average NM price of oil has about a $56.45 million impact on total state revenues.

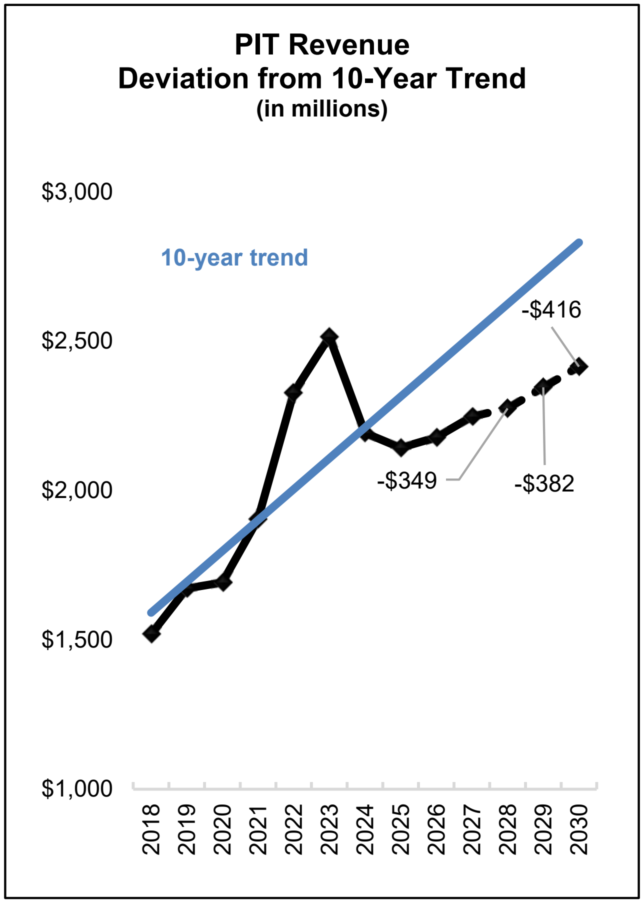


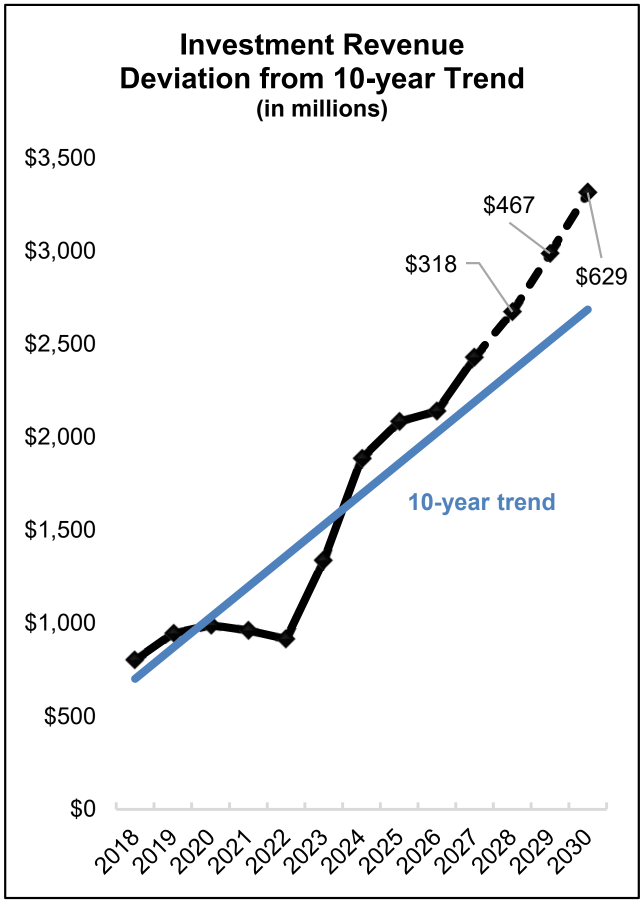
Investment earnings remain the bright spot, providing the fast growing and most stable revenues to budget.



Revenues are falling below their trend – except for investments that are lifting revenues.



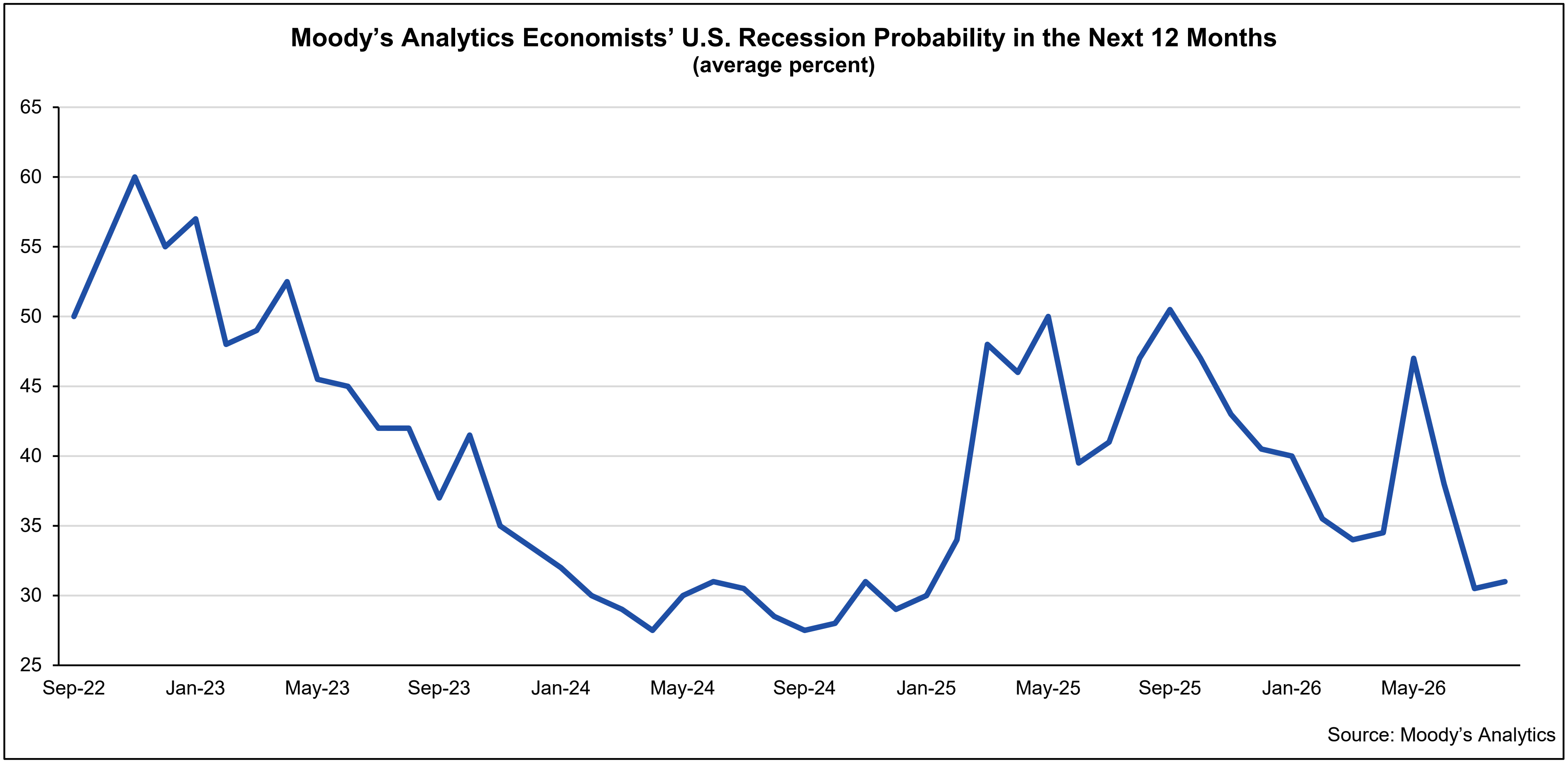




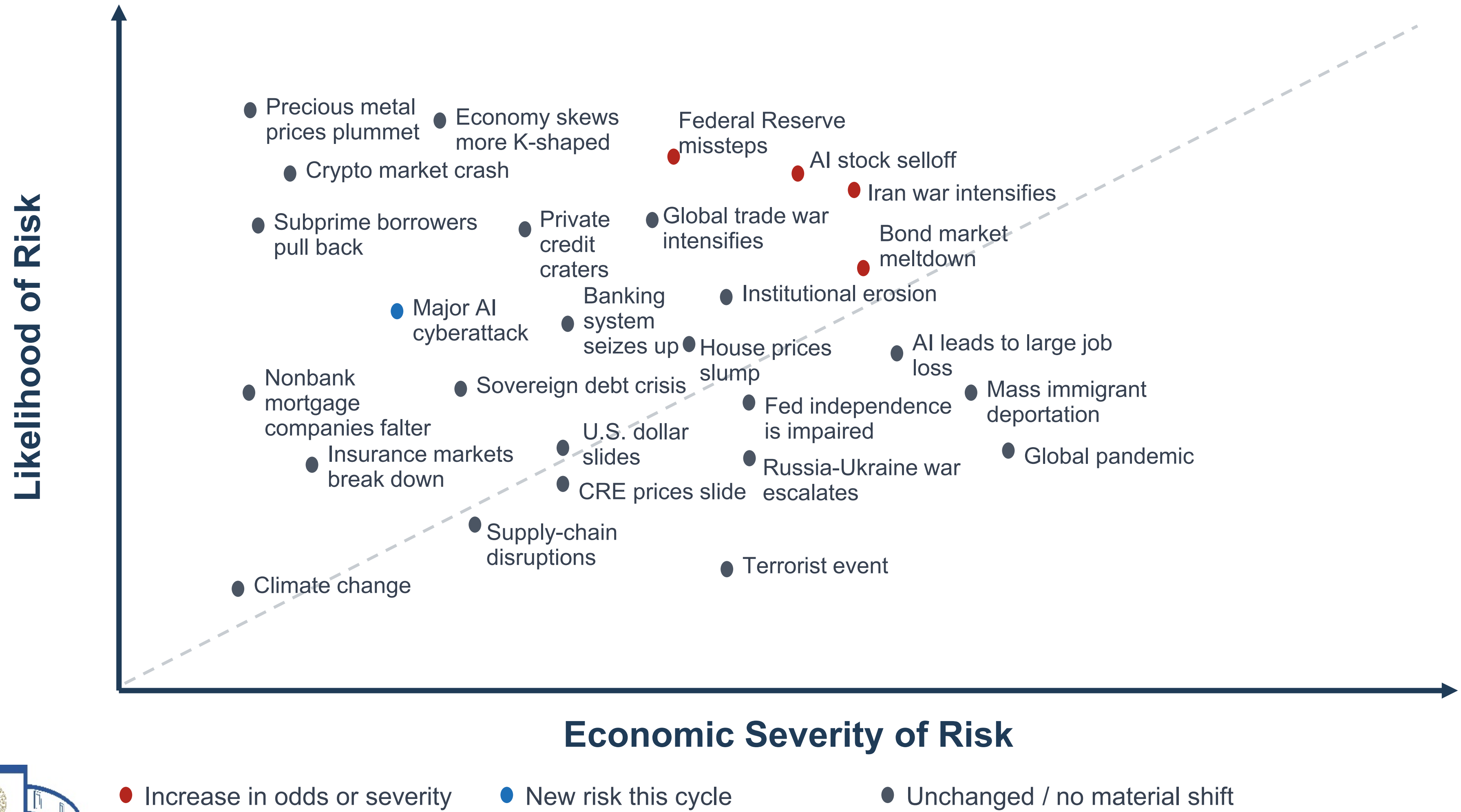
Source: August 2026 CREG

FORECAST RISKS

Recession probabilities are down from recent levels.

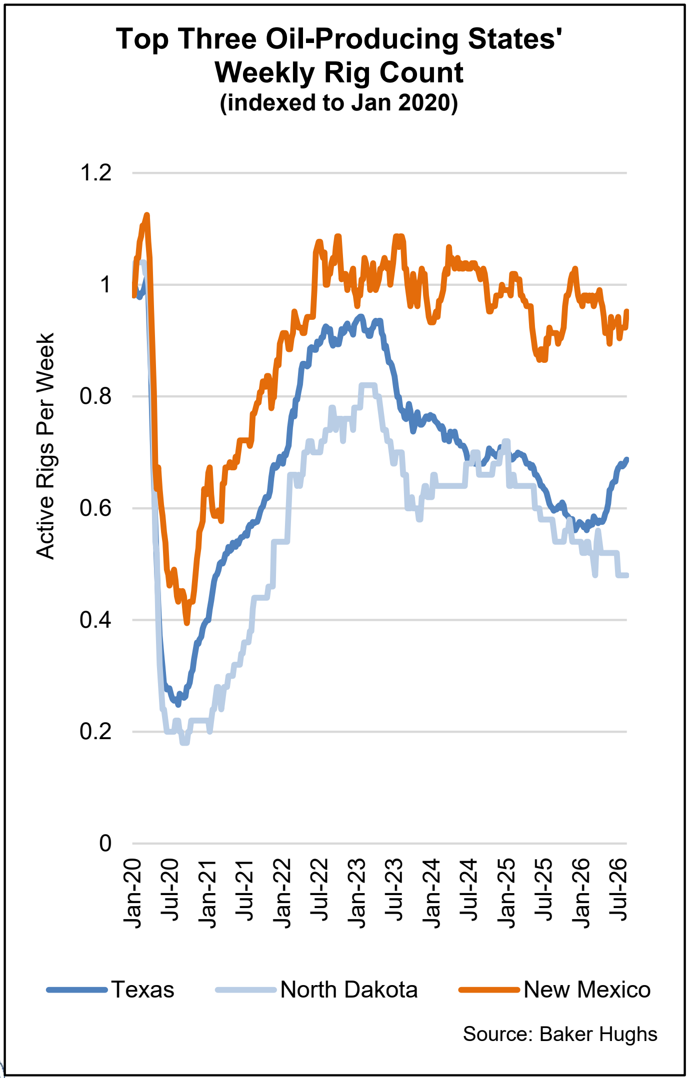


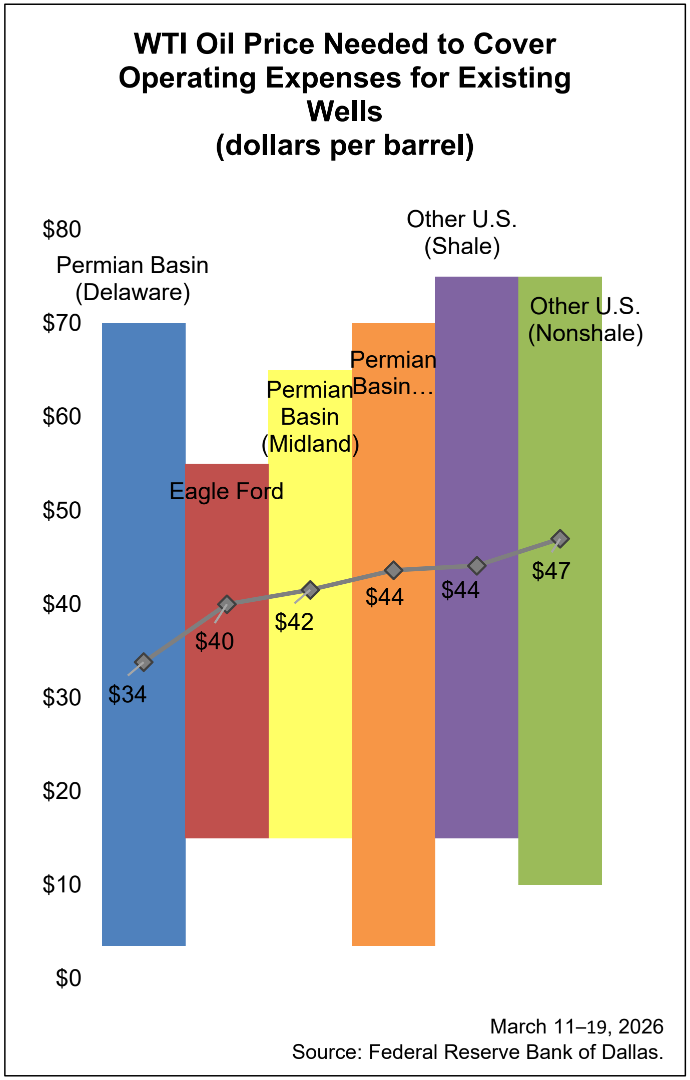
Risks are spread but interrelated shocks provide the most concern.



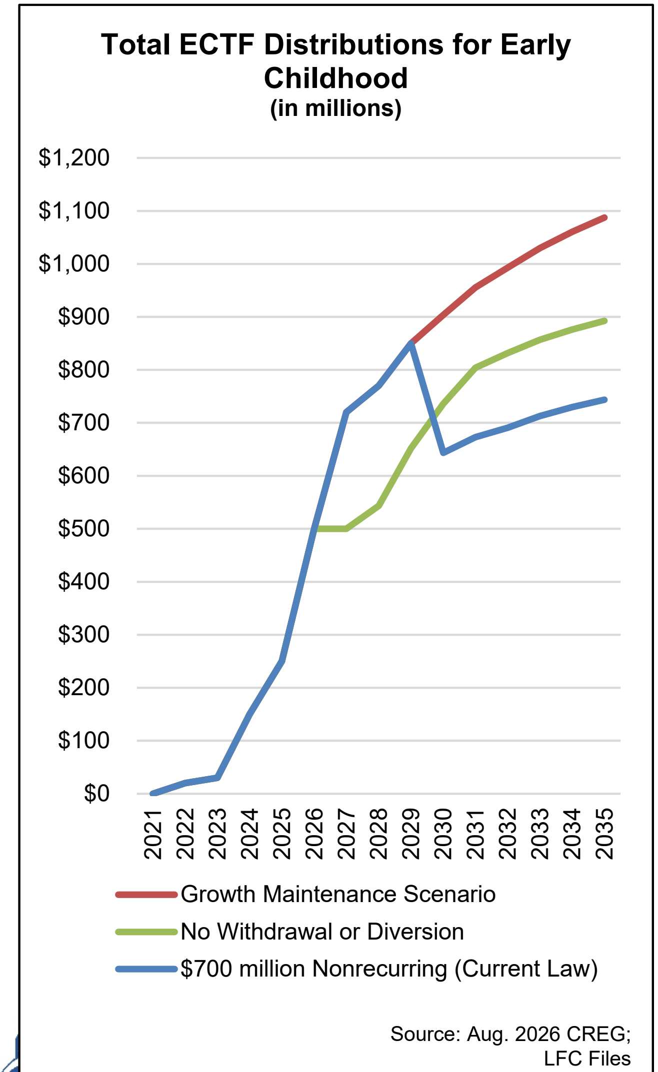
Source: Moody's Analytics, "U.S. Road to Recession: Shaky Ground," August 12, 2026. Adapted by LFC.

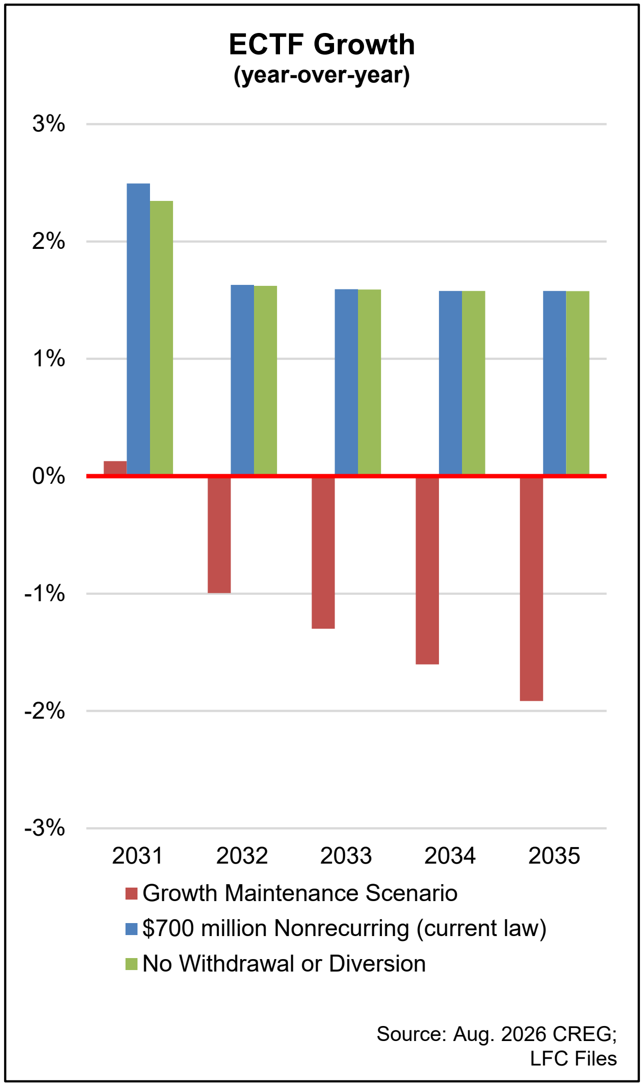
Oil holding up for now, but lower prices could arrive quickly.

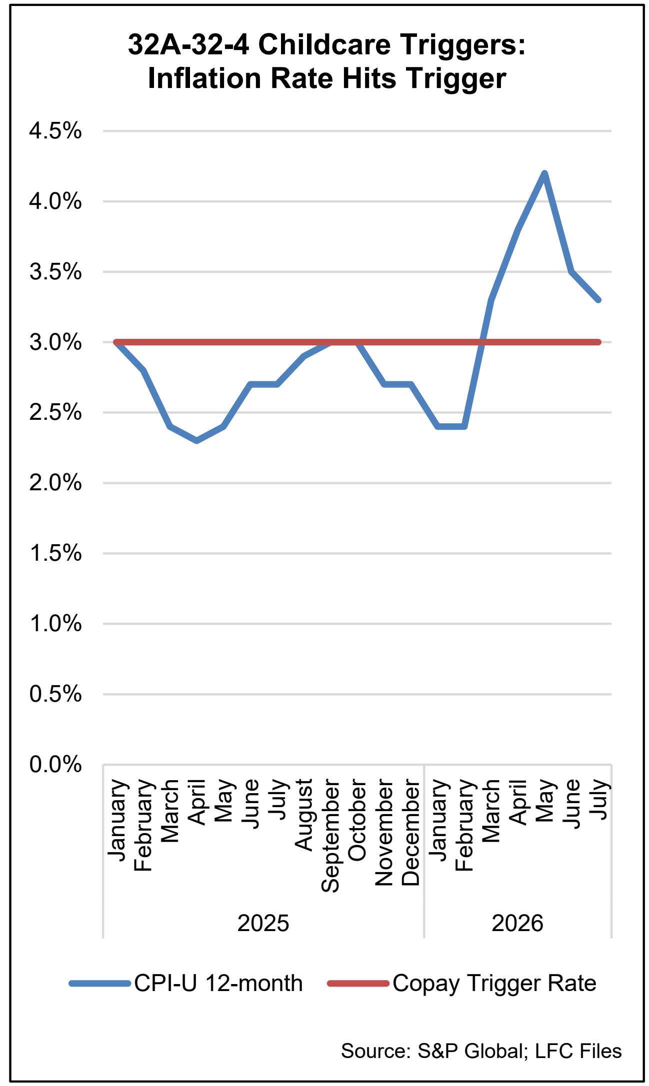




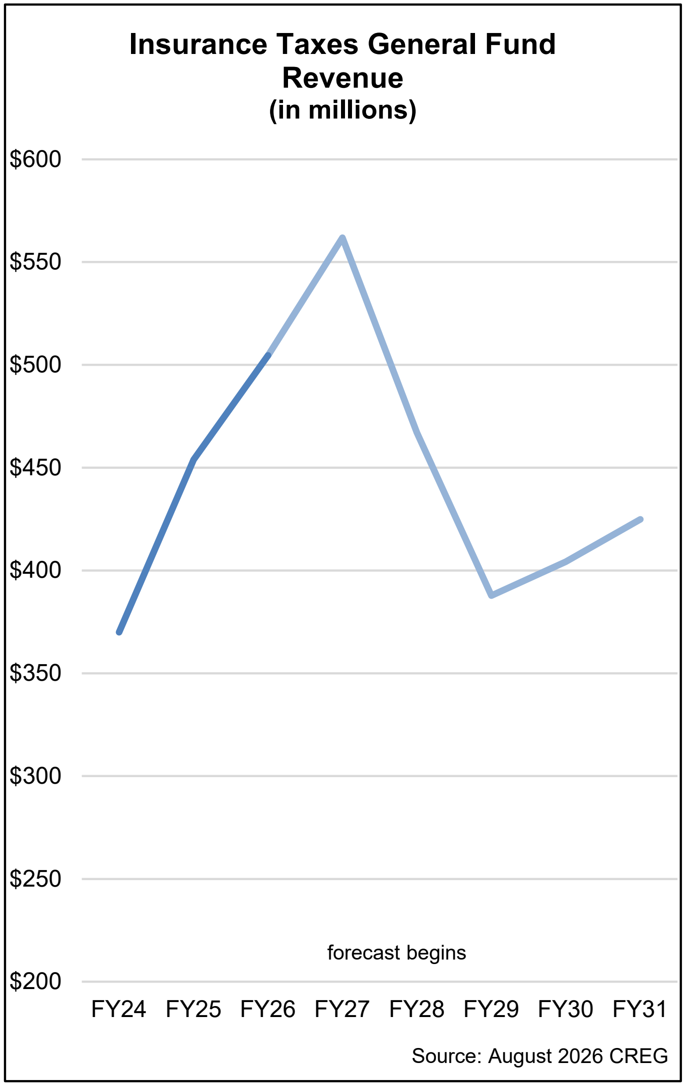
Once seen as over funded, new demands on the early childhood trust fund plus new intercepts in revenues put the fund at risk.

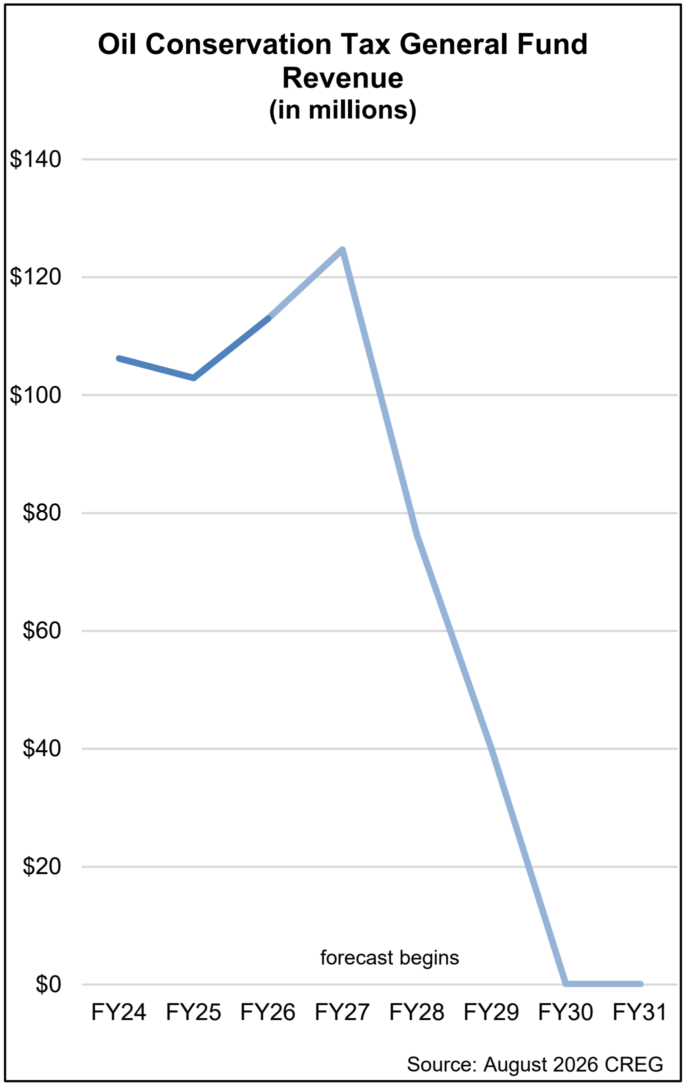






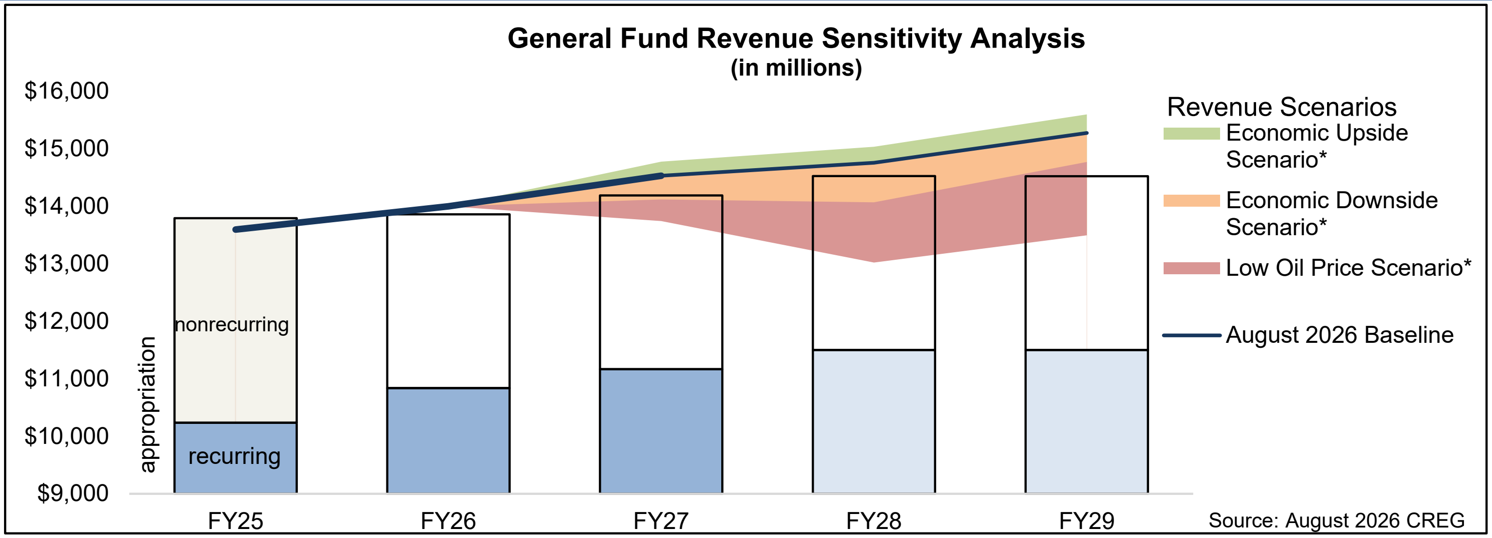
Steep earmarks are causing cliff effects that cut revenue growth nearly in half.





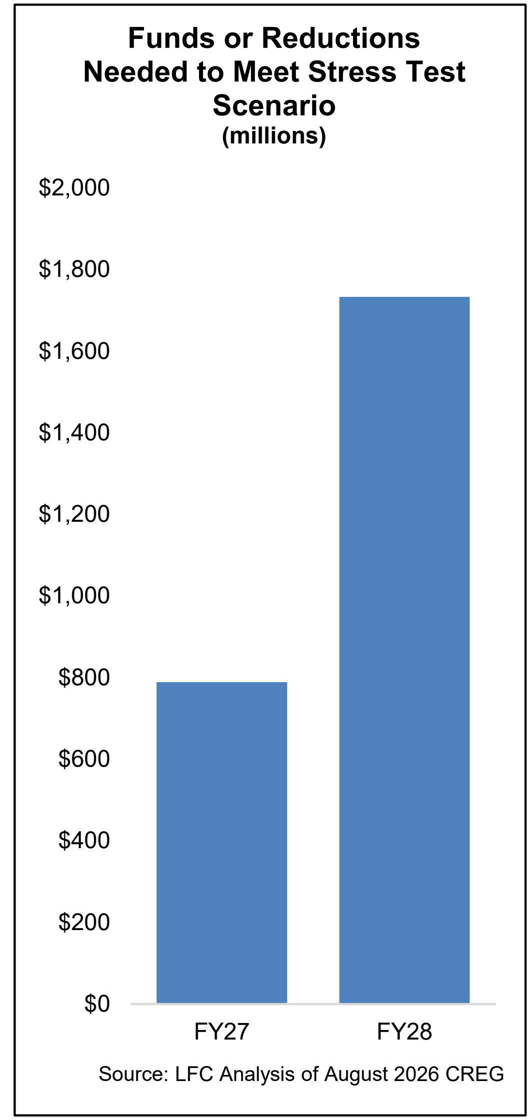
STRESS TESTING

Total reserves are sufficient for a short-term downturn.



		S8: Low Oil Price			S3: Economic Downside			S1: Economic Upside			
	Scenario	FY27	FY28	FY29	FY27	FY28	FY29	FY27	FY28	FY29	
1	Severance Taxes to GF	-$61	-$377	-$270	-$23	-$28	-$11	-$1	$0	$1	1
2	Federal Mineral Leasing to GF	$0	-$250	-$281	$0	$0	$0	$0	$0	$0	2
3	Gross Receipts Taxes	-$440	-$683	-$784	-$228	-$376	-$263	$44	$83	$125	3
4	Corporate Income Taxes	-$163	-$220	-$210	-$52	-$111	-$118	$138	$126	$112	4
5	Personal Income Taxes	-$125	-$203	-$234	-$109	-$172	-$111	$65	$71	$87	5
6											6
7	General Fund Difference from Baseline	-$789	-$1,733	-$1,779	-$412	-$687	-$503	$246	$280	$324	7
8	*General Fund Percent of Total Impact*	*26%*	*40%*	*38%*	*40%*	*32%*	*30%*	*93%*	*83%*	*77%*	8
9											9
10	Severance Taxes to TSR or ECE	-$277	-$205	-$283	-$277	-$205	-$245	-$23	$16	$64	10
11	Severance Taxes to STPF	-745	-$806	-$840	-14	-$448	-$187	2	-$2	$1	11
12	Federal Mineral Leasing to ECE	-$1,246	$0	-$32	-$315	$0	-$32	$38	$0	$17	12
13	Federal Mineral Leasing to STPF	$0	-$1,601	-$1,764	$0	-$820	-$704	$0	$43	$16	13
14	TSR/ECE Transfers Diff. from Baseline	-$2,267	-$2,612	-$2,919	-$607	-$1,473	-$1,167	$17	$58	$98	14
15	*TSR/ECE/STPF Transfers Percent of Total Impact*	*74%*	*60%*	*62%*	*60%*	*68%*	*70%*	*7%*	*17%*	*23%*	15
16	Total Difference from Baseline	-$3,056	-$4,345	-$4,698	-$1,019	-$2,160	-$1,670	$263	$337	$422	16

Note: in millions



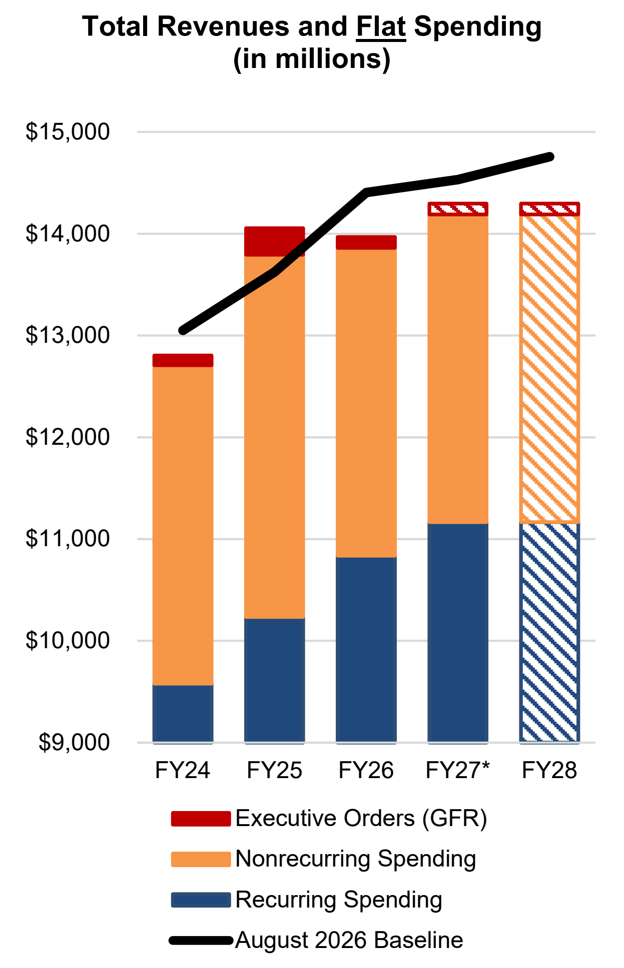
GENERAL FUND FINANCIAL OUTLOOK

Revenue moderation arrived as expected. Tradeoffs remain between revenue changes, nonrecurring spending, and recurring spending.

LFC FY28 Capacity Estimate
(in millions)

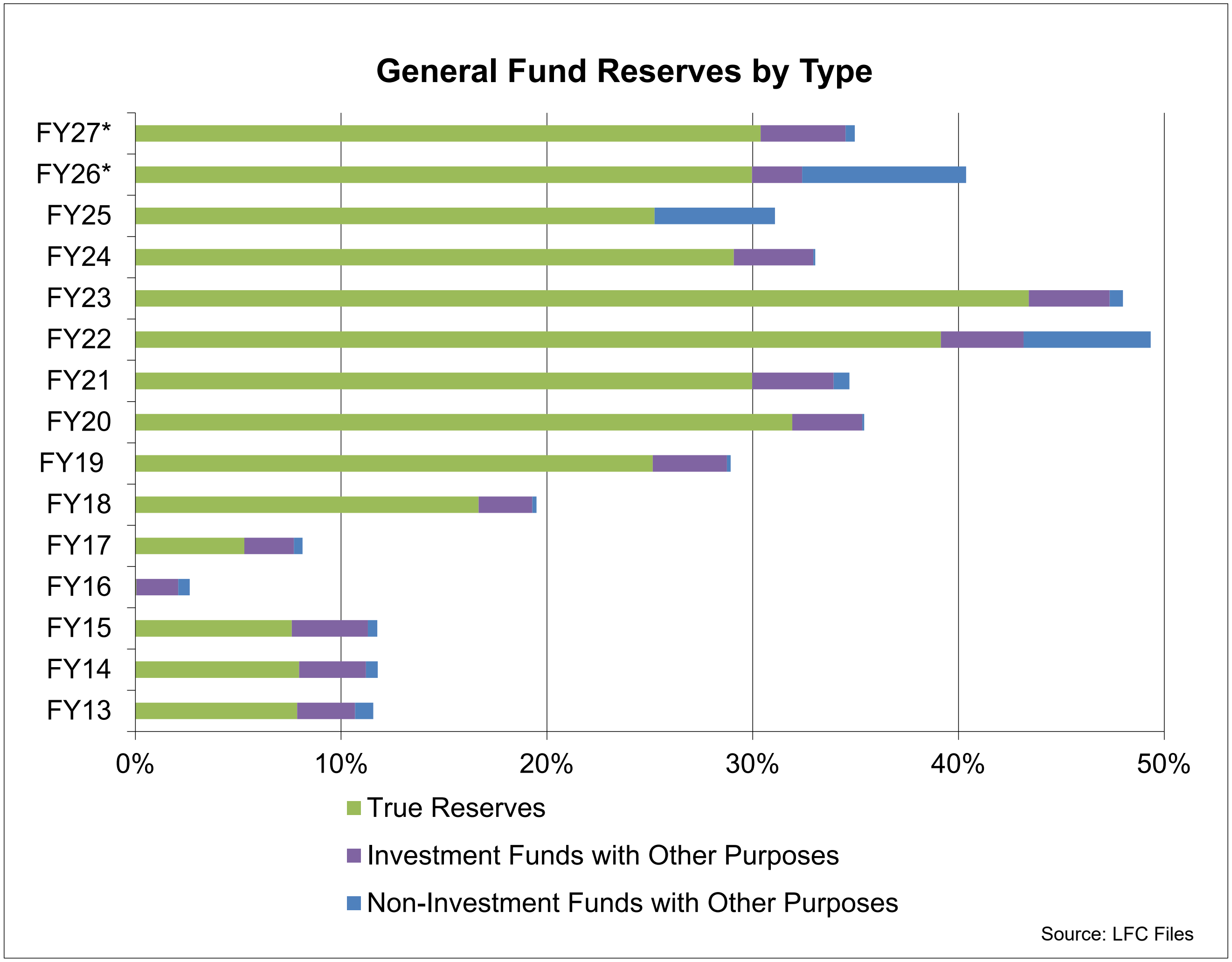
1	FY28 recurring revenue	$14,756.3
2	Recurring appropriations (flat from previous year)	$11,165.8
3	Nonrecurring appropriations (flat from previous year)	$2,666.3
4	Executive orders (flat from previous year)	$155.0
5	Surplus/(Shortfall) (line 1 less lines 2, 3 & 4)	$769.2

Source: LFC Analysis of August 2026 CREG



Source: 2026 Aug CREG, LFC Analysis

Total reserves are overinflated with funds used for other purposes.



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QUESTIONS?