MINUTES
of the
SECOND MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE

September 14-15, 2026
State Capitol, Room 307
Santa Fe

The second meeting of the Revenue Stabilization and Tax Policy Committee was called to order by Representative Derrick J. Lente, chair, as a subcommittee on September 14, 2026 at 9:02 a.m. in Room 307 of the State Capitol in Santa Fe. The committee achieved a quorum at 12:49 p.m.

Present
Rep. Derrick J. Lente, Chair
Sen. Carrie Hamblen, Vice Chair
Sen. Heather Berghmans (9/15)
Sen. Pete Campos
Rep. Christine Chandler
Rep. Mark Duncan
Rep. Doreen Y. Gallegos
Sen. George K. Muñoz (9/14)
Rep. Cristina Parajón
Sen. William E. Sharer
Sen. Peter Wirth

Absent
Sen. Craig W. Brandt
Rep. Micaela Lara Cadena
Sen. Natalie Figueroa
Rep. Patricia A. Lundstrom
Rep. Mark B. Murphy
Sen. Gabriel Ramos
Rep. Luis M. Terrazas

Designees

Sen. Antonio Maestas
Rep. Alan T. Martinez
Rep. Kristina Ortez
Sen. Antoinette Sedillo Lopez
Rep. Elaine Sena Cortez
Sen. James G. Townsend

Special Advisory Members
Rep. Rod Montoya
Sen. Rex Wilson (9/14)

Guest Legislator
Sen. Roberto "Bobby" J. Gonzales (9/15)

(Attendance dates are noted for those members not present for the entire meeting.)

Staff
Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Ric Gaudet, Researcher, LCS
Sabina Gaynor, Staff Attorney, LCS
Clinton Turner, Fiscal Policy Analyst, LCS

Guests
The guest list is in the meeting file.

Handouts
Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast
The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, September 14

Revenue Forecast (9:13 a.m.)
Ismael Torres, chief economist, Legislative Finance Committee (LFC); Stephanie Schardin Clarke, secretary, Taxation and Revenue Department; and Leo Delgado, chief economist, Department of Finance and Administration, presented the latest revenue estimate developed by the Consensus Revenue Estimating Group. Ms. Schardin Clarke began by discussing macroeconomic trends in the nation and in New Mexico, including gross domestic product, non-farm employment and unemployment rates, inflation and interest rates and oil prices. She also discussed New Mexico oil and natural gas production, gross receipts tax (GRT) revenue, personal income tax revenue, corporate income tax revenue and severance tax revenue, royalties and investment income.

Mr. Delgado discussed General Fund estimates, including increases in revenues since the December 2025 estimate for the current and near future fiscal years, totaling $1.8 billion. Total "new money" for fiscal year 2028, which is calculated by subtracting fiscal year 2028 estimated revenue from fiscal year 2027 appropriations, is estimated to be $924 million. General Fund revenues for the current fiscal year are estimated to be $14.5 billion and fiscal year 2027 revenues at $14.7 billion.

Mr. Torres said that most of the increase in state revenues can be attributed to investment income and oil and gas revenues, which hide the weaker growth in economic growth overall. The only bright spot in other sectors, both nationally and in the state, come from artificial intelligence-related activities that, in New Mexico, have caused a spike in construction activities. Such a concentration of revenues coming

from volatile industries is a concern, he said. The presentation materials can be found here:

https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/14/2026&ItemNumber=1.

State Road Fund Revenue Sources and a Comparison to How Other States Fund Transportation Infrastructure (10:27 a.m.)

Michael Morrison, chief economist, Department of Transportation (DOT), discussed funding issues related to highway construction and maintenance. He said that the State Road Fund is the primary funding source for state and local transportation projects and it is expected to receive approximately $650 million in revenues in the current fiscal year. Although the gasoline tax and the special fuel excise tax have historically been the most important revenue streams to the fund, increases in vehicle fuel efficiency and a stagnant tax rate for decades have meant that fewer dollars, adjusted for inflation, are available for transportation projects. The weight distance tax is expected to provide more revenue to the fund in fiscal year 2027, overtaking the gasoline tax as the primary funding source for the fund. Mr. Morrison also discussed other transportation funding sources and funds, including vehicle registration fees, the motor vehicle excise tax, the Highway Infrastructure Fund, the State Aviation Fund, the Local Governments Road Fund and the Transportation Project Fund. The presentation materials can be found here:

https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/14/2026&ItemNumber=2.

State Land Office (SLO): Renewable Energy Revenue (12:40 p.m.)

Sunalei Stewart, deputy commissioner, SLO, and Grady Barrens, director, Renewable Energy Office, SLO, discussed the increasing renewable energy portfolio and income from renewable energy projects on state trust land. They said that since 2019, the SLO has realized more than 1,000 percent revenue growth from renewable energy projects. Of the current 55 projects, the SLO expects to receive nearly $2.5 billion in revenue over 40 years. Currently, 4,195 megawatts of wind and solar electricity are under lease with the SLO, which is enough power for approximately 2 million homes. The SLO is actively pursuing development of geothermal resources on state trust lands, as well as energy storage projects. The presentation materials can be found here:

https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/14/2026&ItemNumber=3.

Adoption of Minutes

The minutes from the June 4, 2026 meeting of the committee were adopted without changes.

Local Government Finances Interactive Report (1:39 p.m.)

Rachel Mercer-Garcia, deputy director for program evaluation, LFC, and Matt Goodlaw, program evaluator, LFC, discussed the local government finance interactive tool developed by the LFC, which allows users to examine county financial information from all of New Mexico's 33 counties, including revenues from various taxes and fees imposed by a county, as well as county general fund and other fund balances. The presentation materials can be found here:

https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/14/2026&ItemNumber=4.

Recess

The meeting recessed at 2:03 p.m.

Tuesday, September 15

Reconvene

The meeting reconvened at 9:09 a.m.

Amending Motor Vehicle Excise Tax Distributions (9:13 a.m.)

Senator Gonzales presented proposed legislation that would increase distributions of the motor vehicle excise tax to the State Road Fund and the Transportation Project Fund, while reducing the distribution of revenues from the tax to the General Fund. The distribution changes would increase yearly distributions to the State Road Fund by $133 million and to the Transportation Project Fund by $19 million. He said that the changes to the distributions would allow the DOT to invest in more transportation projects across the state. The presentation materials can be found here:

https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/14/2026&ItemNumber=5.

Increasing the Gasoline Tax and the Special Fuel Excise Tax (9:32 a.m.)

Senator Gonzales presented proposed legislation that would increase the gasoline tax from $.17 to $.20 per gallon and the special fuel excise tax from $.21 to $.25 per gallon. The various distributions of the taxes would remain in the same percentage as they exist today. He said that the legislation would increase revenue annually to the State Road Fund by $47 million and to the Local Governments Road Fund by $9 million. The presentation materials can be found here:

https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/14/2026&ItemNumber=6.

Providing a GRT Deduction for Dyed Diesel (9:54 a.m.)

Senator Sharer presented proposed legislation that would repeal the current GRT credit for the purchase of dyed diesel for agricultural purposes and replace it with a deduction from gross receipts for the purchase of dyed diesel. He said that the current credit is complicated to manage and is not used by retailers very much and that replacing the credit with a deduction would simplify the process, as well as expand the incentive for all users who are allowed to purchase dyed diesel, which is restricted to off-road use. He also said that dyed diesel is generally subject to the GRT because it is exempt from the special fuel excise tax. The presentation materials can be found here:

https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/14/2026&ItemNumber=7.

Increasing the Amount of the New Solar Market Development Income Tax Credit (10:20 a.m.)

Senator Hamblen; Sanders Moore, chief of staff, President Pro Tempore's Office; and Jim DesJardins, executive director, Renewable Energy Industries Association of New Mexico, discussed proposed legislation that would increase the new solar market development income tax credit from 10 percent to 25 percent of the purchase and installation costs of a qualifying residential solar system. The credit currently is allowed for solar thermal and photovoltaic systems, but the proposed legislation would also include energy storage for photovoltaic systems. The presentation materials can be found here:

https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/14/2026&ItemNumber=8.

Adjournment

There being no further business before the committee, the meeting adjourned at 10:55 a.m.