

Consensus General Fund Revenue Outlook

Presentation to:
Legislative Finance Committee
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Outline

- Consensus Revenue Estimating Group Overview
- US/Global Macroeconomic Outlook
- New Mexico Macroeconomic Outlook
- Oil and Natural Gas Outlook
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- Personal Income Tax (PIT)
- Corporate Income Tax (CIT)
- Severance & Rents & Royalties
- General Fund Overview

Consensus Revenue Estimating Group

Participating Agencies

New Mexico Department of Finance and Administration

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U.S. & N.M. Baseline Forecasts

➤ **Moody's Analytics (November 2025 Baseline)**

- U.S. GDP growth: 2.3% (FY2025), 2.0% (FY2026), 1.9% (FY2027). Consumer spending remains the primary driver; federal government will provide little support, and trade will be a drag on economic growth
- U.S. labor market: Hiring slows but remains positive; unemployment rises toward the 4.8% range in 2026
- Inflation: Slightly elevated; the Fed is expected to continue to monitor the labor market, with a rate cut in December 2025 and several cuts in 2026. A weakening economy is expected to outweigh inflation concerns
- Energy Prices: Global trade war's reduction to global demand and well-supplied markets expected to modestly reduce prices
- Tariffs: U.S. effective tariff rate is closer to 12%, versus the 15% assumed in the July 2025 baseline
 - U.S. effective tariff rate was closer to 2% at the beginning of 2025
- Baseline includes the effects of the federal H.R. 1 (OBBBA)
- Moody's assumed a Federal Government Shutdown of no more than 7 weeks
- **The national economy will grow at below-trend growth in the near term and begin to rebound in 2027**

➤ **S&P Global (Oct 2025 forecast)**

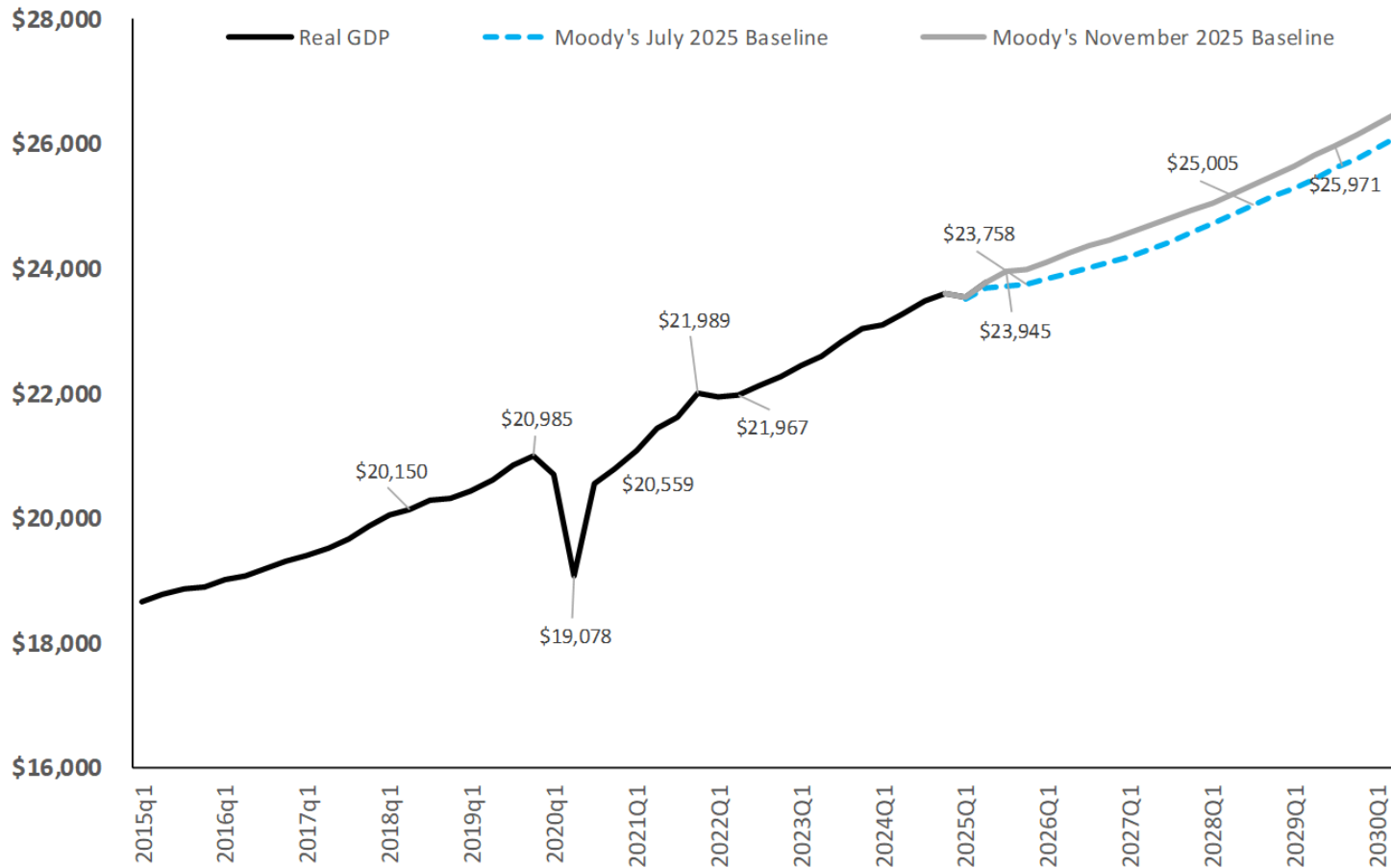
- Assumes Federal Reserve cuts federal fund rates by 25 points in both October (done) and December 2025 and then pauses cuts until June 2026. Assumes Fed reaches target range by September 2026.
 - Assumes slower pass-through of tariffs to consumer prices – and slimmer profit margins for firms – and thus slower rise in inflation
- National GDP growth for 2025 is forecasted at 2.0%, up from 1.4% in July 2025. Expectations for GDP growth for 2026 are at 2.2%, slightly above July 2025 expectations.
 - Growth in 2027 and 2028 remain below 2.0%, at 1.8% and 1.6% respectively, similar to July 2025 forecast
- Unemployment rate peak, now in 2026 versus 2027, at 4.5%, only 0.1% above current unemployment rate of 4.4%
- Assumes only a 2-week Federal Government Shutdown (see forecast risks) but fully incorporates H.R.1

➤ **UNM BBER Quarterly Forecast (Oct 2025)** employment growth in FY2026 and FY2027 revised from the July forecast, with FY2026 revised lower at 0.5% (versus 0.6%) and FY2027 revised upward at 0.6% (versus 0.2%). Both growth rates down from estimated growth in FY2025 of 1.1%

➤ Neither S&P Global nor UNM BBER have recession in their baseline forecasts

U.S. Real Gross Domestic Product (RGDP)

U.S. Real Gross Domestic Product: 2015Q1 to 2025Q2; Forecast 2025Q3-2030Q2
(billions of chained 2017 dollars)



Source: GDP in billions of chained 2017 dollars, retrieved from bea.gov.

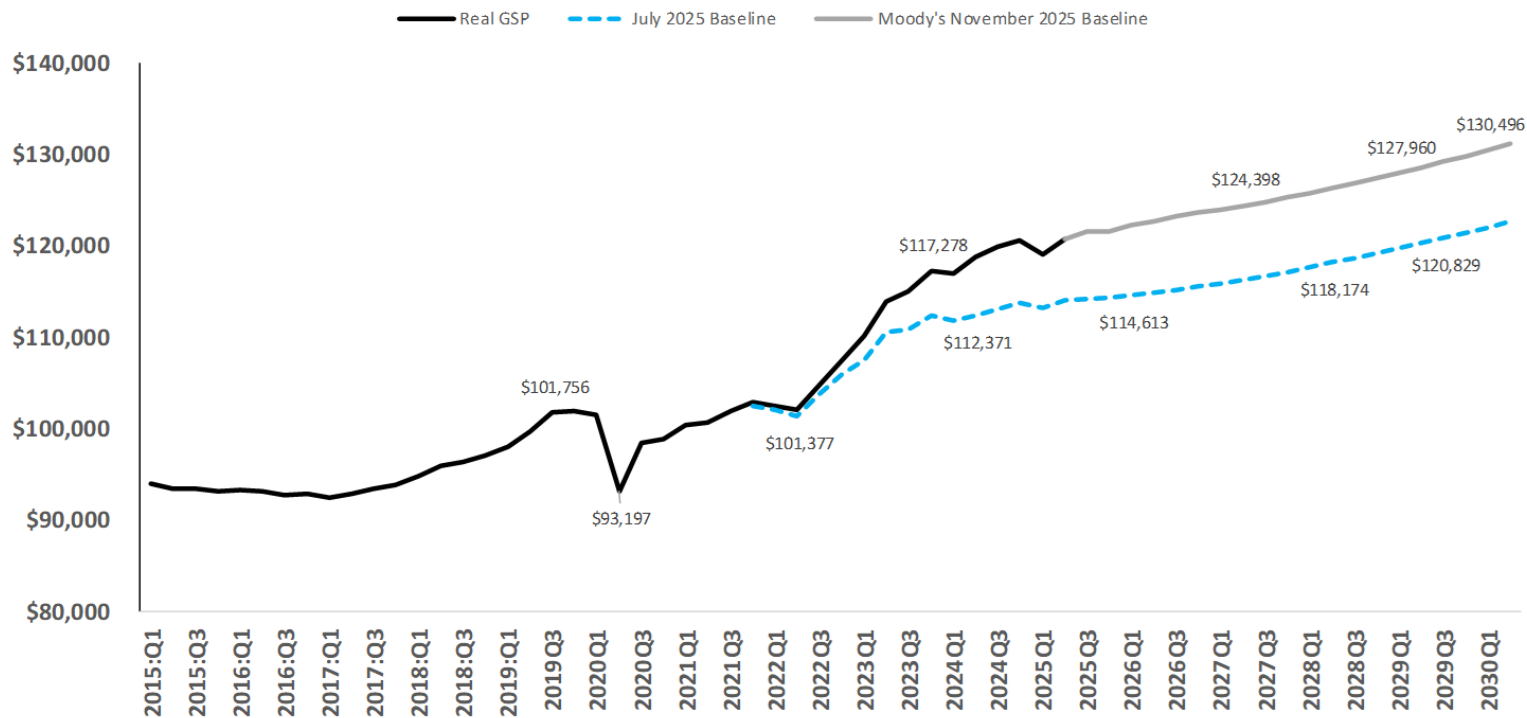
- CY 2025 Q2: Real GDP grew 3.8%, driven by increased consumer spending and reduced imports
- CY 2025 Q2: GDP was revised upward by 0.5% due to a decrease in imports and an acceleration in consumer spending.
- Forecasted growth is 2.3% in FY25 and 2.0% in FY26
- The government shutdown delayed some government spending and activity from 2025 to 2026

Reminder:

$$GDP = Consumption + Investment + Government Spending + Exports - Imports$$

N.M. Real Gross State Product (RGSP)

New Mexico Real Gross State Product 2015Q1-2025Q2, Moody's Forecast 2025Q3-2030Q2
(millions of chained 2017 dollars)

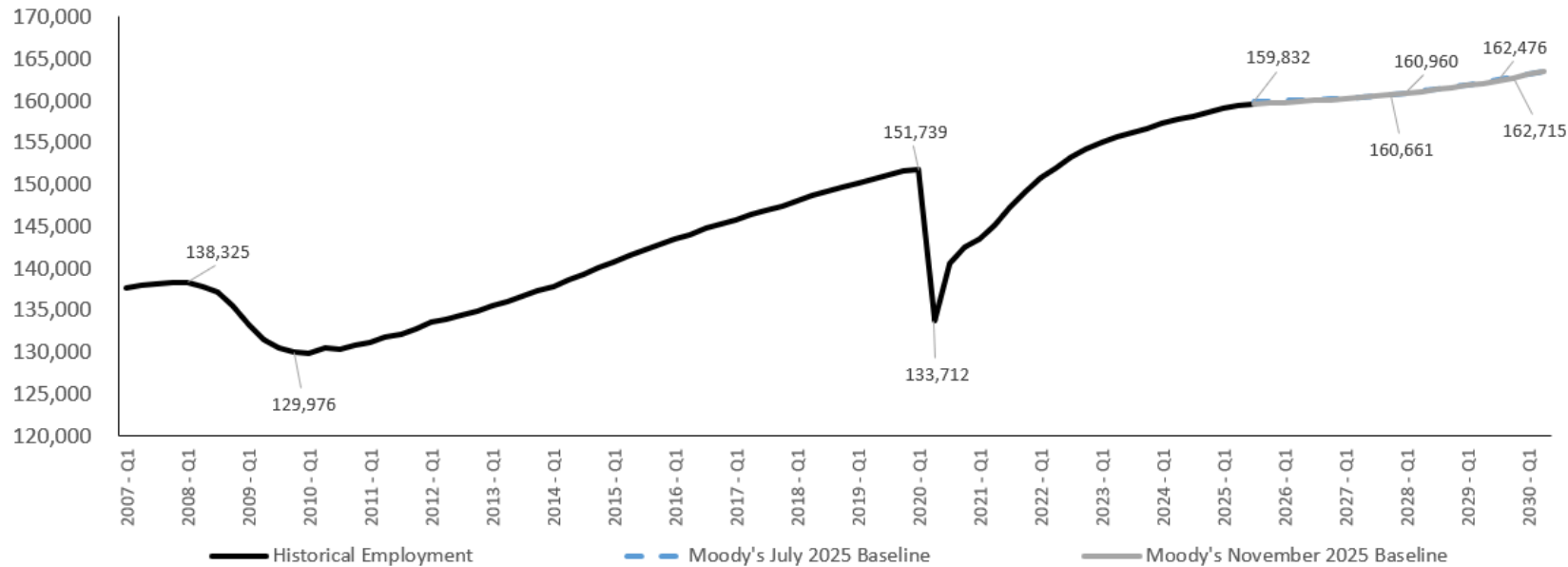


Source: Moody's November 2025 Baseline Scenario vs. Historical Values from the Bureau of Economic Analysis

- N.M. RGSP and Personal Income estimates from 2020 to 2025Q1 were revised on September 25, 2025
 - The November baseline data included the revised estimates
- Annualized growth from 2025Q1 to 2025Q2 was 5.7%
 - Leading contributors to the increase:
 - Agriculture, forestry, fishing, and hunting
 - Mining, quarrying, and oil and gas extraction
 - Manufacturing
 - Construction
- Forecasted annualized growth rates for RGSP through FY25 average 2.6%, slightly higher than the national annualized rate of 2.3% for FY25

U.S. Total Nonfarm Employment

U.S. Total Nonfarm Employment: 2007Q1 to 2025Q3, Moody's Forecast 2025Q4 to 2030Q2
(1,000s of jobs)



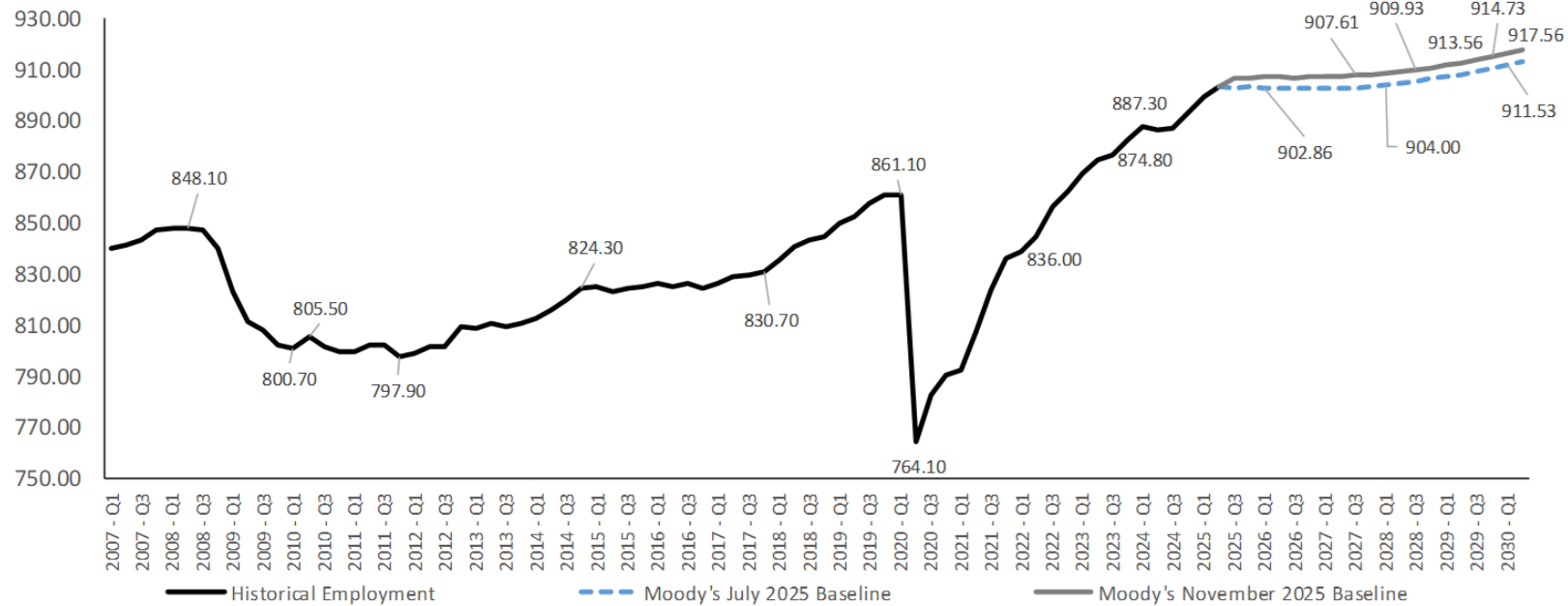
Source: Bureau of Labor Statistics

Note: BLS modified the release of employment data after the federal government shutdown concluded. Historical national employment levels are through 2025Q3 and state employment levels are through 2025Q2

- Total nonfarm employment increased by 119,000 in September 2025
- Year-to-date national monthly average job growth is +76,000 (January 2025 to September 2025)
- Employment gains occurred primarily in:
 - Health Services
 - Social Assistance
 - Food Services and Drinking Places
- U.S. labor market is showing signs of moderation:
 - Private sector adopting a more cautious outlook
- Labor force participation rate was 62.4% in September 2025 (vs. 62.6% in September 2024)

N.M. Total Nonfarm Employment

N.M.'s Total Nonfarm Employment: 2007Q1 to 2025Q2, Moody's Forecast 2025Q3 to 2030Q2
(1,000s of jobs)

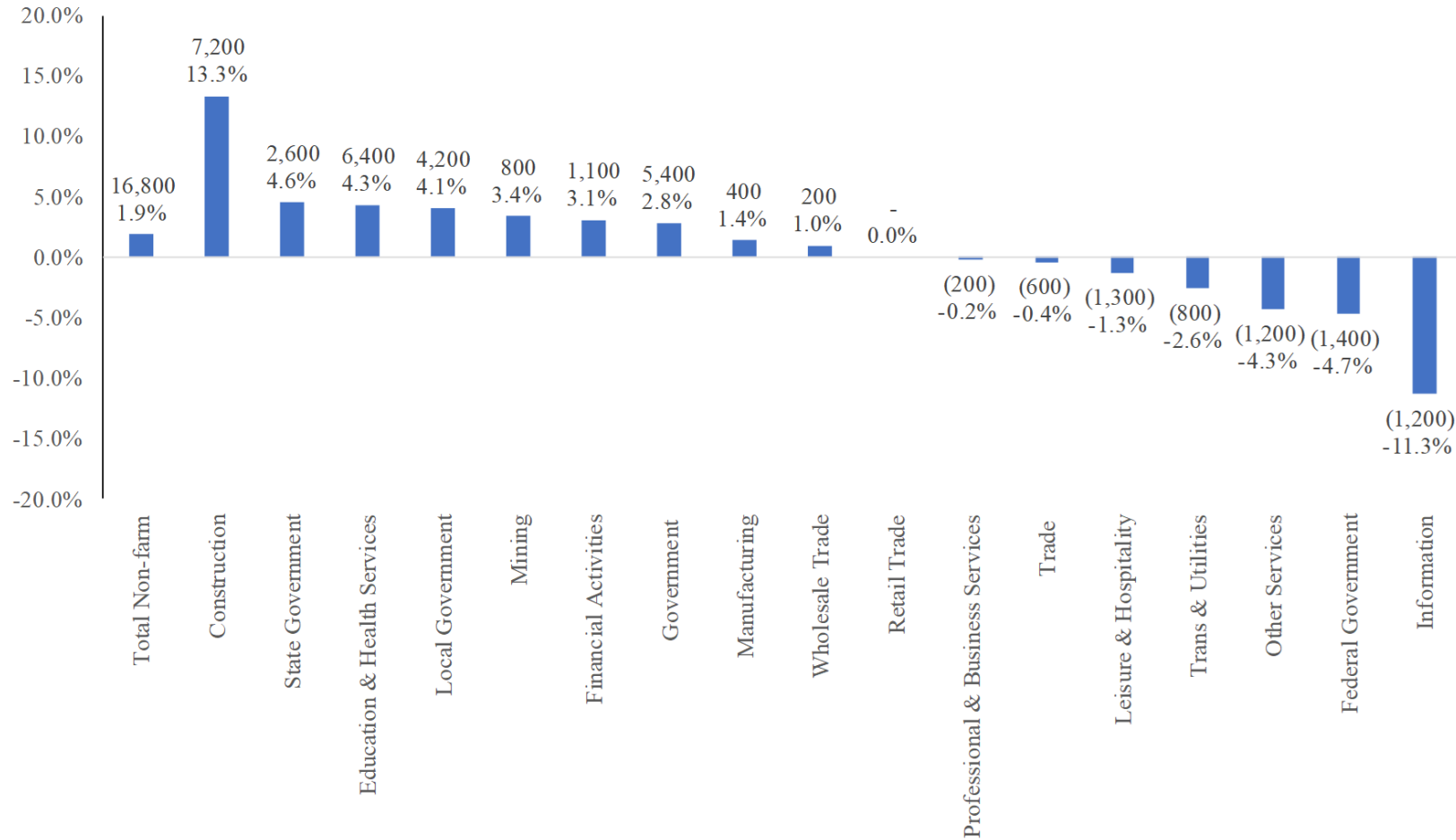


- N.M. forecasted and actual employment exceeded the previous estimate
- Employment gains averaged +1,137 jobs per month for CY2025 (Jan. 2025 to August 2025)
- New Mexico's employment decreased by 3,100 jobs in August 2025
- Employment grew by 2.0% in FY24, with projected growth of 1.4% in FY25, 1.2% in FY26, and 0.02% in FY27
- Labor force participation rate was 57.7% in August 2025 (vs. 57.7% in August 2024)

Source: Bureau of Labor Statistics

N.M. Year-Over-Year Employment by Sector

Percent Change and Level Change in Nonfarm Employment in N.M. by Sector
August 2024 to August 2025



➤ N.M. employment grew by 1.9% (16,800 jobs) from August 2024 to August 2025

➤ Growth was across most sectors and notable gains were in:

- Construction (+7,200)
- Financial Activities (+1,100)
- State Government (+2,600)
- Education and Health Services (+6,400)
- Mining (+800)

➤ Losses were in:

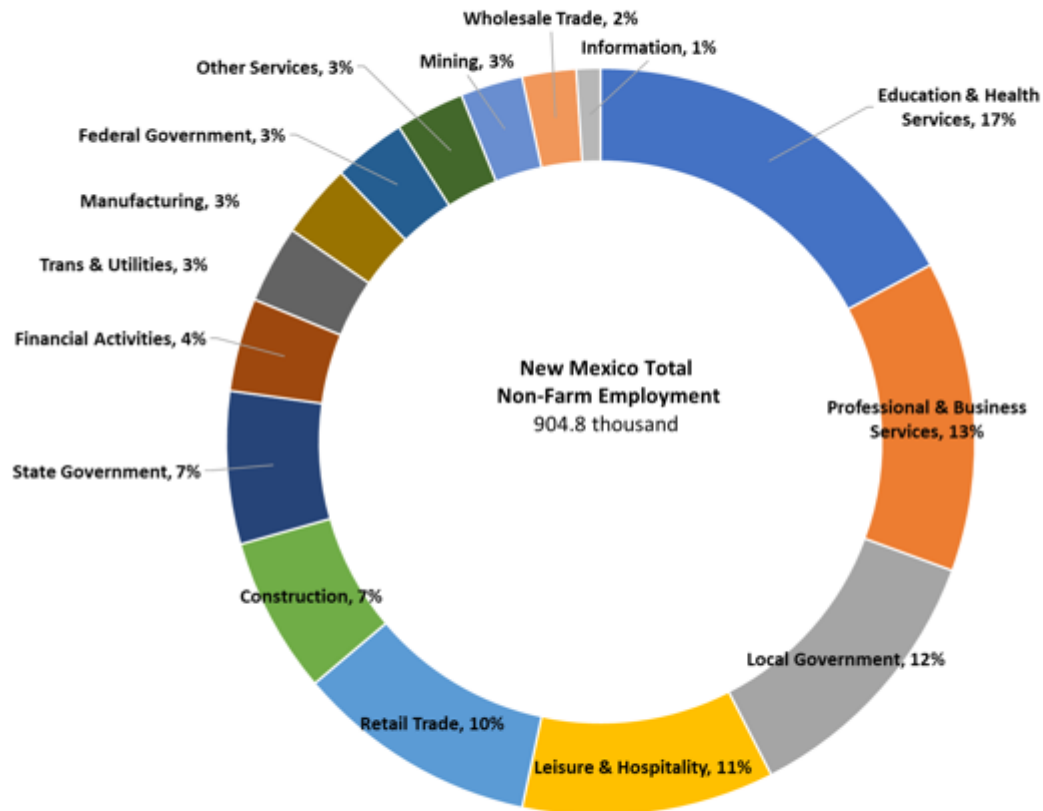
- Trade (-600)
- Leisure and Hospitality (-1,300)
- Information (-1,200)
- Federal Government (-1,400)

Source: bls.gov, CES seasonally adjusted

N.M. Employment Share by Sector

Industry Share of Total Nonfarm Employment in N.M. by Sector
August 2025

- New Mexico's nonfarm employment was 904,800 for August 2025
- Education and Health: 17% or 155,200 jobs
- Construction: 7% or 61,200 jobs
- Federal government: 3% or 28,500 jobs
- Information: 1% or about 9,400 jobs¹



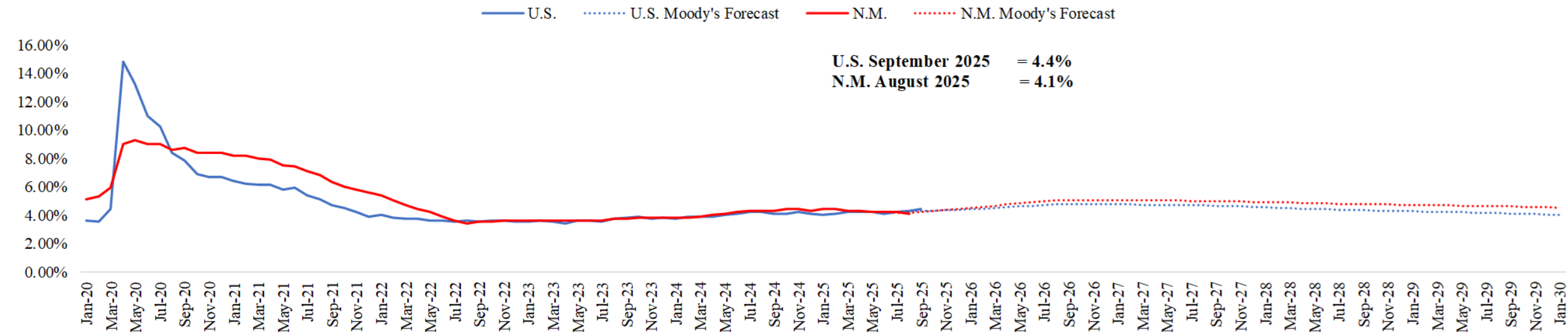
Source: bls.gov, CES seasonally adjusted

¹For a complete breakdown of the chart, view the chart on Appendix 8

U.S. & N.M. Unemployment

U.S. and N.M. Unemployment Rate (percent) : January 2020 to Present

Moody's Forecast: September/October 2025 to December 2030



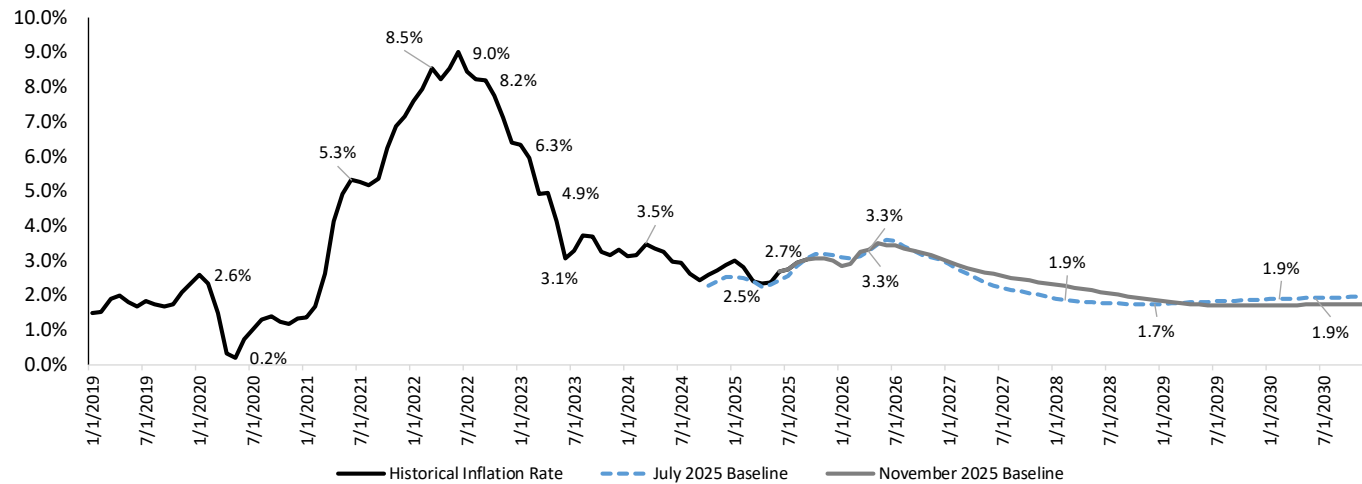
Source: bls.gov, seasonally adjusted

- New Mexico’s unemployment rate (4.1%) was on par with the nation’s unemployment rate in August 2025
- New Mexico’s 2025Q2 unemployment rates by ethnicity were:
 - All: 4.2% White: 2.4% Hispanic: 4.6% Black: 5.7% Asian American and Pacific Islander: 3.8%
 - American Indian: 8.7 % (Census Bureau’s 2024 Estimate for NM)

Inflation and Interest Rates

Consumer Price Index (CPI-all items) Year-over-year Change

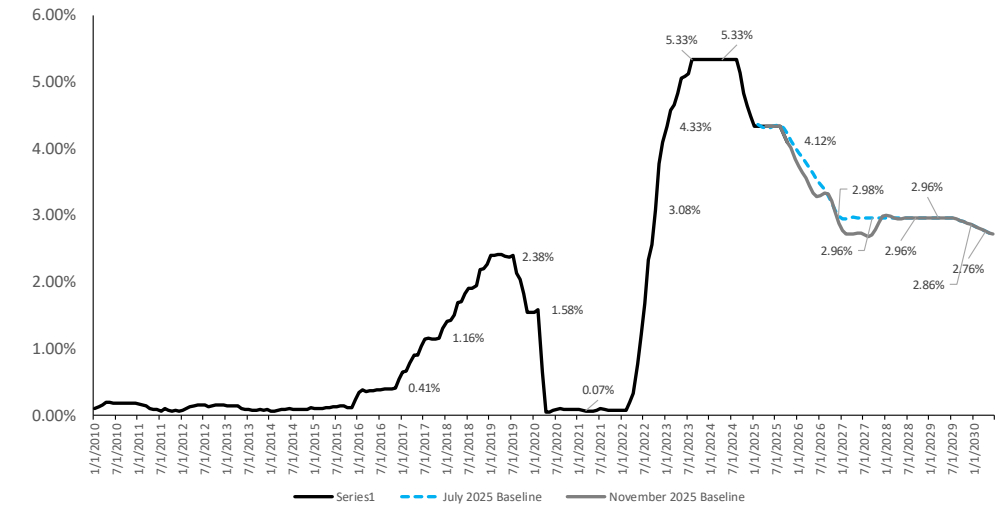
January 2019 to June 2030



Source: Bureau of Labor Statistics

Federal Funds Rate

January 2010 to January 2030



Source: Bureau of Labor Statistics

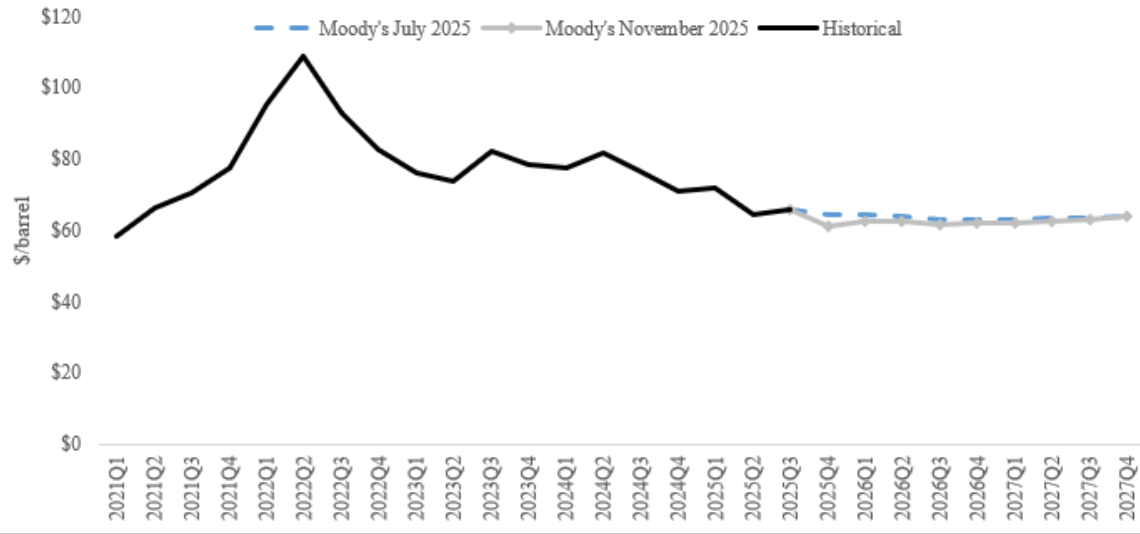
- The Consumer Price Index (CPI) for September 2025 increased by 3.0% for all items compared to September 2024
 - Gasoline increased by 4.1% compared to September 2024. Utility (piped) gas services increased by 11.7% compared to September 2024
 - Shelter continued rose 3.6% compared to September 2024
- Recent acceleration in inflation could be temporary as the increase is due to a one-time price increase caused by high tariffs

- Moody's anticipates the Fed will cut rates at the December FOMC meeting
- Moody's anticipates the Fed will cut rates three more times in early 2026 to reach an estimated rate of 3%

Oil & Natural Gas

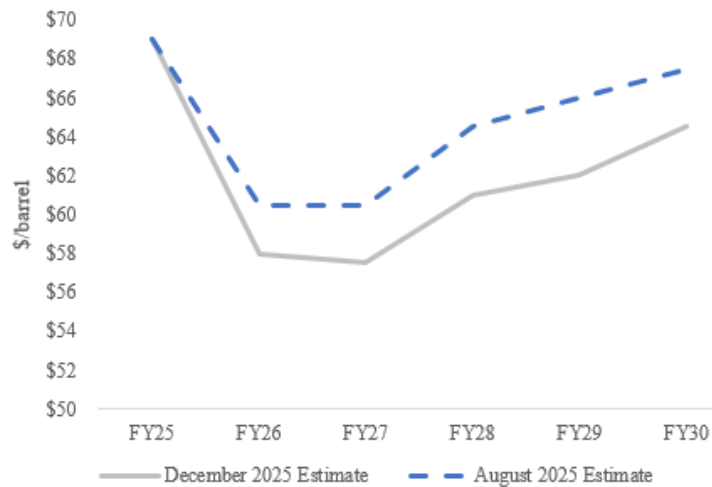
Oil Prices

Moody's Analytics West Texas Intermediate (WTI) Price Forecasts



Source: Moody's Analytics

CREG NM Oil Price Forecasts



Source: CREG

Oil Price Outlook

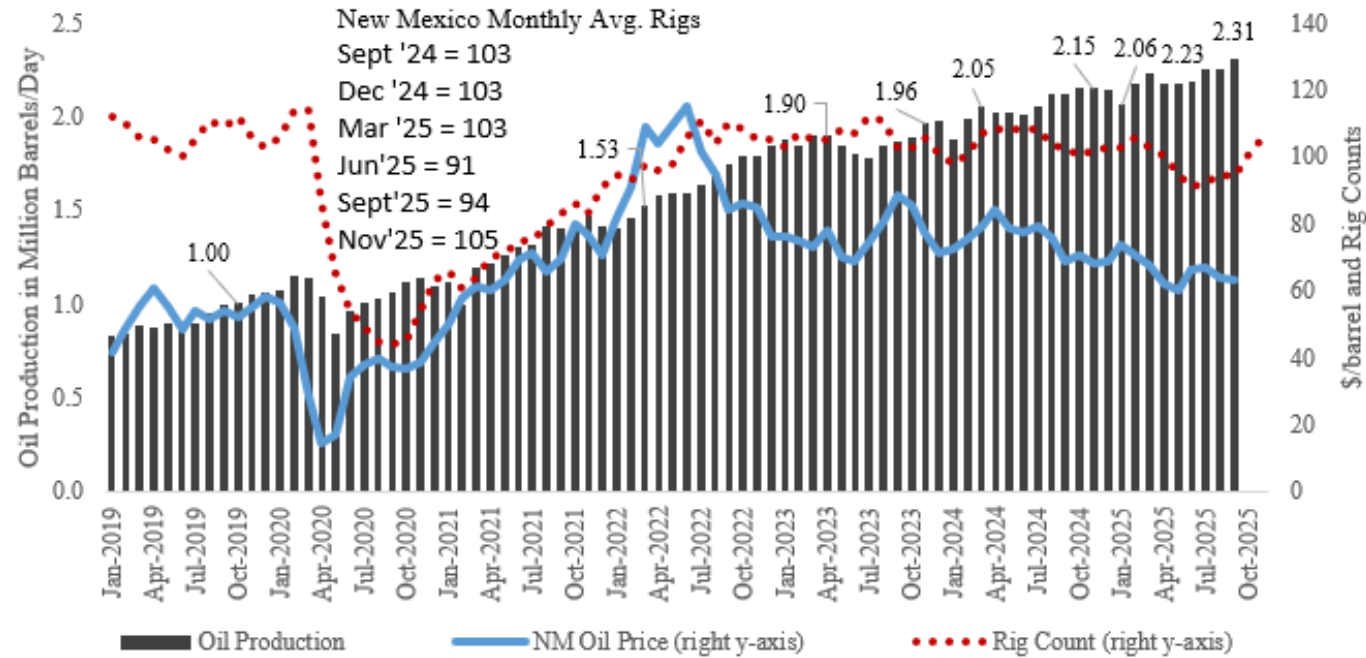
- Oil prices are influenced by global demand, OPEC+ policy, geopolitical events, and inventory levels
- Forecast revised downward since August 2025:
 - FY26: ↓ \$2.50/barrel
 - FY27: ↓ \$3.00/barrel
 - FY28: ↓ \$3.50/barrel
- Out-year prices to average in the low-to-mid \$60s/barrel
- Key Factors Driving Price Outlook:
 - OPEC+ is unwinding production cuts, increasing global supply
 - Non-OPEC producers, especially the U.S., continue to boost output
 - Supply growth is outpacing demand, leading to rising global inventories
 - Elevated inventories are putting downward pressure on oil prices
 - Weakened global demand and slower economic growth add to price softness
 - U.S. trade policy uncertainty (e.g., tariffs) further dampens demand

Consensus Forecast	FY25	FY26	FY27	FY28	FY29	FY30
December 2025 Estimate	\$ 69.00	\$ 58.00	\$ 57.50	\$ 61.00	\$ 62.00	\$ 64.50
August 2025 Estimate	\$ 69.00	\$ 60.50	\$ 60.50	\$ 64.50	\$ 66.00	\$ 67.50
Oil (\$/barrel)						

New Mexico Oil Prices, Production, & Rigs

N.M. Oil Production (MMb/d), N.M. Oil Price (\$ per barrel), & N.M. Rig Count (number)

January 2019 to November 2025



Source: Baker Hughes, TRD (Production and price through Sept 2025, Rigs through Nov 2025)

Consensus Forecast	FY25	FY26	FY27	FY28	FY29	FY30
December 2025 Estimate	781.2	820.0	840.0	855.0	860.0	865.0
August 2025 Estimate	775.0	800.0	825.0	845.0	845.0	840.0
Oil (million barrels)						

New Mexico Oil Production Outlook

➤ Production volume forecast revised upward since August 2025:

- +20 million in FY26
- +15 million in FY27
- +10 million in FY28

➤ FY25 production reached a record 781.2 million barrels (up from 710 million in FY24)

➤ Rig count declined to 91 in June 2025 but has since recovered, reaching 105 in November

➤ Key Factors Shaping the Outlook:

➤ The risk from weak oil price expectations and high corporate breakevens remains, given costs and softer global demand

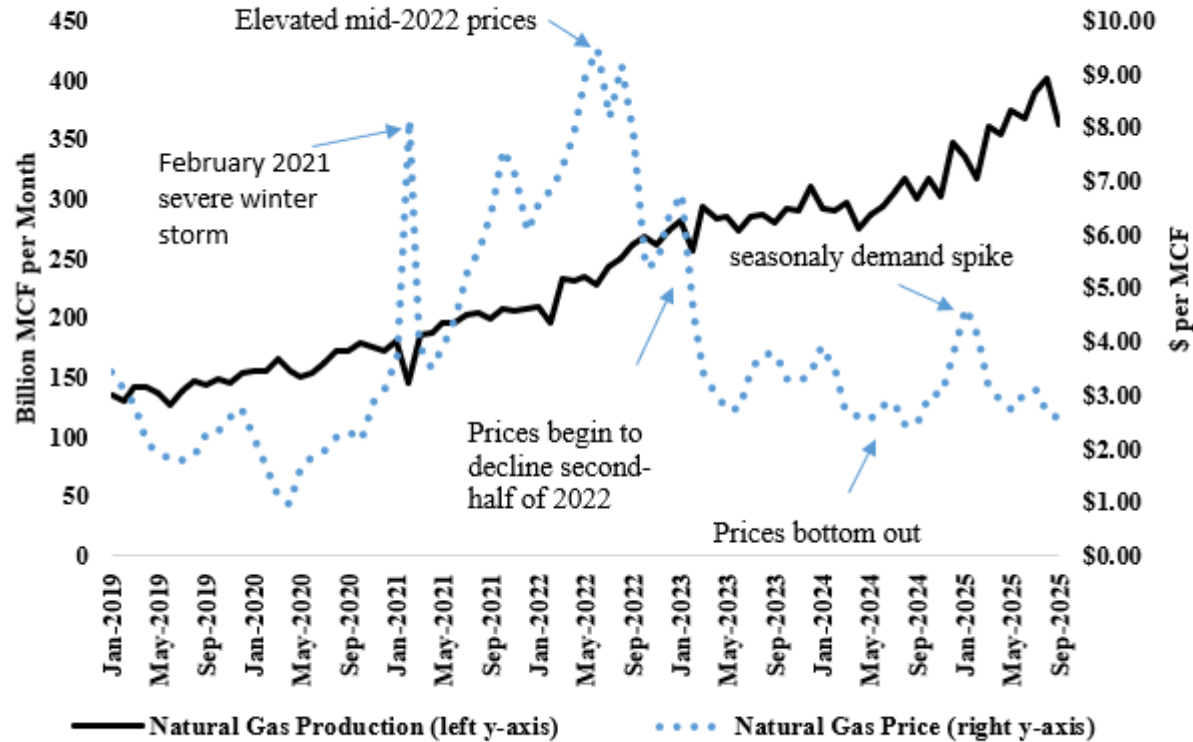
➤ Capital discipline remains important and continues to constrain production

➤ Slower projected economic growth, uncertainty

➤ Permian remains the lowest-cost, most flexible U.S. shale region and is projected by EIA to drive most onshore production growth through 2026, though growth is expected to moderate

New Mexico Natural Gas Prices & Production

New Mexico Natural Gas Prices and Production
January 2019 to September 2025



Source: NM TRD GenTax System

Consensus Forecast	FY25	FY26	FY27	FY28	FY29	FY30
December 2025 Estimate	\$ 3.19	\$ 3.74	\$ 4.58	\$ 4.62	\$ 4.34	\$ 4.09
August 2025 Estimate	\$ 3.31	\$ 4.42	\$ 4.77	\$ 4.49	\$ 4.42	\$ 4.32
Natural Gas (\$/mcf)						

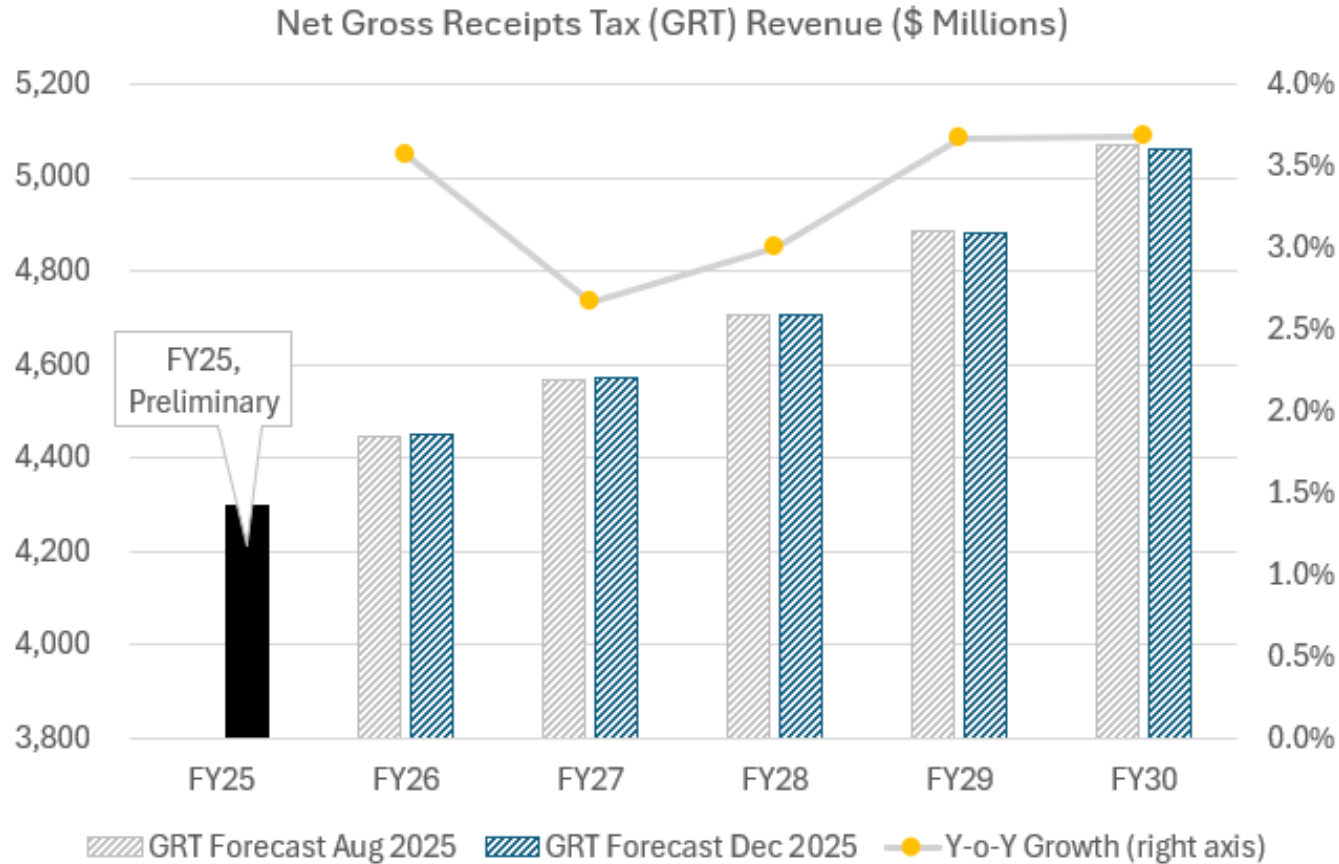
New Mexico Natural Gas Outlook

- FY25 natural gas production reached 4,000 Bcf
 - Average price: \$3.19/mcf
 - FY26: ↓ \$0.68/mcf
 - FY27: ↓ \$0.19/mcf
 - FY28: ↑ \$0.13/mcf
- U.S. natural gas production remains strong, supporting near-record output levels.
- Storage inventories are well above the five-year average, reducing supply-tightness risks and keeping prices subdued
- New and expanded LNG export terminals will add significant demand to the U.S. natural gas market, supporting higher price expectations across the forecast period

Consensus Forecast	FY25	FY26	FY27	FY28	FY29	FY30
December 2025 Estimate	4,000.0	4,490.0	4,640.0	4,885.0	5,080.0	5,225.0
August 2025 Estimate	3,915.0	4,200.0	4,335.0	4,485.0	4,640.0	4,845.0
Natural Gas (BCF)						

Gross Receipts Tax

Gross Receipts Tax Outlook



➤ December forecast for GRT is virtually unchanged from August 2025 forecast, with \$5.1 million added to FY26 and only \$1.7 million added to FY27

➤ Underlying economic growth is still positive, with the oil & natural gas industry, construction and overall tax base growing (next slide) but concerns appearing in Professional, Scientific and Technical sector (including employment, slide 25)

➤ Downside Risks to GRT forecast include flow-through of tariffs and declining consumer confidence (Appendix 11e)

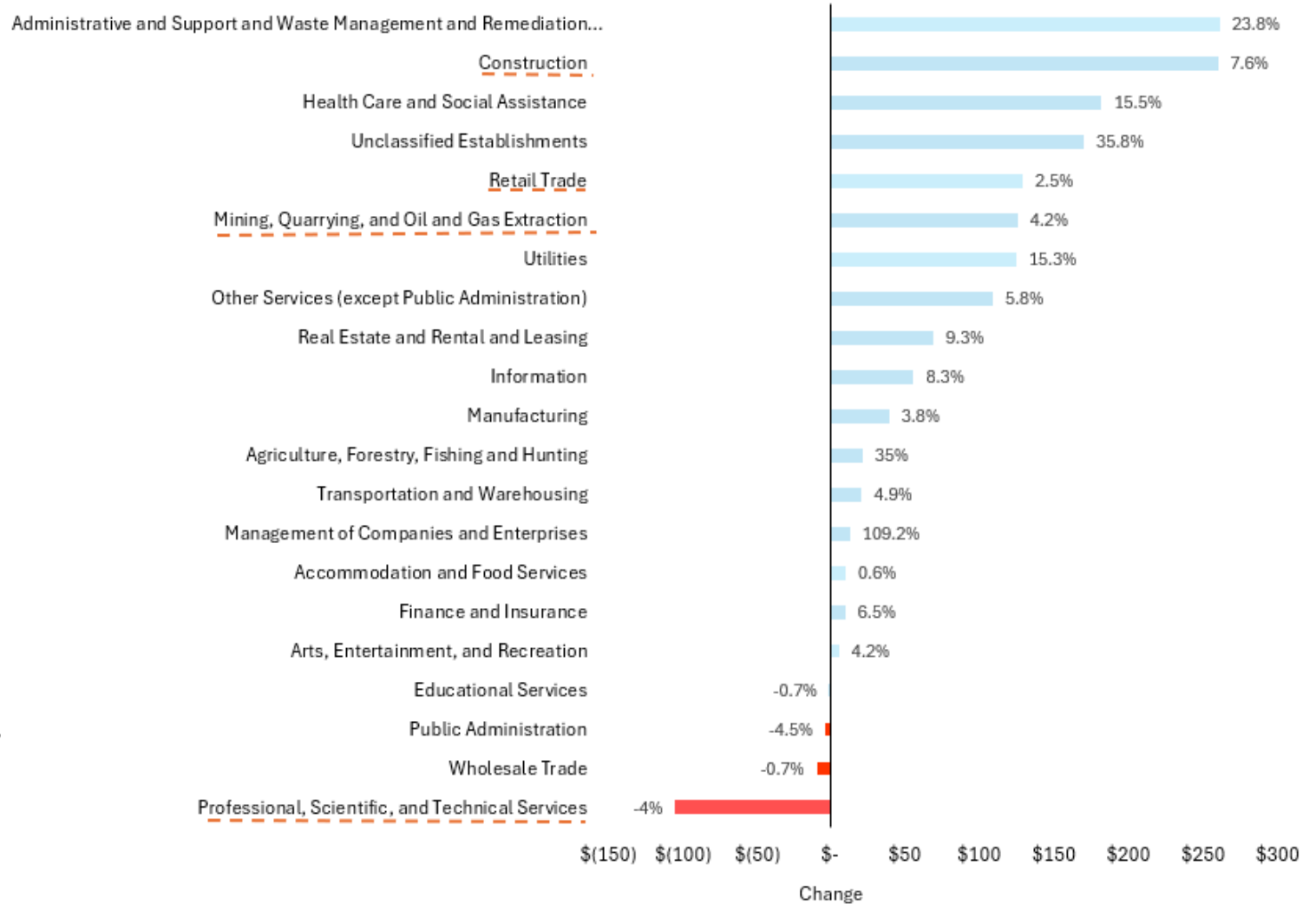
➤ Upside Risks include Construction activity from announced data centers in southern New Mexico

Source: Dec 2025 CREG Estimates

Tax Base by Industry

- Total MTGR in FY26Q1 is 5.7% higher than FY25Q1
- In FY26Q1, oil and gas extraction GRT base grew by 4.2%, up from FY25Q1 at 1.1% but still down from 6% growth in FY24Q1
- Among the most dynamic sectors, Construction, Manufacturing, and Professional, Scientific and Technical Services show divergence.
 - Construction continues positive growth at 7.6% and manufacturing at 3.8%
 - Professional, Scientific and Technical Services declined by 4%
- Retail trade positive growth in the first quarter at 2.5%

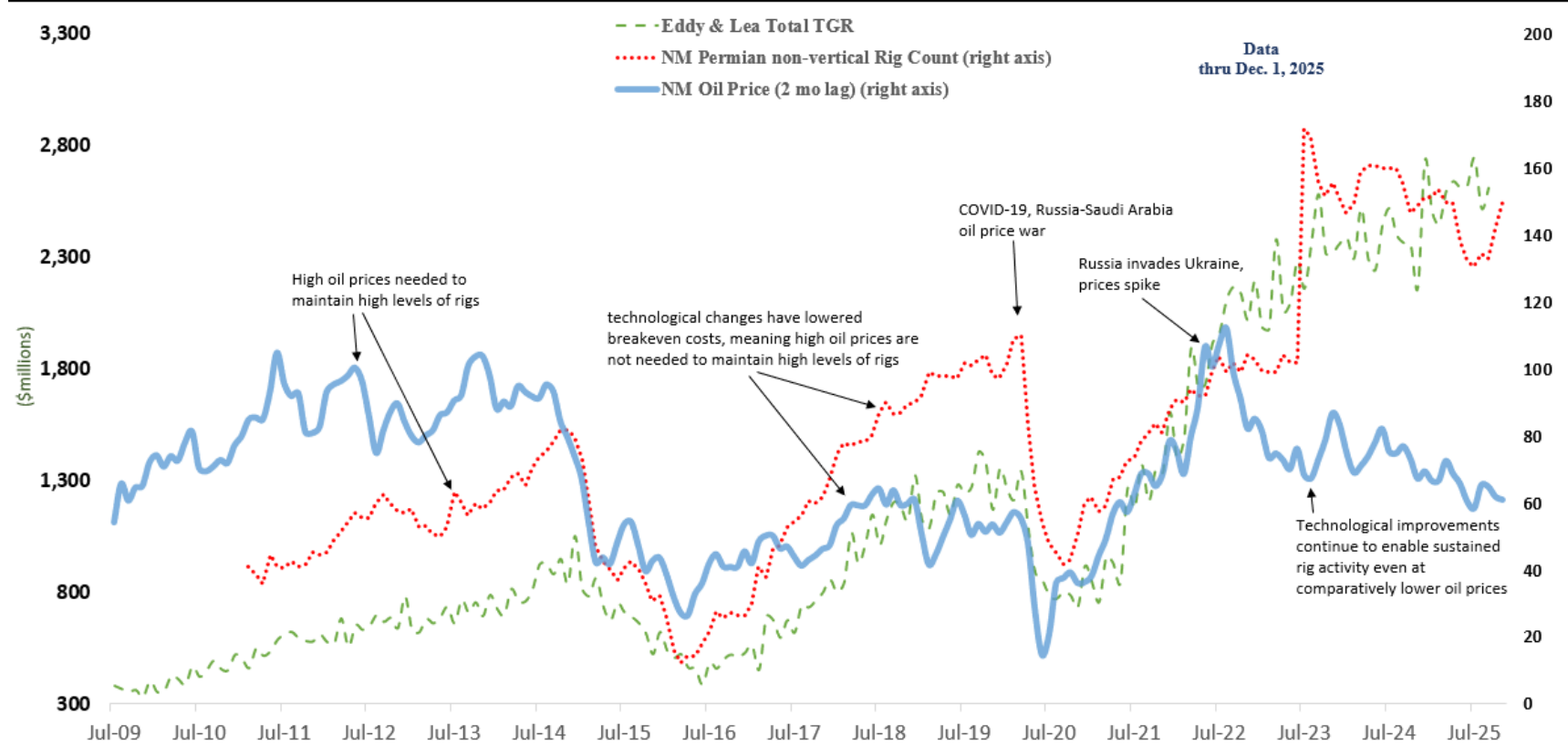
Matched Taxable Gross Receipts (MTGR) by Industry. FY25:Q1 vs FY26:Q1. Change (\$ Millions) and Growth Rate (%)



Source: Taxation & Revenue Department RP500 Reports

Matched Taxable Gross Receipts (MTGR) Eddy & Lea Counties

Total Matched Taxable Gross Receipts in Eddy and Lea Counties Compared to NM Oil Price and Permian Horizontal and Directional Rig Count

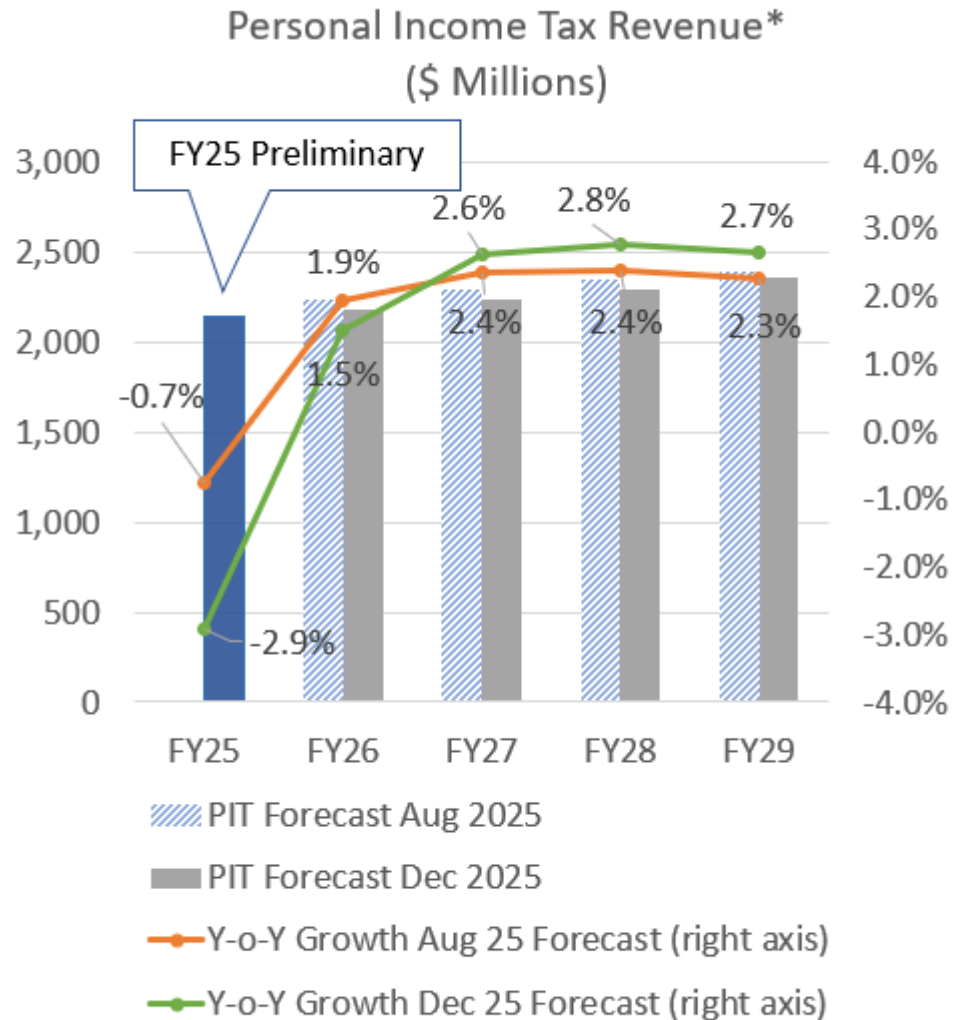


Source: NM TRD RP-500

- Rig counts (red line) are a leading indicator for GRT in Eddy and Lea counties
- Oil prices (blue line) remain a key signal for rig activity and production trends, maintaining a strong link to MTGR (green line) through their influence on rig counts.
- Advances in drilling technologies have lowered breakeven costs, meaning prices no longer need to reach 2000s or early-2010s levels to sustain activity, thus the price-rig-MTGR relationship remains robust at a different price level.

Personal Income Tax

Personal Income Tax (PIT) Outlook



➤ FY25:

➤ PIT contracted 2.9% in FY25

- Estimated decrease of \$48 million from August forecast
 - New 2025 tax brackets
 - Lower withholding, estimated payments/final settlements
 - Contraction of labor market (federal workforce)

➤ FY25 saw lower rates of taxpayer uptake of legislative adjustments (see PIT Legislative Adjustments – see slide 25)

➤ FY26 through FY28:

➤ FY26 revised down \$58 million, down \$54 million in FY27 and down \$47 million in FY28 from Aug. forecast

➤ PIT growth is still positive but at a lower rate compared to the August 2025 forecast

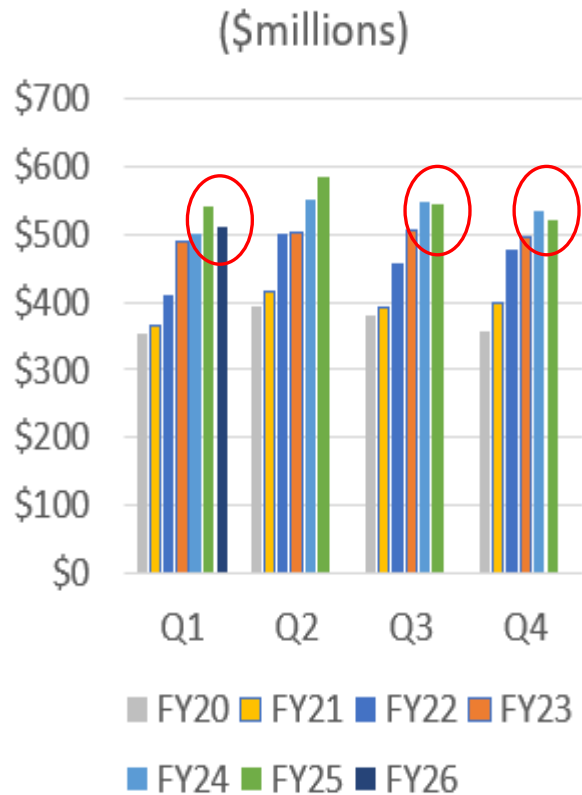
➤ Moderated growth largely driven by slowing withholding (see slide 23) and H.R.1 impacts to PIT revenue (see slide 26)

Source: Dec 2025 CREG Estimates

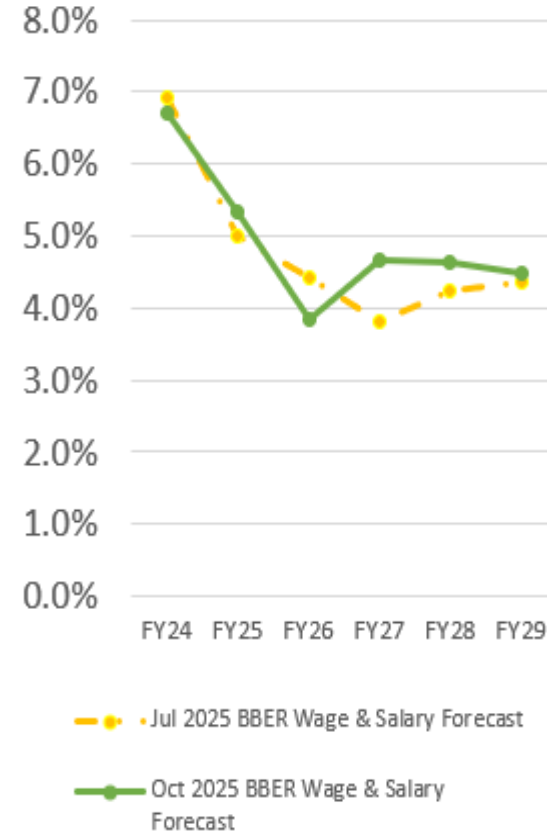
*Recurring PIT revenue only

Wage & Salary Outlook

Adjusted Gross Withholding



NM Annual Wage & Salary Growth



Source: DFA Reports, CREG adjustments

Graph 1

Source: UNM Bureau of Business & Economic Research (BBER)

Graph 2

➤ Inflection point observed for three most recent quarters

➤ Beginning Q3 FY25, lower withholding (Graph 1)

➤ New 2025 tax brackets

➤ Contraction of labor market (federal workforce)

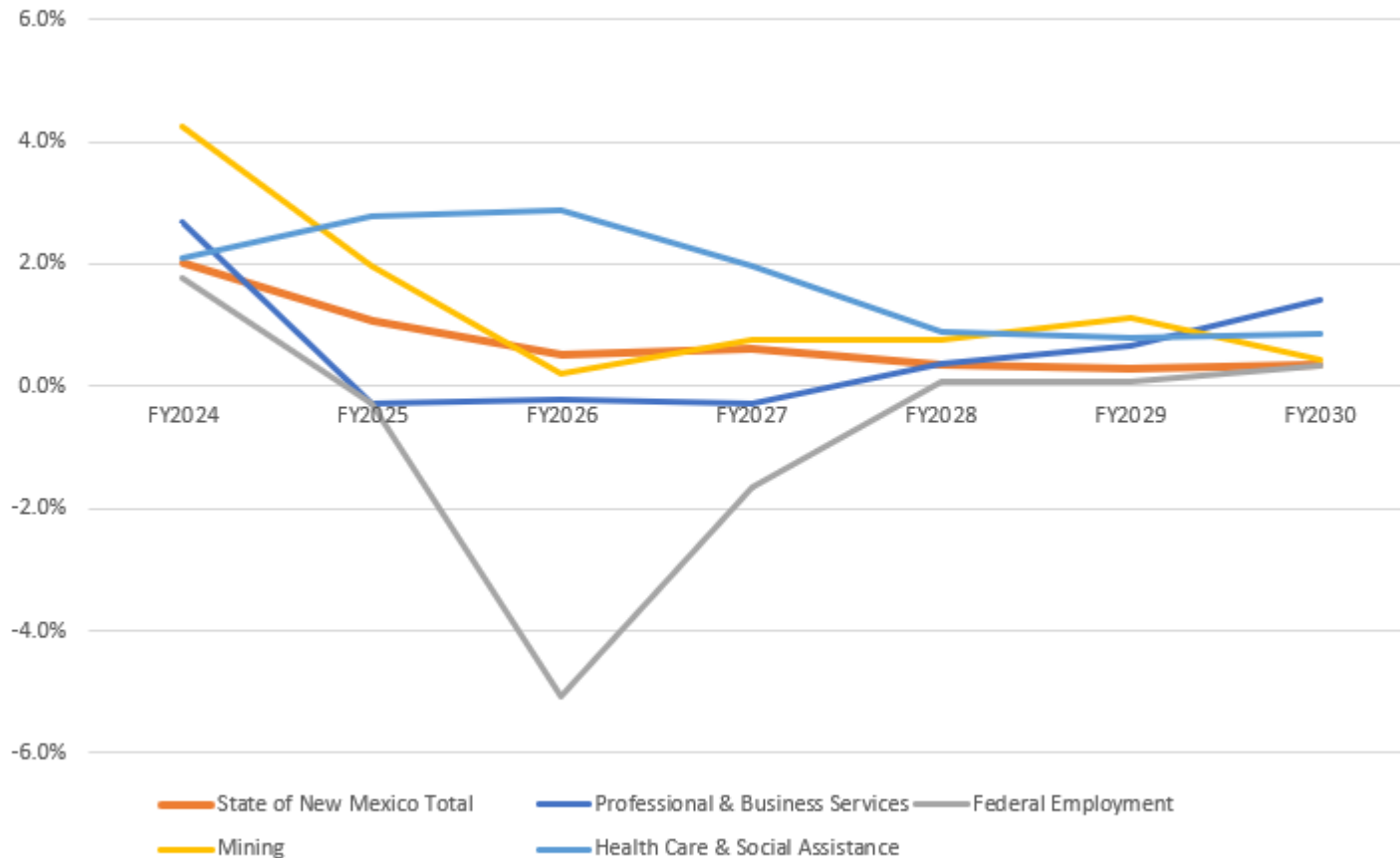
➤ Q1 FY26 withholding declined 5.5% compared to Q1 FY25

➤ For FY26, BBER shows slower wage & salary growth to 3.8% (Graph 2)

➤ FY27 & FY28 BBER forecast increases to 4.7% & 4.6%

Employment Outlook

Year-over-Year Percent Change of Employment in Select New Mexico Industries

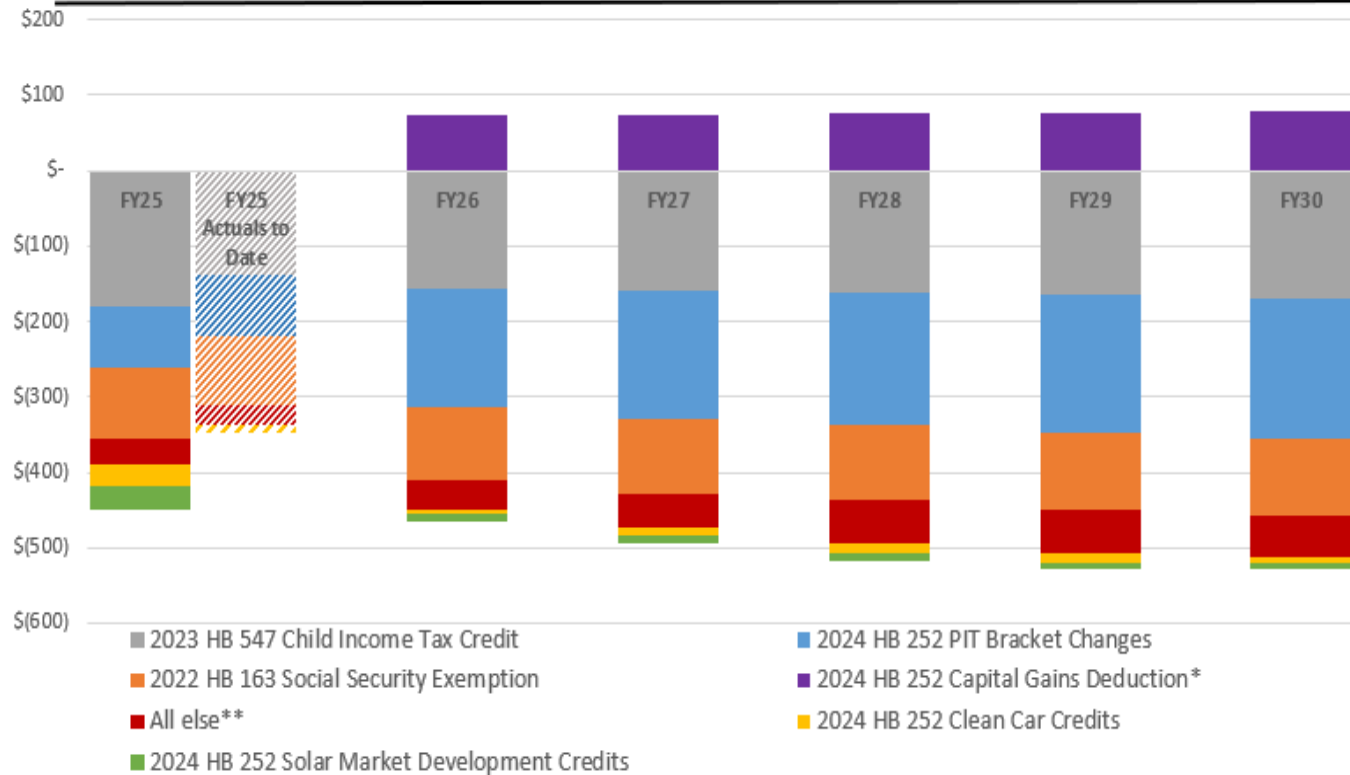


Source: UNM Bureau of Business & Economic Research (BBER), October 2025 forecast

- New Mexico is expected to see slowing growth in overall employment but industry dependent (UNM BBER)
- State of New Mexico
 - FY26: +0.5% FY27: +0.6%
- Health Care & Social Assistance
 - FY26: +2.9% FY27: +2.0%
- Professional & Business Services
 - FY26: -0.2% FY27: -0.3%
- Mining
 - FY26: +0.2% FY27: +0.8%
- Federal Employment
 - FY26: -5.1% FY27: -1.7%

PIT Legislative Adjustments

Personal Income Tax Legislative Adjustments
(\$ Millions)



- FY25 saw an average 75% taxpayer uptake of recent legislative adjustments
 - The forecast assumes lower legislative adjustments for FY26-FY30 on average by \$43 million

➤ Child Income Tax Credit accounts for 39% of adjustments

➤ PIT bracket changes account for 39% of adjustments

➤ Social Security exemption accounts for 23% of adjustments

➤ Narrowing the capital gains deduction and the sunset of two deductions raised revenue to partially offset PIT reductions

Source: Dec 2025 CREG Estimates

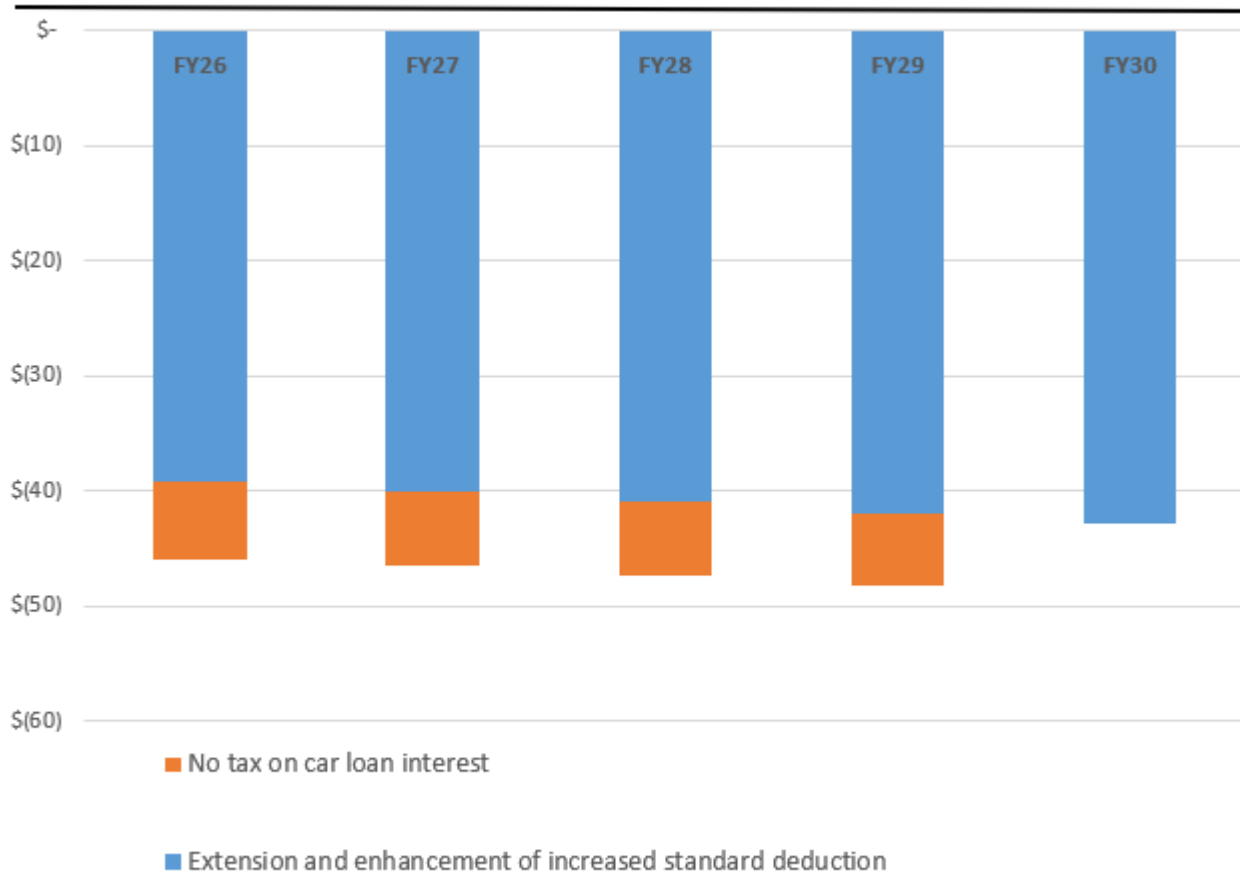
** Includes HB 163 - Military Pension Exemption, New Solar Market Tax Credit,

HB 252 - Armed Services Retirement Pay Exemption, Rural Healthcare Practitioner Credit, Fire Recovery Credit, Geothermal Heat Pump Credit, Geothermal Electricity Generation Credit, Angel Investment Credit, Special Needs Adopted Child Credit, and Teacher-Purchased Supplies Deduction.

*Also includes the sunset of Unreimbursed Medical Care Expenses Deduction and the Distribution to a Non-Resident Beneficiary Deduction.

H.R. 1 PIT Adjustments

Federal Legislative Adjustments to NM PIT from H.R. 1 (OBBBA)
(\$ Millions)



Source: Dec 2025 CREG Estimates

- No change from August forecast
- Forecast reduces PIT in FY26-FY30 due to:
 - Extension and enhancement of the standard deduction: \$41 million
 - Effective tax year 2025
 - No tax on qualified car loan interest: \$5 million
 - Effective tax years 2025-2028
- Estimated annual revenue loss of \$46 million

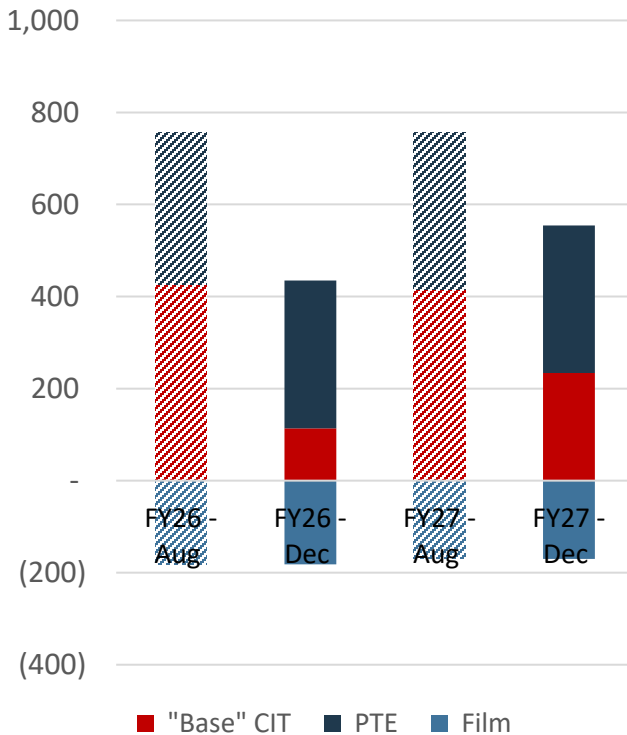
Risks to Personal Income Tax Revenue

- National broad-based economic slowdown
- Regional or industry-based economic slowdown (e.g. sustained low oil price, federal job losses)
- PIT largely conforms with federal IRS code
 - Car loan interest deduction
 - Changes in federal standard deduction
- Structural changes in the labor market (e.g. AI, global trade war or other geopolitical risk, immigration restrictions)

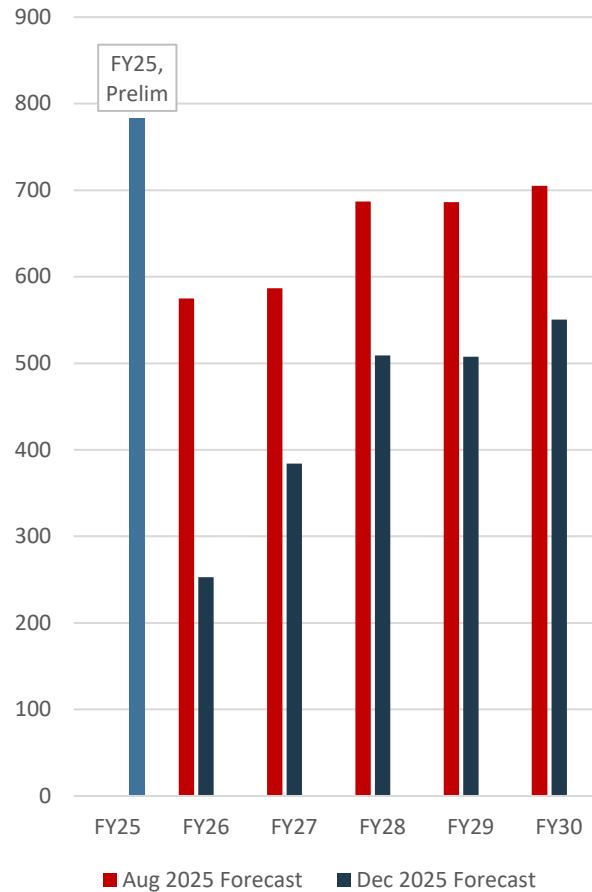
Corporate Income Tax

CIT Outlook

FY26 & FY27
comparison Dec from Aug forecast
(\$millions)



Net CIT - December 2025
Forecast
(\$ millions)



- FY26 CIT December forecast
 - Base (Gross) CIT decreased \$310 million over the previous forecast
 - PTE decreased \$9 million
 - Combined decrease of \$320 million in net CIT

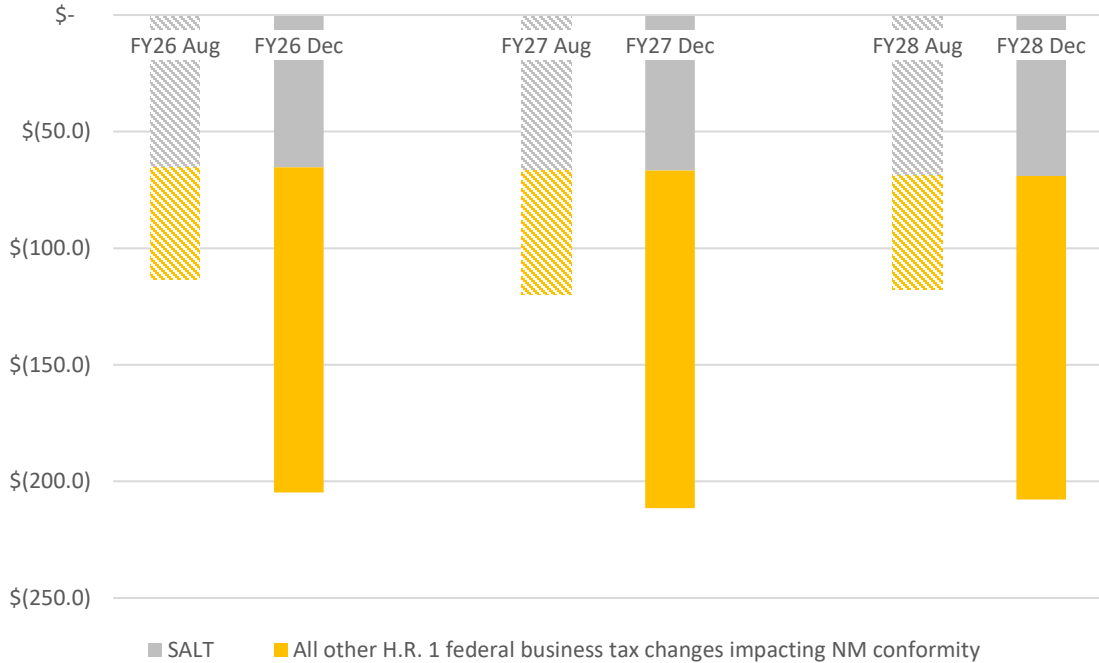
- FY27 CIT December Forecast
 - Base (Gross) CIT decreased \$181 million over the previous forecast
 - PTE decreased \$21 million
 - Combined decreased of \$203 million in net CIT

- Net CIT revised downward for outlook, mainly from larger projections on H.R.1's negative impact and taxpayer's behavioral change (the next two slides)

Source: Aug and Dec 2025 CREG Estimates

H.R.1 CIT Adjustments

HR.1 Adjustments for FY 26 through FY 28
(\$ millions)



Source: Aug and Dec 2025 CREG Estimates

➤ Estimated average annual CIT revenue loss FY26-FY30

➤ Limitation on state and local taxes (SALT): average \$63.3 million reduction to PTE revenue – no change from August forecast

➤ All other H.R. 1 (OBBBA) federal business tax changes impacting NM conformity, average loss \$130.3:

➤ \$139.4 million reduction for FY26 - \$91.1 million higher than Aug forecast

➤ \$144.8 million reduction for FY27 - \$91.8 million higher than Aug forecast

➤ These major H.R.1 adjustments refer to Internal Revenue Code (IRC) changes under:

➤ § 168(k) – 100% bonus depreciations deduction;

➤ § 168(n) – New first-year expensing deduction; and

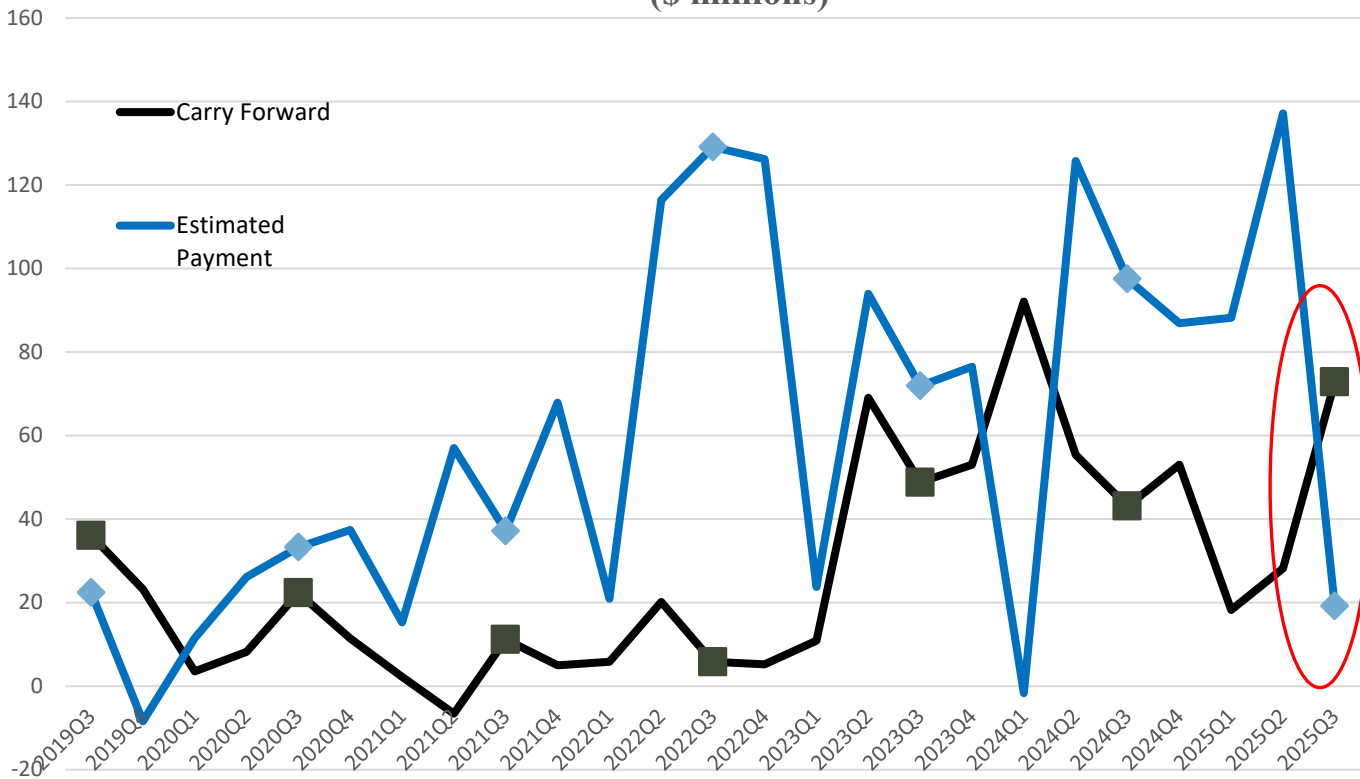
➤ §174 – Reinstatement of Research Deduction

➤ Total estimated annual CIT revenue loss due to H.R.1 of \$204.7 million for FY26, \$211.4 for FY 27.

➤ Given the uncertainty in pending IRS instructions, taxpayers' behavior and eligibility for federal deductions, there is risk of further losses of CIT revenue from H.R.1.

Taxpayers' Behavioral Change

Carryforward Credits and Estimated Payments
(\$ millions)

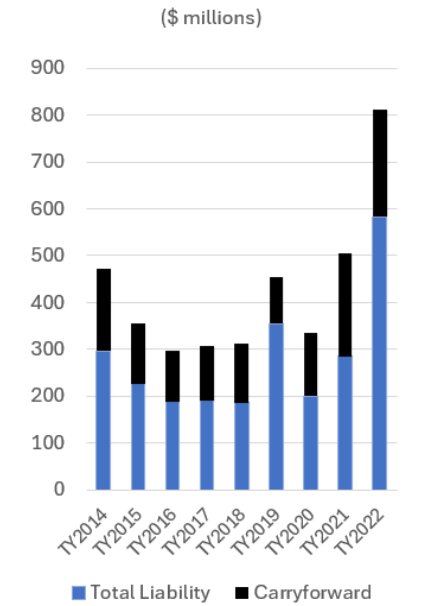


Source: Tax & Rev Revenue Reports, author's calculations

- Assume taxpayers need cash flow and thus applying credits at a faster rate than historical trend
- Risks to forecast – taxpayers accelerate use of credits

- Carryforwards are CIT that are rolled over to the next year.
- Taxpayers normally apply carryforward credits to their quarterly estimated payments – (graph to the right). But the level of carryforward has increased with growth in CIT in recent years.
- Calendar Q3 is typically strong for estimated payments made in cash (marked by the blue diamonds – to the left.)
- 2025Q3 saw a sharp drop in estimated payments made in cash, and a rise in and use of carryforward credits (black squares).
- CIT revenue to the General Fund – 1st Qtr FY26, negative \$10 million

Tax Year (TY) Liability & Carryforward Election
(\$ millions)

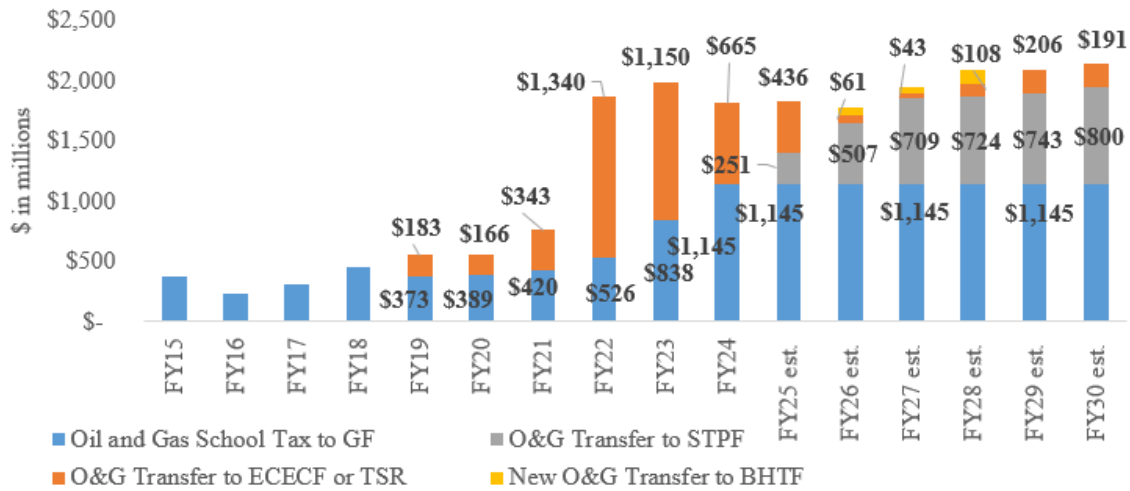


Source: Tax & Rev CIT Returns, author's calculations

Severance Taxes & Rents & Royalties

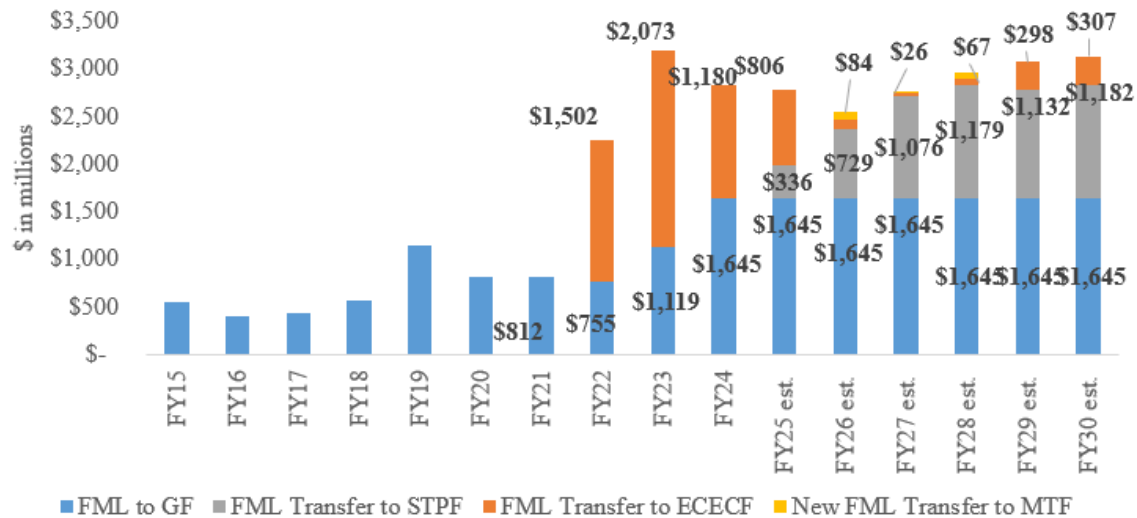
Severance Taxes & Rents and Royalties

Oil and Gas School Tax Revenues From FY15 to FY30



Source: DFA, CREG, Author's calculation

Federal Mineral Leasing from FY15 to FY30

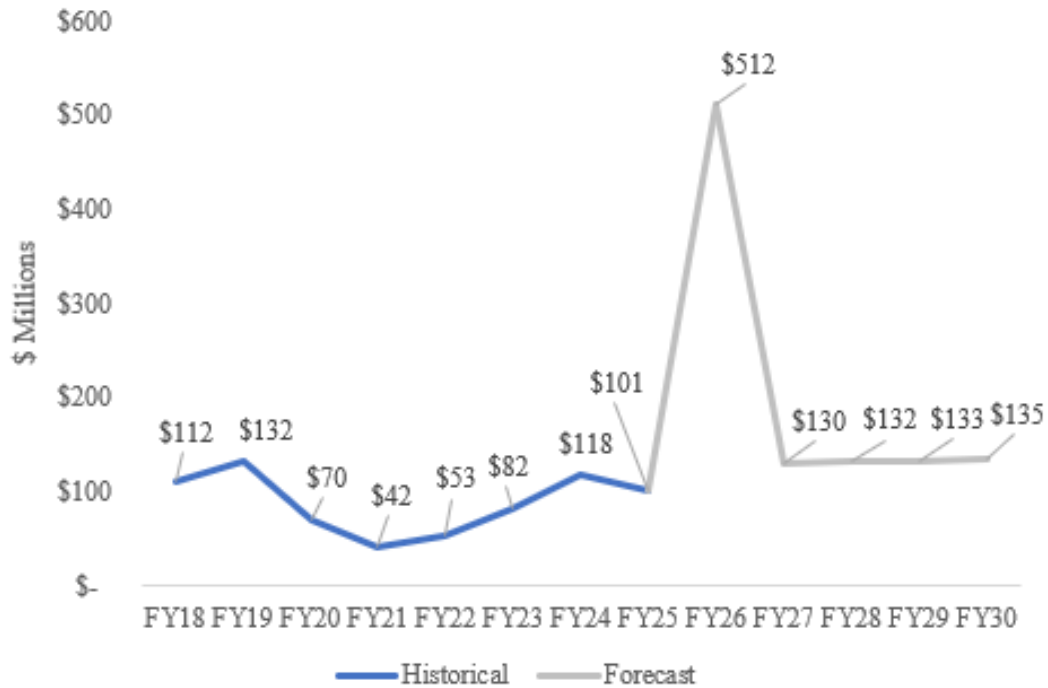


Source: DFA, CREG, Author's calculation

- General Fund severance tax and royalty revenues capped at FY24 levels:
 - \$1.145b (severance tax) and \$1.645b (rents & royalties)
- General Fund insulated from December 2025 forecast changes; revenue impacts to reduce other fund transfers
- FY25 transfer to Early Childhood Education and Care Fund (ECECF):
 - \$1.2b from oil and gas school tax and federal mineral leasing (FML)
- FY26–FY28 ECECF transfers shared equally with:
 - Behavioral Health Trust Fund and Medicaid Trust Fund
- Oil & gas school tax shared transfers:
 - FY26: \$122m, FY27: \$85m, FY28: \$216m
- FML shared transfers:
 - FY26: \$169m, FY27: \$52m, FY28: \$135m
- STPF transfers from FML and school tax begin in FY25 and are expected to increase significantly through the forecast period

State Land Office (SLO)

State Land Office (SLO) Revenue



Source: CREG, SLO

FY26 State Land Office (SLO) Revenue Projection

- Projected SLO Revenue for FY26: \$511.9 million
 - This is \$362.6 million above expected annual revenue of \$149.3 million
 - Considered a one-time spike in revenue

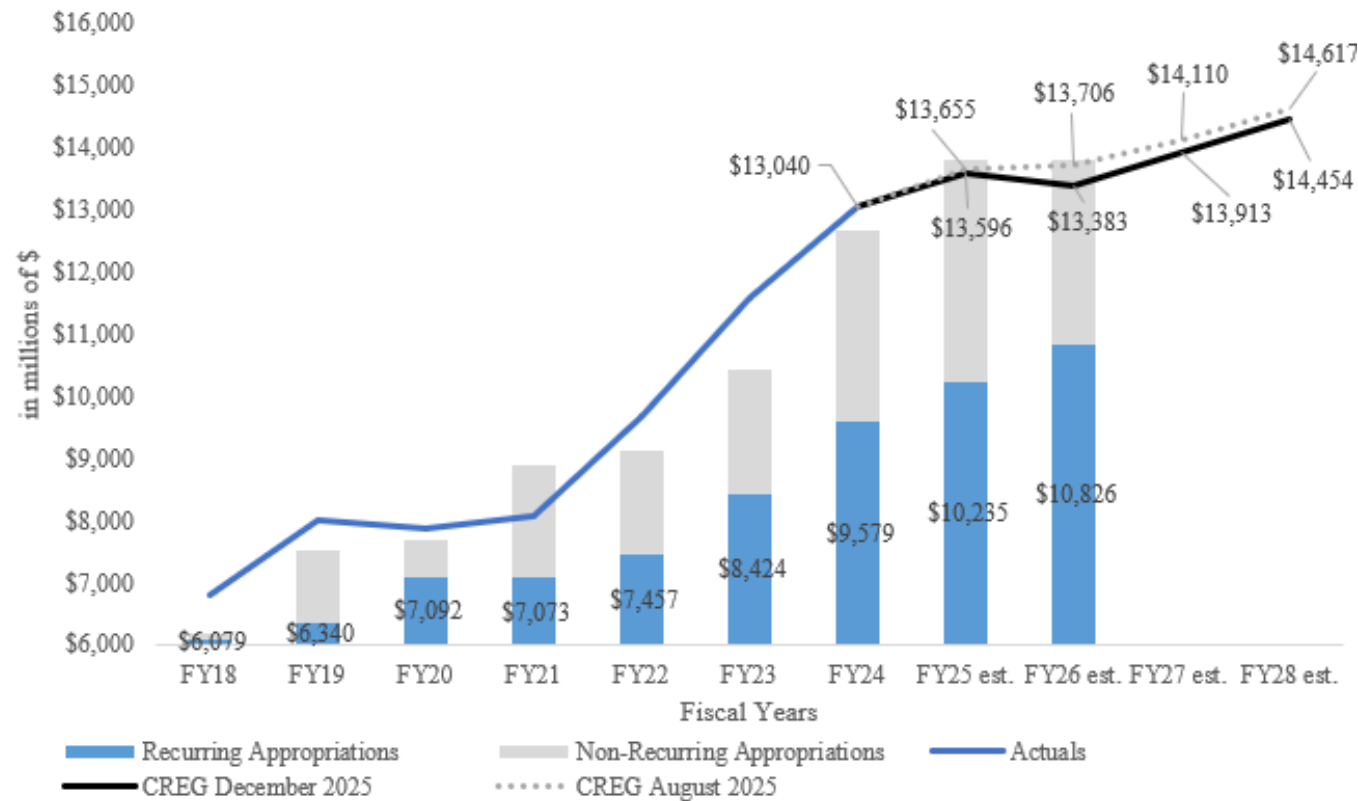
Key Drivers of the Revenue Increase

- Policy Changes (2024-2025): Recent decisions created pent-up demand for valuable leases and freed up previously restricted state lands for leasing
- Record Bonus Payments: Monthly auctions in the second half of 2025 have yielded record-level bonus payments
 - Bonus payments are the upfront, one-time cash payments made by a company to the SLO for the right to sign an oil and gas lease
- Increased Royalty Rate: 2025's SB23 raised the top oil and gas royalty rate on new state land leases from 20% to 25%

General Fund Overview

Consensus Change from August to December Forecast

General Fund Recurring Revenue Forecast FY25 to FY30



Source: DFA FCD, CREG

December 2025 Forecast compared to the August 2025 Forecast

Forecast	FY25	FY26	FY27	FY28
December 2025 Base	\$ 13,596	\$ 13,383	\$ 13,913	\$ 14,454
August 2025 Base	\$ 13,655	\$ 13,706	\$ 14,110	\$ 14,617

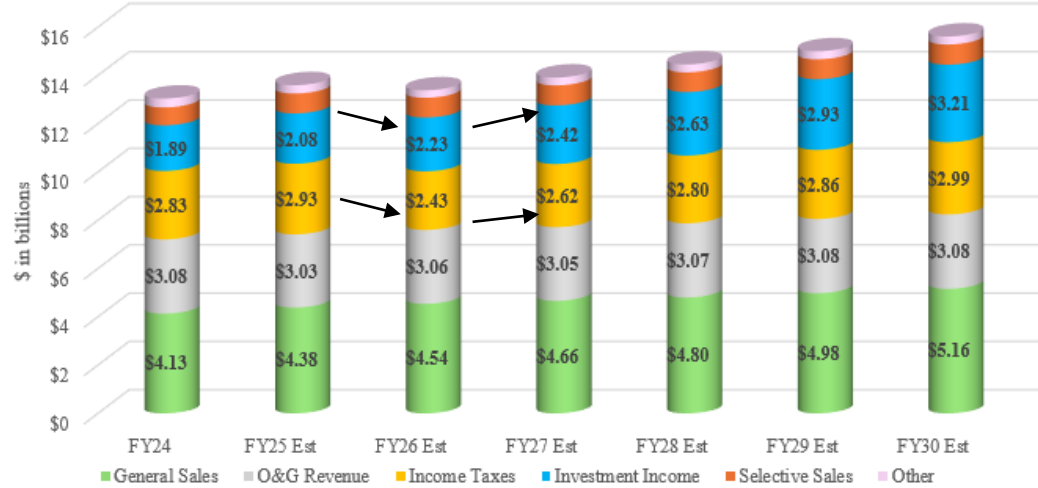
December 2025 Forecast compared to the August 2025 Forecast

Forecast	FY25	FY26	FY27	FY28
December 2025 Base	\$ (59.1)	\$ (322.9)	\$ (196.7)	\$ (163.1)

- FY25: Down \$59.1m, driven primarily by lower Corporate and Personal Income Tax revenue
- FY26: Down \$322.9m; major declines in Corporate and Personal Income Taxes
 - Partially offset by State Land Office revenue of \$511.9m, \$362.6m above expectations
 - All other major revenue sources remain essentially flat
- FY27–FY28: Down \$196.7m and \$163.1m, respectively, largely due to downward revisions in Corporate and Personal Income Taxes

N.M. December Consensus Recurring Revenue Summary

December 2025 Consensus General Fund Forecast



Source: DFA, CREG, amounts in billions

FY25 Highlights

- Strong year-end performance across GRT and investment revenues
- General sales tax: +6.1%, Investment income: +10.4%
- Oil and gas revenues capped at FY24 levels; excess flows to other funds
- Overall y-o-y recurring revenue growth of 4.2% or \$545.5 million in FY25 (vs 4.6% or \$605 million in the August 2025 est.)
- Total Recurring Revenue \$13.6 billion

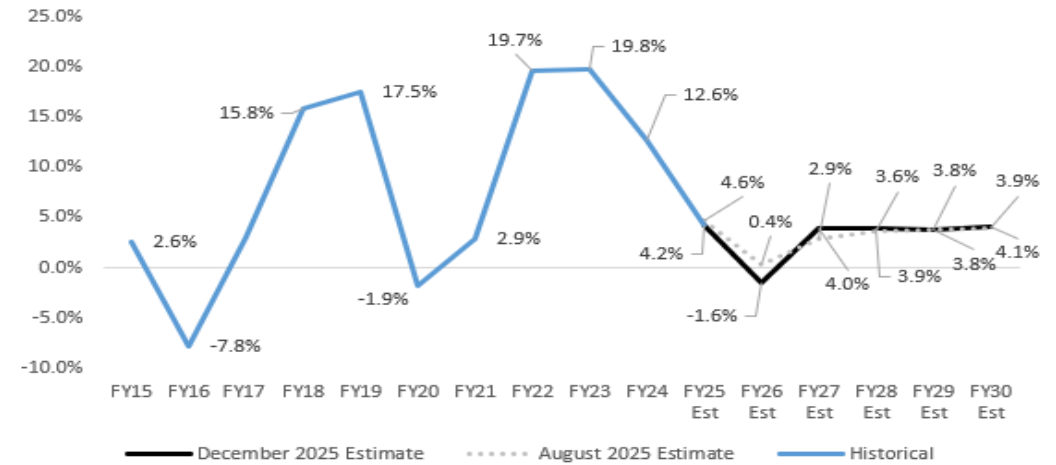
FY26 Outlook

- General Sales Tax: +3.6% or \$156m
- Investment Income: +7% or \$145m
- Income Taxes: -17% or (\$497m) due to legislative changes and softer economic growth
 - Driven by state legislative changes, federal H.R. 1 impacts, and moderating economic conditions
- Total GF Revenue: -1.6%, (\$213m) year-over-year
 - Compared with +0.4% or \$51m in the August 2025 estimate
- Total Recurring Revenue of \$13.4 billion

FY27 Outlook

- General Sales Tax: +2.7% or \$121m
- Investment Income: +8.8% or \$196m
- Income Taxes: +7.7% or \$188m
- Oil and gas revenues capped at FY24 levels; excess flows to other funds
- FY27 Total GF Revenue: +4% or \$530m
- Total Recurring Revenue of \$13.9 billion

General Fund Total Recurring Revenue Percent Change (Y-o-Y) December 2025 Estimate vs. August 2025 Estimate



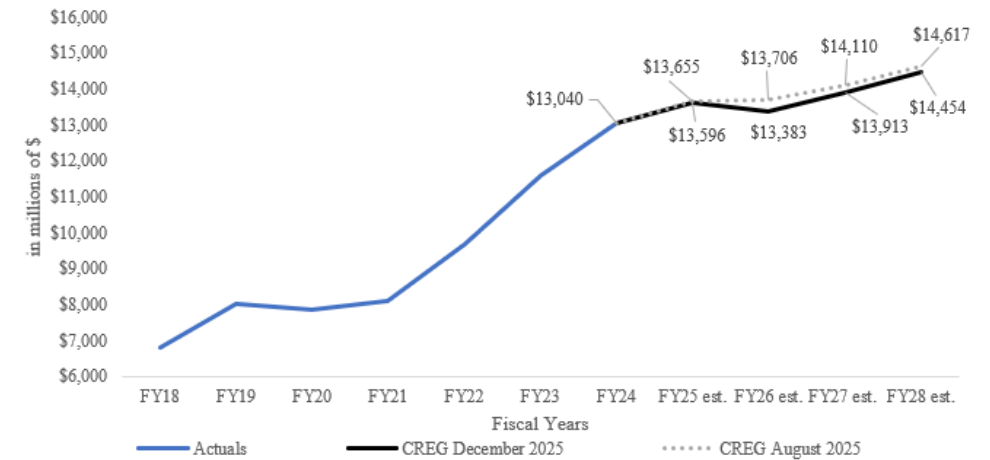
Source: DFA, CREG

N.M. December Consensus Revenue Summary

Table 1
December 2025 Consensus General Fund Forecast
 (in millions of dollars)

	FY25		FY26		FY27		FY28	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$ 4,383.5	6.1%	\$ 4,539.9	3.6%	\$ 4,661.3	2.7%	\$ 4,801.5	3.0%
Selective Sales	\$ 826.4	11.0%	\$ 819.1	-0.9%	\$ 833.9	1.8%	\$ 817.6	-2.0%
Income Taxes	\$ 2,925.6	3.7%	\$ 2,428.0	-17.0%	\$ 2,616.0	7.7%	\$ 2,802.7	7.1%
O&G Revenue	\$ 3,032.1	-1.4%	\$ 3,059.0	0.9%	\$ 3,053.0	-0.2%	\$ 3,074.2	0.7%
Investment Income	\$ 2,083.8	10.4%	\$ 2,228.9	7.0%	\$ 2,424.9	8.8%	\$ 2,631.3	8.5%
Other	\$ 344.4	-9.7%	\$ 308.2	-10.5%	\$ 324.2	5.2%	\$ 326.9	0.8%
Total Recurring Revenue	\$13,595.7	4.3%	\$13,383.1	-1.6%	\$13,913.2	4.0%	\$14,454.3	3.9%
Total Nonrecurring	\$ 28.5		\$ 362.6					
Grand Total Revenue	\$13,624.1	3.3%	\$13,745.7	0.9%	\$13,913.2	1.2%	\$14,454.3	3.9%

General Fund Recurring Revenue Forecast FY25 to FY30



Source: DFA FCD, CREG

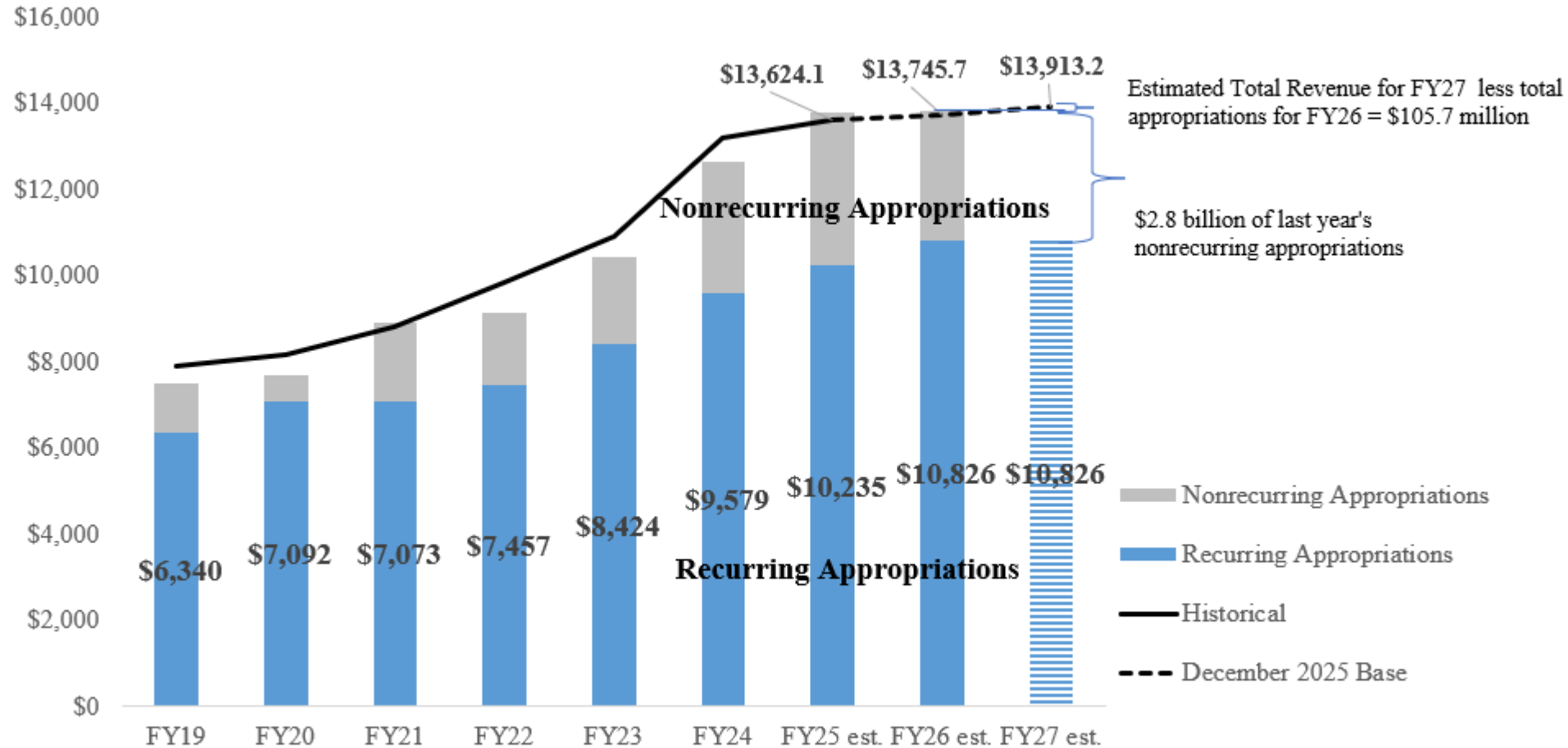
➤ Total recurring revenue shows modest growth across the forecast period with a decline slowing to -1.6% in FY26 before rebounding to 4.0% in FY27 and 3.9% in FY28

➤ **FY27 recurring revenue growth is from a lower base in FY26**

➤ Grand total revenue grows at a modest, steadier pace (0.9% in FY26, 1.2% in FY27, 3.9% in FY28), supported by significant nonrecurring revenue (State Land Office revenue) in FY26 that offsets the drop in recurring revenue.

Total New Money

Total New Money



Estimated Total Revenue for FY27 less total appropriations for FY26 = \$105.7 million

\$2.8 billion of last year's nonrecurring appropriations

- In FY2027:
 - Total estimated revenue for FY2027 less total appropriations in FY2026 equals **“Total New Money of \$105.7 million”**
 - Down from the previous estimate of \$484.8 million in August

Source: DFA, CREG, Total Revenue versus Recurring and Nonrecurring Appropriations (in millions)

General Fund Financial Summary (\$ in millions)

	FY2025 Est.	FY2026 Est.	FY2027 Est.
Beginning Balance (General Fund Reserves)	\$3,164.2	\$3,181.4	\$3,372.7
Recurring Revenue	\$13,595.7	\$13,383.1	\$13,913.2
Nonrecurring Revenue	\$28.5	\$362.6	
Total Revenue	\$13,624.1	\$13,745.7	\$13,913.2
Spending (Recurring Appropriations)	(\$10,234.6)	(\$10,826.3)	
Spending (Nonrecurring Appropriations)	(\$3,559.0)	(\$2,981.2)	
Total Appropriations	(\$13,785.7)	(\$13,807.5)	
Reserve Transfers, etc.	(\$161.6)	(\$61.9)	
Ending Balance (General Fund Reserves)	\$3,181.4	\$3,372.7	
General Fund Reserves as a Percent of Recurring Appropriations	31.1%	31.2% ¹	

¹ Pending 2026 legislative appropriations,

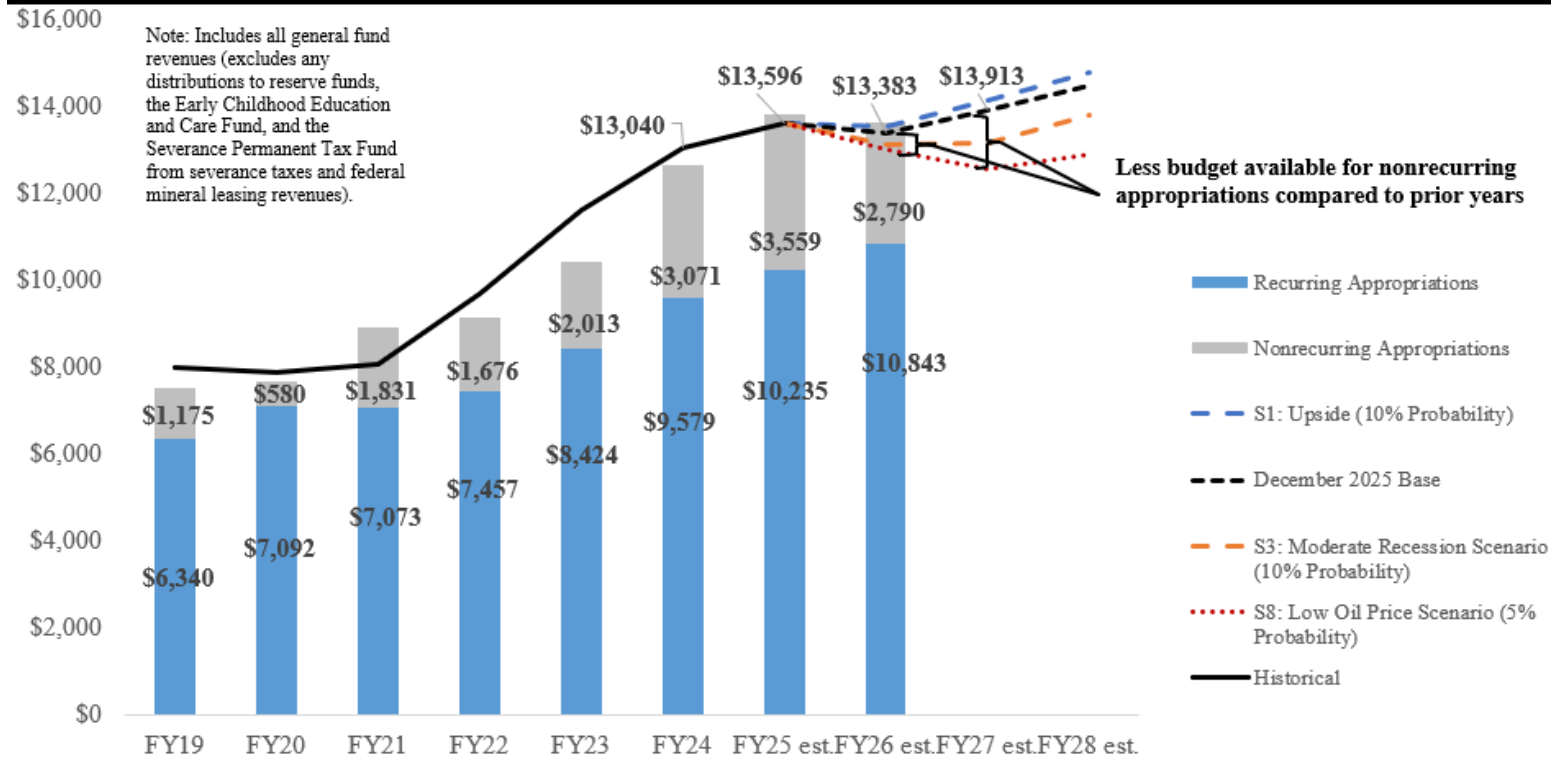
Risks to the Forecast

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Downside	Upside
<ul style="list-style-type: none"> ➤ Employment grows slower than forecast; employers hesitant to hire ➤ Returning to pre-pandemic level of layoffs would compromise consumer spending and growth ➤ AI could automate tasks and replace certain jobs in selected industries (technology sector, coding, etc.) ➤ AI equity market could be overvalued and be a bubble ➤ Further impacts from past Federal Government Shut-down and potential future shutdown 	<ul style="list-style-type: none"> ➤ Labor market grows faster than forecast with inflation declining toward target ➤ Wage growth outpaces inflation, supporting consumption ➤ AI is powering and fueling the stock market & investments (data centers) ➤ The shift to AI will increase productivity and profit for many companies
<ul style="list-style-type: none"> ➤ Higher-than-expected tariffs curb consumer spending ➤ Business investment declines more than anticipated ➤ Economic growth weakens more than expected 	<ul style="list-style-type: none"> ➤ Faster labor force or productivity growth reduces inflation even if job gains are above expectations ➤ Fed rate cuts with target inflation reached support stronger economic growth
<ul style="list-style-type: none"> ➤ Higher-than-expected tariffs add to inflation pressures and sluggish consumer confidence ➤ Persistent inflation with strong job growth slows Fed rate cuts ➤ Delayed Fed rate cuts erode confidence and curb credit-sensitive spending ➤ Potential trigger for recession 	<ul style="list-style-type: none"> ➤ Trade war ends faster than expected, boosting economic growth ➤ Tariff rates are anticipated to increase to an effective tariff rate of 12% by early next year.
<ul style="list-style-type: none"> ➤ Recession leads to job losses, higher unemployment, GDP contraction, reduced consumption, and tighter credit markets 	<ul style="list-style-type: none"> ➤ Impacts of the trade war and higher tariffs on the economy are less than expected
<ul style="list-style-type: none"> ➤ Oil price/supply shocks from Middle East conflict, Ukraine-Russia war, sanctions, OPEC+ supply shifts, or China's economic recovery 	<ul style="list-style-type: none"> ➤ OPEC+ production cuts stabilize or raise oil prices ➤ Oil and natural gas production exceeds expectations
<ul style="list-style-type: none"> ➤ H.R.1 revenue impacts larger than anticipated and uncertain due to taxpayer behavior; analysis ongoing ➤ Fewer resources for the IRS, i.e. auditing, impacting state revenue collections 	

Stress Test

Revenue Sensitivity Analysis



Source: DFA, CREG, Moody's Analytics, S&P, UNM Bureau of Business & Economic Research, (in millions)

Upside Scenario (in millions)			
	FY26	FY27	FY28
GRT	\$ 17	\$ 131	\$ 198
PIT	\$ 20	\$ 48	\$ 56
CIT	\$ 103	\$ 23	\$ 40
Severance to GF	\$ 2	\$ 7	\$ 5
Severance to TSR or ECE	\$ 39	\$ 135	\$ 56
Severance to STPF	\$ 1	\$ 9	\$ 37
FML to GF	\$ -	\$ -	\$ -
FML to ECE	\$ 34	\$ 194	\$ 103
FML to STPF	\$ -	\$ 7	\$ 47
TOTAL	\$ 216	\$ 554	\$ 543
<i>Total GF</i>	<i>\$ 143</i>	<i>\$ 209</i>	<i>\$ 299</i>
<i>Total TSRECE/STPF</i>	<i>\$ 74</i>	<i>\$ 345</i>	<i>\$ 244</i>
<i>% TSRECE/STPF</i>	<i>34%</i>	<i>62%</i>	<i>45%</i>

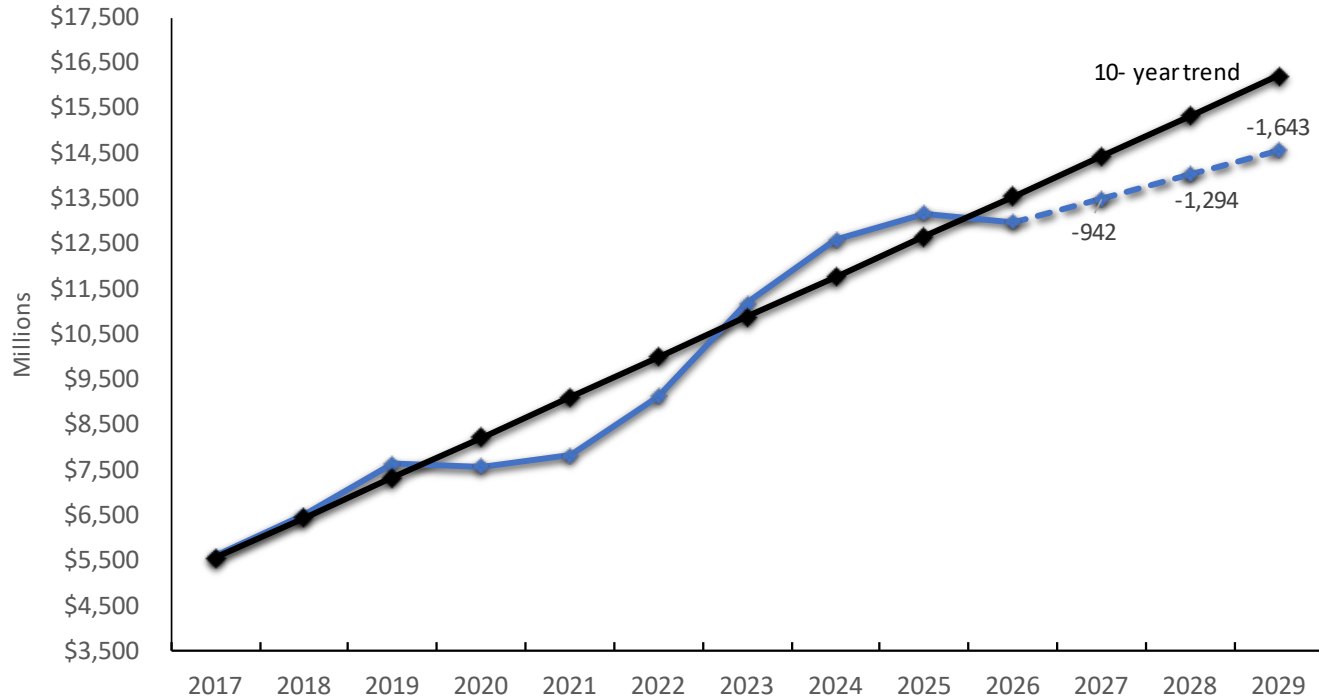
Moderate Recession Scenario (in millions)			
	FY26	FY27	FY28
GRT	\$ (145)	\$ (459)	\$ (442)
PIT	\$ (70)	\$ (136)	\$ (102)
CIT	\$ (29)	\$ (119)	\$ (104)
Severance to TSR or ECE	\$ (122)	\$ (85)	\$ (216)
Severance to STPF	\$ (192)	\$ (632)	\$ (320)
FML to GF	\$ -	\$ -	\$ -
FML to ECE	\$ (203)	\$ (51)	\$ (143)
FML to STPF	\$ (315)	\$ (874)	\$ (593)
TOTAL	\$ (1,092)	\$ (2,394)	\$ (1,948)
<i>Total GF</i>	<i>\$ (261)</i>	<i>\$ (751)</i>	<i>\$ (675)</i>
<i>Total TSRECE</i>	<i>\$ (831)</i>	<i>\$ (1,642)</i>	<i>\$ (1,273)</i>
<i>% TSRECE/STPF</i>	<i>76%</i>	<i>69%</i>	<i>65%</i>

Low Oil Price Scenario (in millions)			
	FY26	FY27	FY28
GRT	\$ (210)	\$ (532)	\$ (691)
PIT	\$ (84)	\$ (151)	\$ (202)
CIT	\$ (50)	\$ (103)	\$ (126)
Severance to GF	\$ (28)	\$ (322)	\$ (258)
Severance to TSR or ECE	\$ (122)	\$ (85)	\$ (216)
Severance to STPF	\$ (506)	\$ (709)	\$ (723)
FML to GF	\$ -	\$ (270)	\$ (276)
FML to ECE	\$ (203)	\$ (51)	\$ (143)
FML to STPF	\$ (411)	\$ (1,083)	\$ (1,187)
TOTAL	\$ (1,614)	\$ (3,305)	\$ (3,822)
<i>Total GF</i>	<i>\$ (372)</i>	<i>\$ (1,377)</i>	<i>\$ (1,553)</i>
<i>Total TSRECE</i>	<i>\$ (1,242)</i>	<i>\$ (1,928)</i>	<i>\$ (2,269)</i>
<i>% TSRECE/STPF</i>	<i>77%</i>	<i>58%</i>	<i>59%</i>

- Stress test models revenue impacts under a moderate recession and low oil price scenario
- Demonstrates New Mexico's revenue sensitivity to energy market downturns and national recessions
- Underscores the importance of maintaining strong reserves to manage fiscal risk

General Fund Revenue vs. 10 Year Trend

Volatility in Major General Fund Revenue Sources Deviation from the 10-year trend line: (FY16-FY25)



Source: DOT, CREG December 2025 Revenue Estimate

Note: major revenue sources consist of sales taxes, income taxes, severance taxes, rents and royalties, and investment earnings.

- The trendline analysis illustrates how far revenues have deviated from the 10-year trend
- As energy prices have declined, federal legislative changes occur, and overall economic growth continues to moderate; revenues dip below the trendline
- General fund revenues are \$563M below the 10-year trend in FY26 and \$942M below in FY27
- New Mexico's general fund revenue average annual growth rate is 10.1% (2016-2025 trend)

Appendix

Appendix 1: CREG Memo

December 8, 2025

MEMORANDUM

TO: The Members of the Legislative Finance Committee

FROM: Staff Economists of the Department of Finance and Administration, Legislative Finance Committee, Taxation and Revenue Department, and Department of Transportation

THROUGH: Secretary Wayne Propst, Department of Finance and Administration
Secretary Stephanie Schardin Clarke, Taxation and Revenue Department
Secretary Ricky Serna, Department of Transportation
Director Charles Sallee, Legislative Finance Committee

SUBJECT: Consensus Revenue Estimating Group – December 2025 Forecast

The Consensus Revenue Estimating Group (CREG) meets several times throughout the state budget process to review economic indicators, analyze tax receipt data, and make modifications to previous revenue estimates to provide policymakers the best information on the New Mexico revenue outlook. This memorandum summarizes the work and conclusions of the CREG, comprised of economists from the Legislative Finance Committee (LFC), the Department of Finance and Administration (DFA), the Taxation and Revenue Department (Tax & Rev), and the Department of Transportation (DOT). After careful review of new economic data and general fund receipts, the CREG has reached a consensus estimate of general fund revenues. The consensus estimate is reflected in the attachment.

December 2025 Consensus General Fund, Recurring Revenue Outlook (in millions)

<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
\$13,595.7	\$13,383.1	\$13,913.2

Total recurring revenues are expected to be \$13.4 billion in FY26 and \$13.9 billion in FY27. Grand total revenues, including nonrecurring revenues, are expected to be \$13.7 billion in FY26 and \$13.9 billion in FY27 as follows:

- General sales tax receipts: \$4.5 billion in FY26 and \$4.7 billion in FY27
- Income tax receipts: \$2.4 billion in FY26 and \$2.6 billion in FY27
- Severance tax receipts: \$1.3 billion in FY26 and \$1.3 billion in FY27
- Interest revenues: \$2.2 billion in FY26 and \$2.4 billion in FY27
- Revenues associated with rent and royalty receipts: \$1.8 billion in FY26 and \$1.8 billion in FY27
- All other recurring revenues: \$1.2 billion in FY26 and \$1.1 billion in FY27
- Other nonrecurring revenues: \$362.6 million in FY26.

Revenue Source	FY28					FY29					FY30				
	Aug 25 Est.	Dec 25 Est.	Change From Prior (Aug 25)	% Change from FY27	\$ Change from FY27	Aug 25 Est.	Dec 25 Est.	Change From Prior (Aug 25)	% Change from FY28	\$ Change from FY28	Aug 25 Est.	Dec 25 Est.	Change From Prior (Aug 25)	% Change from FY29	\$ Change from FY29
Base Gross Receipts Tax	4,795.5	4,797.3	1.8	2.7%	127.9	4,965.9	4,959.9	(6.0)	-3.4%	162.6	5,141.4	5,129.6	(11.8)	-3.4%	169.7
F&M Hold Harmless Payments	(91.4)	(89.9)	1.5	-9.5%	9.4	(81.0)	(80.0)	1.0	-11.0%	9.9	(70.1)	(69.9)	0.2	-12.7%	10.1
NET Gross Receipts Tax	4,704.1	4,707.4	3.3	3.0%	137.3	4,884.9	4,879.9	(5.0)	3.7%	172.5	5,071.3	5,059.7	(11.6)	3.7%	179.8
Compensating Tax	93.4	94.1	0.7	3.2%	3.0	96.4	97.0	0.6	3.1%	2.9	99.8	100.3	0.5	3.4%	3.3
TOTAL GENERAL SALES	4,797.5	4,801.5	4.0	3.0%	140.2	4,981.3	4,976.9	(4.4)	3.7%	175.4	5,171.1	5,160.0	(11.1)	3.7%	183.2
Tobacco Products and Cigarette Taxes	62.9	63.7	0.8	-2.0%	(1.3)	62.6	62.4	(0.2)	-2.0%	(1.3)	62.3	61.2	(1.1)	-1.9%	(1.2)
Liquor Excise	24.5	22.9	(1.6)	-0.2%	(0.1)	24.6	22.8	(1.8)	-0.3%	(0.1)	24.8	22.7	(2.0)	-0.3%	(0.1)
Cannabis Excise	37.6	34.0	(3.6)	3.7%	1.2	40.2	35.3	(4.9)	3.8%	1.3	42.7	37.7	(5.0)	6.8%	2.4
Insurance Taxes	449.5	437.7	(11.8)	-5.3%	(24.7)	447.6	435.0	(12.6)	-0.6%	(2.7)	452.2	437.3	(14.9)	0.5%	2.3
Motor Vehicle Excise	191.1	192.1	0.9	3.4%	6.4	197.9	200.5	2.6	4.4%	8.5	203.7	208.3	4.6	3.9%	7.8
Gaming Excise	59.3	58.9	(0.4)	3.0%	1.7	59.8	62.3	2.5	5.8%	3.4	60.2	63.8	3.6	2.4%	1.5
Leased Vehicle & Other	7.2	8.4	1.2	5.5%	0.4	7.4	7.6	0.2	-9.2%	(0.8)	7.5	7.8	0.3	2.6%	0.2
TOTAL SELECTIVE SALES	832.1	817.6	(14.5)	-2.0%	(16.3)	840.1	825.9	(14.1)	1.0%	8.3	853.4	838.8	(14.5)	1.6%	12.9
Personal Income Tax	2,341.2	2,293.7	(47.5)	2.8%	61.8	2,394.6	2,354.7	(39.9)	2.7%	61.0	2,483.1	2,439.8	(43.3)	3.6%	85.1
Gross Corporate Income Tax	425.8	273.2	(152.6)	16.9%	39.4	450.8	294.8	(156.0)	7.9%	21.6	465.6	330.1	(135.5)	12.0%	35.3
Pass-Through Entity Income Tax ¹	356.5	337.1	(19.4)	5.1%	16.5	368.5	355.9	(12.6)	5.6%	18.8	380.0	367.4	(12.6)	3.2%	11.5
CIT Refundable Credits	(95.1)	(101.3)	(6.2)	-40.5%	69.0	(133.2)	(143.2)	(10.0)	41.4%	(41.9)	(140.5)	(146.9)	(6.4)	2.6%	(3.7)
Total Corporate Income Tax	687.2	509.0	(178.2)	32.5%	124.9	686.1	507.5	(178.6)	-0.3%	(1.5)	705.1	550.6	(154.5)	8.5%	43.1
TOTAL INCOME TAXES	3,028.4	2,802.7	(225.7)	7.1%	186.7	3,080.7	2,862.2	(218.5)	2.1%	59.5	3,188.2	2,990.4	(197.8)	4.5%	128.2
Gross Oil and Gas School Tax	2,079.9	2,085.1	5.2	7.5%	145.4	2,123.4	2,094.1	(29.3)	0.4%	9.1	2,158.9	2,135.7	(23.2)	2.0%	41.6
Excess to TSR, ECTF, or BHTF	(190.1)	(216.2)	(26.0)	152.9%	(130.7)	(215.2)	(205.8)	9.5	-4.8%	10.4	(188.2)	(190.6)	(2.5)	-7.3%	15.1
Excess to STPF	(744.4)	(723.6)	20.8	2.1%	(14.8)	(762.8)	(743.0)	19.8	2.7%	(19.5)	(825.3)	(799.7)	25.6	7.6%	(56.7)
NET Oil & Gas School Tax	1,145.4	1,145.4	0.0	0.0%	-	1,145.4	1,145.4	(0.0)	0.0%	(0.0)	1,145.4	1,145.4	0.0	0.0%	0.0
Oil Conservation Tax	90.6	105.4	14.8	7.6%	7.4	92.7	106.1	13.4	0.7%	0.8	94.3	108.7	14.4	2.4%	2.6
Resources Excise Tax	8.0	7.9	(0.1)	-2.5%	(0.2)	8.0	7.7	(0.3)	-2.5%	(0.2)	8.0	7.5	(0.5)	-2.6%	(0.2)
Natural Gas Processors Tax	36.4	39.1	2.7	47.5%	12.6	39.0	40.1	1.1	2.6%	1.0	39.0	40.9	1.9	2.0%	0.8
TOTAL SEVERANCE TAXES	1,280.4	1,297.8	17.4	1.6%	19.8	1,285.1	1,299.3	14.2	0.1%	1.5	1,286.7	1,302.5	15.8	0.2%	3.2
LICENSE FEES	67.9	73.3	5.4	0.5%	0.4	69.5	74.7	5.2	1.9%	1.4	68.7	73.1	4.4	-2.2%	(1.7)
LGP Interest	1,853.0	1,850.0	(3.0)	9.1%	153.8	2,046.0	2,042.3	(3.7)	10.4%	192.4	2,235.1	2,230.4	(4.7)	9.2%	188.1
STO Interest	246.6	289.0	42.4	-3.5%	(10.5)	269.3	312.7	43.4	8.2%	23.7	274.5	321.0	46.5	2.7%	8.3
STPF Interest	498.2	492.4	(5.8)	14.7%	63.1	578.2	570.9	(7.2)	16.0%	78.6	668.4	660.1	(8.3)	15.6%	89.1
TOTAL INTEREST	2,597.7	2,631.3	33.6	8.5%	206.5	2,893.5	2,926.0	32.5	11.2%	294.6	3,178.0	3,211.5	33.5	9.8%	285.5
Gross Federal Mineral Leasing	2,973.4	2,958.6	(14.8)	6.7%	186.4	3,114.5	3,075.4	(39.1)	3.9%	116.8	3,166.8	3,133.8	(33.0)	1.9%	58.4
Excess to ECTF or Medicaid TF	(119.2)	(134.8)	(15.6)	161.5%	(83.3)	(304.2)	(298.4)	5.8	121.3%	(163.6)	(298.4)	(306.6)	(8.2)	2.8%	(8.2)
Excess to STPF	(1,209.3)	(1,178.9)	30.4	9.6%	(103.1)	(1,165.5)	(1,132.1)	33.4	-4.0%	46.8	(1,223.5)	(1,182.3)	41.2	4.4%	(50.1)
NET Federal Mineral Leasing	1,644.9	1,644.9	0.0	0.0%	-	1,644.9	1,644.9	-	0.0%	-	1,644.9	1,644.9	0.0	0.0%	0.0
State Land Office	112.5	131.6	19.1	1.1%	1.5	114.0	133.1	19.1	1.1%	1.5	115.5	134.6	19.1	1.1%	1.5
TOTAL RENTS & ROYALTIES	1,757.4	1,776.5	19.1	0.1%	1.5	1,758.9	1,778.0	19.1	0.1%	1.5	1,760.4	1,779.5	19.1	0.1%	1.5
TRIBAL REVENUE SHARING	91.0	91.0	-	0.6%	0.5	93.4	92.2	(1.2)	1.3%	1.2	95.6	94.1	(1.5)	2.1%	1.9
MISCELLANEOUS RECEIPTS	55.0	52.6	(2.4)	3.4%	1.8	57.3	54.4	(2.9)	3.5%	1.8	56.1	52.4	(3.6)	-3.6%	(2.0)
REVERSIONS ²	110.0	110.0	-	0.0%	-	110.0	110.0	-	0.0%	-	110.0	110.0	-	0.0%	-
TOTAL RECURRING	14,617.3	14,454.3	(163.1)	3.9%	541.0	15,169.8	14,999.6	(170.2)	3.8%	545.4	15,768.1	15,612.3	(155.8)	4.1%	612.7
Other Nonrecurring Revenue	-	-	-	-	-	-	-	-	#DIV/0!	-	-	-	-	#DIV/0!	-
TOTAL NONRECURRING	-	-	-	-	-	-	-	-	#DIV/0!	-	-	-	-	#DIV/0!	-
GRAND TOTAL General Fund	14,617.3	14,454.3	(163.1)	3.9%	541.0	15,169.8	14,999.6	(170.2)	3.8%	545.4	15,768.1	15,612.3	(155.8)	4.1%	612.7

Appendix 3: Economic Indicators

U.S. and New Mexico Economic Indicators

		FY25		FY26		FY27		FY28		FY29		FY30	
		Aug 25 Forecast	Dec 25 Forecast	Aug 25 Forecast	Dec 25 Forecast	Aug 25 Forecast	Dec 25 Forecast	Aug 25 Forecast	Dec 25 Forecast	Aug 25 Forecast	Dec 25 Forecast	Aug 25 Forecast	Dec 25 Forecast
National Economic Indicators													
S&P Global	US Real GDP Growth (annual avg., % YOY)*	2.8	2.8	1.4	2.0	2.0	2.2	1.7	1.8	1.6	1.6	1.7	1.8
Moody's	US Real GDP Growth (annual avg., % YOY)*	2.3	2.3	1.1	2.0	1.5	1.9	2.0	1.9	2.3	2.3	2.5	2.6
S&P Global	US Inflation Rate (CPI-U, annual avg., % YOY)**	2.5	2.5	2.5	3.1	2.4	2.5	2.1	2.5	2.1	2.0	2.2	2.2
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	2.6	2.6	3.2	3.1	2.8	3.0	1.9	2.3	1.8	1.9	1.9	1.7
S&P Global	Federal Funds Rate (%)	5.1	5.1	4.3	4.3	3.5	3.5	2.9	2.9	2.9	2.9	3.1	3.1
Moody's	Federal Funds Rate (%)	4.6	4.6	3.9	3.8	3.1	2.9	3.0	2.9	3.0	3.0	2.8	2.8
New Mexico Labor Market and Income Data													
BBER	NM Non-Agricultural Employment Growth (%)	1.1	1.1	0.6	0.5	0.2	0.6	0.2	0.4	0.3	0.3	0.5	0.4
Moody's	NM Non-Agricultural Employment Growth (%)	1.4	1.4	0.8	1.2	0.0	0.0	0.1	0.1	0.3	0.3	0.5	0.5
BBER	NM Nominal Personal Income Growth (%)***	4.8	4.8	5.0	4.4	5.1	5.5	5.0	5.1	4.9	4.7	4.7	4.5
Moody's	NM Nominal Personal Income Growth (%)***	4.7	5.6	5.2	4.7	4.7	4.6	3.9	3.9	3.5	3.6	3.7	3.8
BBER	NM Total Wages & Salaries Growth (%)	5.0	5.0	4.4	3.8	3.8	4.7	4.2	4.6	4.4	4.5	4.2	4.2
Moody's	NM Total Wages & Salaries Growth (%)	4.9	5.3	4.7	4.1	3.9	3.9	3.1	3.1	2.8	2.9	3.3	3.4
BBER	NM Private Wages & Salaries Growth (%)	4.8	4.8	4.7	4.2	4.0	5.1	4.5	5.0	4.6	4.8	4.4	4.4
BBER	NM Real Gross State Product (% YOY)	1.5	2.6	1.3	1.7	1.9	2.0	1.6	1.7	1.7	1.8	1.7	1.7
Moody's	NM Real Gross State Product (% YOY)	1.5	2.6	0.8	1.6	1.1	1.4	1.5	1.4	1.7	1.7	1.9	2.0
CREG	NM Gross Oil Price (\$/barrel)	\$69.00	\$69.00	\$60.50	\$58.00	\$60.50	\$57.50	\$64.50	\$61.00	\$66.00	\$62.00	\$67.50	\$64.50
CREG	NM Net Oil Price (\$/barrel)****	\$60.51	\$60.33	\$53.06	\$50.77	\$53.06	\$50.31	\$56.57	\$53.38	\$57.88	\$54.25	\$59.20	\$56.44
BBER	Oil Volumes (million barrels)	775	779	770	792	765	790	767	794	771	799	773	797
CREG	NM Taxable Oil Volumes (million barrels)	775	781	800	820	825	840	845	855	845	860	840	865
	NM Taxable Oil Volumes (%YOY growth)	9.2%	10.0%	3.2%	5.0%	3.1%	2.4%	2.4%	1.8%	0.0%	0.6%	-0.6%	0.6%
CREG	NM Gross Gas Price (\$ per thousand cubic feet)****	\$3.31	\$3.19	\$4.42	\$3.74	\$4.77	\$4.58	\$4.49	\$4.62	\$4.42	\$4.34	\$4.32	\$4.09
CREG	NM Net Gas Price (\$ per thousand cubic feet)****	\$2.11	\$2.03	\$3.14	\$2.57	\$3.44	\$3.27	\$3.19	\$3.30	\$3.13	\$3.06	\$3.06	\$2.85
BBER	Gas Volumes (billion cubic feet)	3,888	3,988	3,920	4,146	3,919	4,147	3,933	4,165	3,949	4,171	3,955	4,153
CREG	NM Taxable Gas Volumes (billion cubic feet)	3,915	4,000	4,200	4,490	4,335	4,640	4,485	4,885	4,640	5,080	4,845	5,225
	NM Taxable Gas Volumes (%YOY growth)	12.5%	12.0%	7.3%	12.3%	3.2%	3.3%	3.5%	5.3%	3.5%	4.0%	4.4%	2.9%

Notes

* Real GDP is BEA chained 2017 dollars, billions, annual rate

** CPI is all urban, BLS 1982-84=1.00 base

****The gross gas prices are estimated using a formula of NYMEX, EIA, and S&P Global future prices

*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: BBER - October 2025 FOR-UNM baseline. S&P Global Insight - October 2025 baseline.

DFA Notes

* Real GDP is BEA chained 2012 dollars, billions, annual rate

** CPI is all urban, BLS 1982-84=1.00 base.

***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

****The gross gas prices are estimated using a formula of NYMEX, EIA, and Moody's January future prices

*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: Moody's November 2025 baseline

Appendix 4: Sources and Uses

Sources and Uses of Bonding Capacity Available for Authorization and Severance Tax Permanent Fund Transfer (in millions) December 2025						
Sources of Funds	FY26	FY27	FY28	FY29	FY30	5-Year
General Obligation Bonds	\$380.3		\$380.3		\$380.3	\$1,140.9
Senior STBs	\$1,116.9	\$1,115.6	\$1,157.3	\$1,203.2	\$1,191.4	\$5,784.4
Severance Tax Bonds Issued ¹	\$385.0	\$385.0	\$385.0	\$385.0	\$385.0	\$1,925.0
Severance Tax Notes	\$731.9	\$730.6	\$772.3	\$818.2	\$806.4	\$3,859.4
Supplemental STBs	\$742.6	\$760.8	\$819.8	\$882.7	\$898.3	\$4,104.2
Supplemental Severance Tax Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Supplemental Severance Tax Notes	\$742.6	\$760.8	\$819.8	\$882.7	\$898.3	\$4,104.2
TOTAL Sources of STB Funds	\$1,859.5	\$1,876.5	\$1,977.0	\$2,085.9	\$2,089.7	\$9,888.6
Uses of Funds	FY26	FY27	FY28	FY29	FY30	5-Year
General Obligation Bonds	\$380.3		\$380.3		\$380.3	\$1,140.9
Senior Severance Tax Bonds	\$1,116.9	\$1,876.5	\$1,977.0	\$2,085.9	\$2,089.7	\$9,146.0
<u>Authorized but Unissued STB Projects</u>	\$63.5	\$0.0	\$0.0	\$0.0	\$0.0	\$63.5
<u>Earmark Programs</u>						
9.0% of Senior STB for Water Projects	\$184.8	\$184.7	\$188.5	\$192.6	\$191.6	\$942.2
4.5% of Senior STB for Colonias Projects	\$92.4	\$92.4	\$94.2	\$96.3	\$95.8	\$471.1
4.5% of Senior STB for Tribal Projects	\$92.4	\$92.4	\$94.2	\$96.3	\$95.8	\$471.1
2.5% Housing Trust Fund Projects	\$51.3	\$51.3	\$52.4	\$53.5	\$53.2	\$261.7
<u>Capital Development Reserve & Program Funds²</u>						
Capital Dev. & Reserve Fund Contribution	\$197.1	\$312.6	\$428.2	\$543.7	\$659.2	\$2,140.9
<u>New Senior STB Statewide Capital Projects</u>	\$435.2	\$382.2	\$299.8	\$220.7	\$95.9	\$1,433.8
PSCOC Public School Capital	\$742.6	\$760.8	\$819.8	\$882.7	\$898.3	\$4,104.2
TOTAL STB Uses of Funds	\$1,859.5	\$1,876.5	\$1,977.0	\$2,085.9	\$2,089.7	\$9,888.6
Estimated Transfer to Severance Tax Permanent Fund & Capital Development Program Fund Disbursement						
	FY26	FY27	FY28	FY29	FY30	5-Year
Severance Tax Permanent Fund Transfer	\$681.9	\$643.2	\$787.9	\$755.0	\$874.4	\$3,742.4
Capital Dev. Program Fund Disbursement	\$26.5	\$30.9	\$41.8	\$58.4	\$81.4	\$239.1

¹ The State Board of Finance has calculated the "capped" debt capacity to be \$385 million annually.

² Per HB 253 (2024), SBOF shall distribute any cash savings resulting from reduced long-term bond issuance (also known as debt service savings) annually to the newly established Capital Development and Reserve Fund. Based on the traditional SBOF capacity calculation, estimated at \$1,322 million, and the issuance amount of \$385 million per HB253, average annual debt service savings are estimated to total \$115.52 million, which is applied for 10 years, compounding each year in which debt service savings are realized. This analysis assumes savings will be realized each year. Additionally, on January 1 of each year, a distribution from the Capital Development Reserve fund will be made to the Capital Development Program Fund for small project and design and engineering appropriation.

Appendix 5a: GFFS

GENERAL FUND FINANCIAL SUMMARY 2025 December Consensus Revenue Estimate (Dollars in Millions)

	Est. FY25	Est. FY26	Est. FY27
APPROPRIATION ACCOUNT			
Revenue:			
Recurring Revenue:			
<i>August 2025 Consensus Revenue Estimate</i>	\$ 13,654.8	\$ 13,706.0	\$ 14,109.9
<i>December 2025 Consensus Revenue Update</i>	\$ (59.1)	\$ (322.9)	\$ (196.7)
Subtotal Recurring Revenue	\$ 13,595.7	\$ 13,383.1	\$ 13,913.2
Nonrecurring Revenue			
<i>December 2025 Consensus Revenue Update</i>	\$ 28.5	\$ 362.6	
Subtotal Nonrecurring Revenue	\$ 28.5	\$ 362.6	
Total Revenue	\$ 13,624.1	\$ 13,745.7	\$ 13,913.2
Appropriations:			
Recurring Appropriations:			
<i>Prior Legislative Sessions</i>			FY27 Total New Money
<i>2024 Regular Session and Feed Bill</i>	\$ 10,219.5	\$ -	
<i>2025 Regular Session and Feed Bill</i>	\$ 15.1	\$ 10,826.3	\$ 105.7 million or 0.8% of Total Approps.
Subtotal Recurring Appropriations	\$ 10,234.6	\$ 10,826.3	
Nonrecurring:			
<i>2024 Regular Session Nonrecurring Appropriations</i>	\$ 1,468.0		
<i>2024 Regular Session General Fund Capital</i>	\$ 931.6		
<i>2024 Special Session General Fund</i>	\$ 103.0		
<i>2025 Regular Session Nonrecurring Appropriations</i>	\$ 1,056.4	\$ 2,008.1	
<i>2025 Regular Session General Fund Capital</i>	\$ 798.5		
<i>Allotment to the Election Fund</i>	\$ 30.0		
<i>2025 Special Session 1 General Fund</i>	\$ 144.5	\$ -	
<i>2025 Special Session 2 General Fund</i>	\$ 0.1	\$ -	
Subtotal Nonrecurring Appropriations	\$ 3,559.0	\$ 2,981.2	\$ -
Subtotal Recurring and Nonrecurring Appropriations	\$ 13,793.6	\$ 13,807.5	\$ -
<i>FY25 Audit Adjustments</i>			
Total Appropriations	\$ (7.9)	\$ 13,785.7	\$ 13,807.5
Transfers to/(from Operating Reserves)			
	\$ (161.6)	\$ (61.9)	\$ -

Appendix 5b: GFFS

GENERAL FUND FINANCIAL SUMMARY

Reserve Detail (Dollars in Millions)

	Est. FY25	Est. FY26	Est. FY27
OPERATING RESERVE			
Beginning Balance	\$ 606.6	\$ 246.5	\$ 138.1
BOF Emergency Appropriations/Reversions	\$ (4.0)	\$ (4.0)	\$ (4.0)
Disaster Allotments ¹⁰	\$ (194.4)	\$ (200.0)	\$ -
Transfers from/to Appropriation Account	\$ (161.6)	\$ (61.9)	\$ -
Transfers to Government Results & Opportunity (GRO) Expendable Trust ⁶	\$ -	\$ -	\$ -
Transfers from (to) ACF/Other Appropriations	\$ -	\$ (30.0)	\$ -
2025s Special Session 1 Reversion to Operating Reserve	\$ 120.0		
2025s Special Session 2 Reversion to Operating Reserve	\$ 162.5		
2025s Special Session 2 Appropriation	\$ (160.0)		
Transfers from Tax Stabilization Reserve (1% transfer from TSR)	\$ 64.9		
Transfers from Tax Stabilization Reserve	\$ -	\$ -	\$ -
Ending Balance	\$ 246.5	\$ 138.1	\$ 134.1

APPROPRIATION CONTINGENCY FUND

Beginning Balance	\$ 9.1	\$ 68.4	\$ 30.0
Disaster Allotments ¹⁰	\$ (65.7)	\$ (13.5)	\$ -
Other Appropriations ⁵	\$ (25.0)	\$ (55.0)	\$ -
Transfers In ⁴	\$ 150.0	\$ 30.0	\$ -
Revenue and Reversions	\$ -	\$ -	\$ -
Ending Balance	\$ 68.4	\$ 30.0	\$ 30.0

STATE SUPPORT RESERVE

Beginning Balance	\$ 0.4	\$ 0.4	\$ 0.4
Revenues/Transfers	\$ 40.0	\$ -	\$ -
Appropriations	\$ (40.0)	\$ -	\$ -
Impact Aid Liability	\$ -	\$ -	\$ -
Ending Balance	\$ 0.4	\$ 0.4	\$ 0.4

TAX STABILIZATION RESERVE

Beginning Balance	\$ 2,179.0	\$ 2,335.3	\$ 2,364.0
Revenues In ¹	\$ 436.2	\$ 61.0	\$ 42.7
Transfers In (from Operating Reserve)	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve ³	\$ -	\$ (64.9)	\$ -
Transfers Out to Early Childhood Trust Fund ²	\$ (436.2)	\$ (61.0)	\$ (42.7)
Gains/Losses	\$ 156.3	\$ 93.6	\$ 94.6
Other appropriations/FY25 Transfer to Higher Education Trust Fund	\$ -	\$ -	\$ -
Audit Adjustments for Rounding	\$ -	\$ -	\$ -
Ending Balance	\$ 2,335.3	\$ 2,364.0	\$ 2,458.5

Government Results and Opportunity Expendable Trust⁸

Beginning Balance	\$ -	\$ 530.8	\$ -
Transfers In (from Operating Reserve) ⁶	\$ 512.2	\$ -	\$ -
Transfer Out to Program Fund	\$ 7.7	\$ (132.7)	\$ -
Gains/Losses	\$ -	\$ 10.6	\$ -
Other appropriations/in flows	\$ -	\$ 265.3	\$ -
Reversions	\$ 10.9	\$ -	\$ -
Ending Balance	\$ 530.8	\$ 674.0	\$ -

Behavioral Health Trust Fund⁹

Beginning Balance	\$ -	\$ 166.2	\$ -
Transfers In (50% of OGAS in Excess of 5-year average)	\$ 61.0	\$ 42.7	\$ -
Transfer Out to Program Fund	\$ -	\$ -	\$ -
Gains/Losses	\$ 5.2	\$ 8.6	\$ -
Other appropriations/in flows	\$ -	\$ -	\$ -
Ending Balance	\$ 100.0	\$ (5.2)	\$ 212.4

Total General Fund Ending Balances

\$ 3,181.4 **\$ 3,372.7**

Percent of Recurring Appropriations

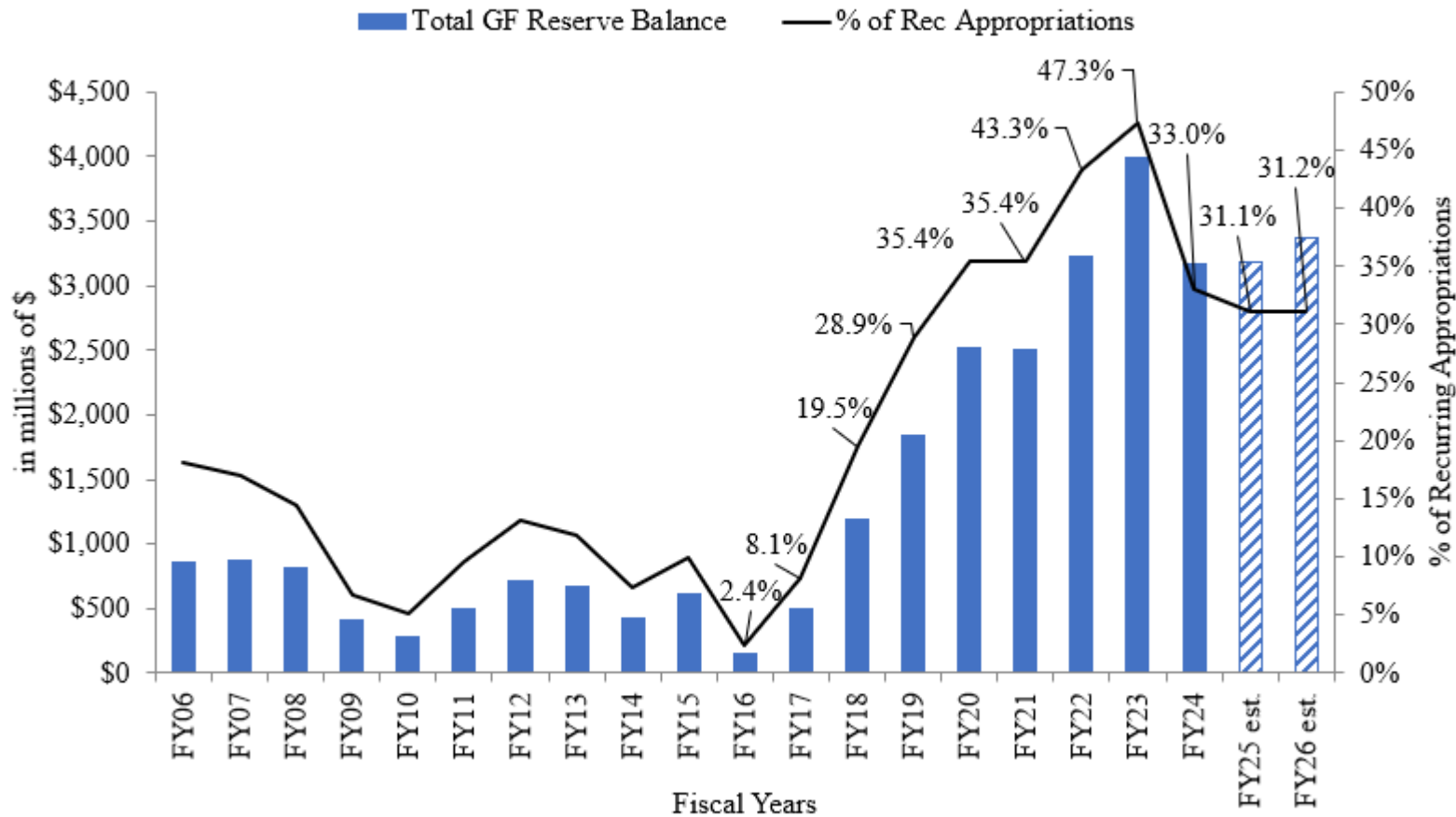
31.1% **31.2%**

- Estimated transfers to TSR from excess oil and gas emergency tax revenues in excess of the rolling five-year average.
- Laws 2020, Chapter 3 (HB83) established that if reserve balances exceed 25 percent of recurring appropriations the excess oil and gas emergency tax revenue in excess of the rolling five-year average be distributed to the Early Childhood Trust Fund.
- Laws 2020, HB341 transfers a portion of the balance in the Tax Stabilization Reserve (TSR) if the General Fund Operating Reserve is less than one percent of aggregate appropriations. The amount transferred is equal to the lesser of the one percent of
- Laws of 2025, transfers \$150 million of GF to the appropriation contingency fund in FY25.
- Laws of 2025, appropriates \$25 million from the appropriation contingency fund in FY25 for CYFD. Also, Laws 2025, Chapter 157 (Senate Bill 31) requires transfers of up to \$50 million to the natural disaster revolving fund, or the amount necessary to bring the
- Laws 2024, HB196 stipulates that when operating reserve fund hits 8 percent of the prior budget year's recurring appropriations, the excess must be transferred to the government results and opportunity (GRO) expendable trust. Under prior law, the excess funds were transferred from the operating reserve to the tax stabilization reserve. Because the bill did not have an effective date, it becomes effective May 15, 2024 - 90 days after the legislature adjourns.
- Laws 2024, SB116 removes the Tobacco Settlement Permanent Fund from reserves in FY25.
- The Government Results and Opportunity Expendable Trust is considered a reserve fund for FY25 and FY26
- Laws 2025, SB1 adds the Behavioral Health Trust Fund to reserves for FY26 and FY27.
- FY25 and FY26 disaster allotment data are based on the most current FCD data, with an assumed total of \$200 million in disaster allotments from the Operating Reserve in FY26

Totals may not sum due to rounding

Appendix 6: General Fund Reserves

General Fund Reserve Balances as a Percent of Recurring Appropriations



Source: DFA, FCD, CREG

- FY24 general fund reserve balances are \$3.16 billion or 33% of recurring appropriations
- Estimated FY25 general fund reserves are at \$3.181 billion or 31.1% of recurring appropriations.
- Estimated FY26 general fund reserves are at \$3.37 billion or 31.2% of recurring appropriations.*
 - (*pending 2026 legislative appropriations)

Appendix 7a: Other Funds: ECECF and MTF

Early Childhood Education and Care Fund

	Beginning Balance	Gains & Losses	Excess FML	OGAS School Tax	Distribution to ECE Program Fund	Ending Balance (\$ in millions)	Distribution to ECE Program Fund
CY20	\$ 300.0	\$ 6.1	\$ -	\$ -		\$ 306.1	
CY21	\$ 306.1	\$ 27.9	\$ -	\$ -	\$ (20.0)	\$ 314.1	FY21 \$ -
CY22	\$ 314.1	\$ (7.1)	\$ 1,501.7	\$ 1,682.8	\$ (30.0)	\$ 3,462.0	FY22 \$ 20.0
CY23	\$ 3,462.0	\$ 336.3	\$ 2,073.0		\$ (150.0)	\$ 5,721.2	FY23 \$ 30.0
CY24	\$ 5,721.2	\$ 549.7	\$ 1,179.8	\$ 1,815.0	\$ (250.0)	\$ 9,015.8	FY24 \$ 150.0
CY25	\$ 9,015.8	\$ 642.5	\$ 805.9		\$ (500.0)	\$ 9,964.2	FY25 \$ 250.0
CY26	\$ 9,964.2	\$ 498.2	\$ 84.4	\$ 436.2	\$ (500.0)	\$ 10,483.1	FY26 \$ 500.0
CY27	\$ 10,483.1	\$ 524.2	\$ 25.8	\$ 61.0	\$ (500.0)	\$ 10,594.0	FY27 \$ 500.0
CY28	\$ 10,594.0	\$ 529.7	\$ 67.4	\$ 42.7	\$ (517.4)	\$ 10,716.5	FY28 \$ 500.0
CY29	\$ 10,716.5	\$ 535.8	\$ 298.4	\$ 108.1	\$ (529.9)	\$ 11,128.9	FY29 \$ 517.4
CY30	\$ 11,128.9	\$ 556.4	\$ 306.6	\$ 205.8	\$ (540.7)	\$ 11,657.0	FY30 \$ 529.9

Note: \$ in millions

Note: FML and OGAS distributions based on December 2025 Consensus Revenue Forecast

Note: Distribution to ECE Program Fund occurs in FY not CY

Note: 2023's HB191 increased minimum distribution from \$30 million to \$150 million in FY24

Note: 2024's SB153 increased minimum distribution from \$155 million to \$250 million in FY25

Note: 2025's HB71 increased minimum distribution from \$250 million to \$500 million in FY26

Medicaid Trust Fund

	Beginning Balance	Gains & Losses	Excess FML	Reversions in Excess of \$110 million (SB88)	Other Inflow	Distribution to Program Fund	Ending Balance (\$ in millions)	Distribution to State-supported Medicaid Fund Program Fund
CY25							\$ -	
CY26	\$ -	\$ 1.7	\$ 84.4	\$ 43.1		\$ -	\$ 129.2	
CY27	\$ 129.2	\$ 5.2	\$ 25.8	\$ -		\$ -	\$ 160.2	
CY28	\$ 160.2	\$ 6.4	\$ 67.4	\$ -		\$ -	\$ 234.0	
CY29	\$ 234.0	\$ 9.4	\$ -	\$ -		\$ -	\$ 243.3	
CY30	\$ 243.3	\$ 9.7	\$ -	\$ -		\$ -	\$ 253.1	
FY30	\$							\$ -

Note: \$ in millions

Note: FY25 reversions in excess of \$110 million are \$43.1 million.

Note: Distributions only begin when fund balance reaches \$500million

Appendix 7b: Other Funds: BHTF, CLPF, and Insurance

Behavioral Health Trust Fund

	Excess OGAS	Distribution to ECE Program	Ending Balance (\$ in millions)	Distribution to Behavioral Health Program Fund
	Beginning Balance	Gains & Losses	School Tax	Other Inflow
CY25	\$ 0.7		\$100.0	
CY26	\$ 100.7	\$ 5.2		\$ -
CY27	\$ 106.0	\$ 8.5	\$ 61.0	\$ (5.2)
CY28	\$ 170.4	\$ 10.9	\$ 42.7	\$ (6.3)
CY29	\$ 217.8	\$ 16.7	\$108.1	\$ (8.2)
CY30	\$ 334.3	\$ 17.1	\$ -	\$ (12.0)
				FY28 \$ 5.2
				FY29 \$ 6.3
				FY30 \$ 8.2

Note: \$ in millions

Conservation Legacy Permanent Fund (CLPF)	FY24	FY25	FY26	FY27	FY28	FY29	FY30
beginning bal	\$	50,000	\$354,251	\$ 392,425	\$ 388,683	\$ 393,402	\$ 398,756
Gains & Losses	\$	4,251	\$ 38,175	\$ 29,432	\$ 29,151	\$ 29,505	\$ 29,907
Distribution to LELF	\$		\$ 33,175	\$ 24,432	\$ 24,151	\$ 24,505	\$ 24,907
end bal	\$	54,251	\$392,425	\$ 388,683	\$ 393,402	\$ 398,756	\$ 404,158

\$ in thousands

Land of Enchantment Legacy Fund (LELF)	FY25	FY26	FY27	FY28	FY29	FY30
beginning bal	\$	50,000	\$ 37,813	\$ 26,259	\$ 45,067	\$ 52,969
inflow from CLPF	\$	-	\$ -	\$ 33,175	\$ 24,432	\$ 24,151
Gains & Losses	\$	418	\$ 945	\$ 656	\$ 1,127	\$ 1,324
bal after inflows	\$	50,418	\$ 38,759	\$ 60,090	\$ 70,626	\$ 78,445
Distribution rule from LELF to Agencies	\$	12,604	\$ 12,500	\$ 15,022	\$ 17,656	\$ 19,611
ending bal	\$	37,813	\$ 26,259	\$ 45,067	\$ 52,969	\$ 58,834

\$ in thousands

Estimated Distributions to Agencies	FY25	FY26 est.	FY27 est.	FY28 est.	FY29 est.	FY30 est.
22.5%	EMNRD: 50% to Forest Conservation Act	\$ 1,418	\$ 1,406	\$ 1,690	\$ 1,986	\$ 2,206
	EMNRD: 50% to National Heritage Conservation Act	\$ 1,418	\$ 1,406	\$ 1,690	\$ 1,986	\$ 2,206
22.5%	NMDA: Noxious Weed Mgt Act	\$ 2,836	\$ 2,813	\$ 3,380	\$ 3,973	\$ 4,413
22.0%	DGF: Support projects under Cultural Properties Protection Act	\$ 2,773	\$ 2,750	\$ 3,305	\$ 3,884	\$ 4,314
15.0%	EDD: 75% for special projects and programs	\$ 1,418	\$ 1,406	\$ 1,690	\$ 1,986	\$ 2,206
	EDD: 25% for outdoor equity grant program	\$ 473	\$ 469	\$ 563	\$ 662	\$ 735
10.0%	NMED: River Stewardship Program	\$ 1,260	\$ 1,250	\$ 1,502	\$ 1,766	\$ 1,961
8.0%	DCA: Cultural Properties Protection Act	\$ 1,008	\$ 1,000	\$ 1,202	\$ 1,413	\$ 1,569
100.0%	Total	\$ 12,604	\$ 12,500	\$ 15,022	\$ 17,656	\$ 19,611

\$ in thousands

Insurance - Premium Tax and Surtax Revenue - Other State Funds

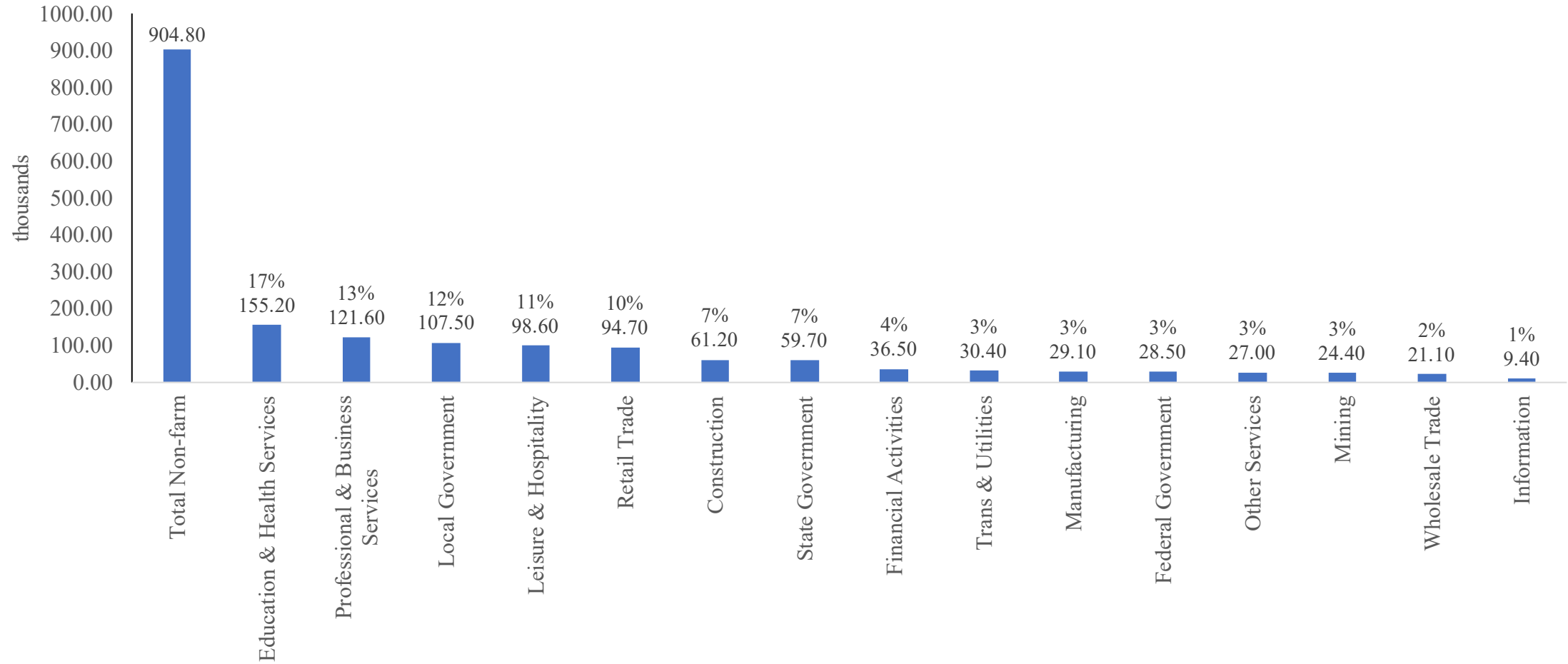
Fund Name	FY26	FY27	FY28	FY29	FY30
Health Care Affordability Fund (HCAF)	\$ 205.6	\$ 215.4	\$ 201.4	\$ 198.2	\$ 198.4
Law Enforcement Protection Fund (LEPF)	\$ 31.1	\$ 31.7	\$ 30.3	\$ 29.9	\$ 29.9
Fire Protection Fund (FPF)	\$ 132.5	\$ 144.6	\$ 155.5	\$ 166.9	\$ 179.0
Emergency Medical Services Fund (EMSF)	\$ 12.9	\$ 13.0	\$ 12.0	\$ 11.7	\$ 11.6

Source: CREG December 2025

Appendix 8: N.M. Employment Levels and Share of Total Employment

Employment Level and Share of Total Nonfarm Employment in N.M. by Sector (1000s)

August 2025



Source: bls.gov, CES seasonally adjusted

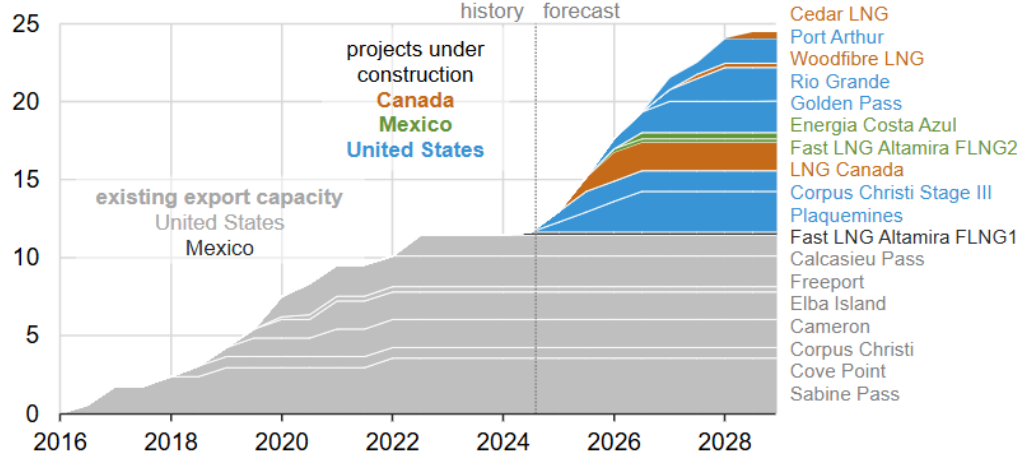
Appendix 9: EIA Natural Gas Takeaway Capacity

DECEMBER 30, 2024

North America's LNG export capacity is on track to more than double by 2028

From December 26 to January 3, *Today in Energy* will feature some of our favorite articles from 2024. Today's article was originally published on September 3.

North America liquefied natural gas export capacity by project (2016–2028)



Data source: U.S. Energy Information Administration, *Liquefaction Capacity File*, and trade press

Note: Export capacity shown is project's baseload capacity. Online dates of LNG export projects under construction are estimates based on trade press. LNG=liquefied natural gas; FLNG=floating liquefied natural gas

North America's liquefied natural gas (LNG) export capacity is on track to more than double between 2024 and 2028, from 11.4 billion cubic feet per day (Bcf/d) in 2023 to 24.4 Bcf/d in 2028, if projects currently under construction begin operations as planned. Between 2024 and 2028, we estimate LNG export capacity will grow by 0.8 Bcf/d in Mexico, 2.5 Bcf/d in Canada, and 9.7 Bcf/d in the United States from a total of 10 new projects that are currently under construction in the three countries.

North America liquefied natural gas export facilities, existing and under construction (2016–2028)



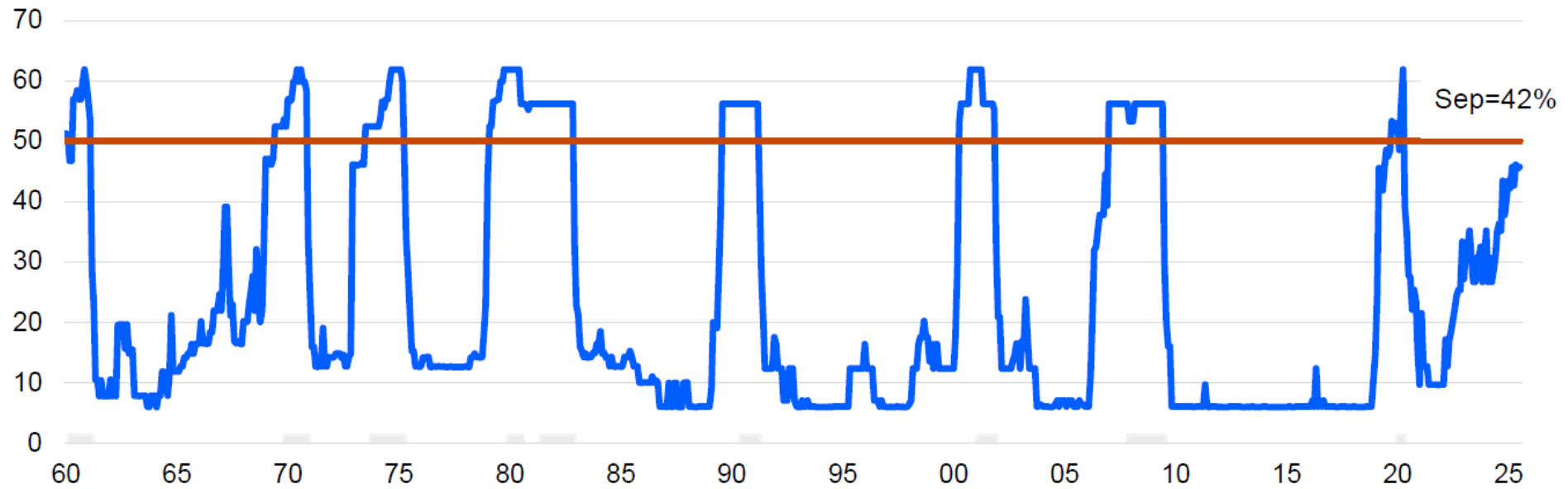
Data source: U.S. Energy Information Administration, *Liquefaction Capacity File*; trade press

Note: Bcf/d=billion cubic feet per day; LNG=liquefied natural gas; FLNG=floating liquefied natural gas

Appendix 10a: Moody's Analytics: The U.S. Economic Outlook: Headwinds & Tailwinds

The Economy Is Struggling but Should Avoid Recession

Probability of recession in the next 12 mo, %, based on a machine learning model



Source: Moody's Analytics

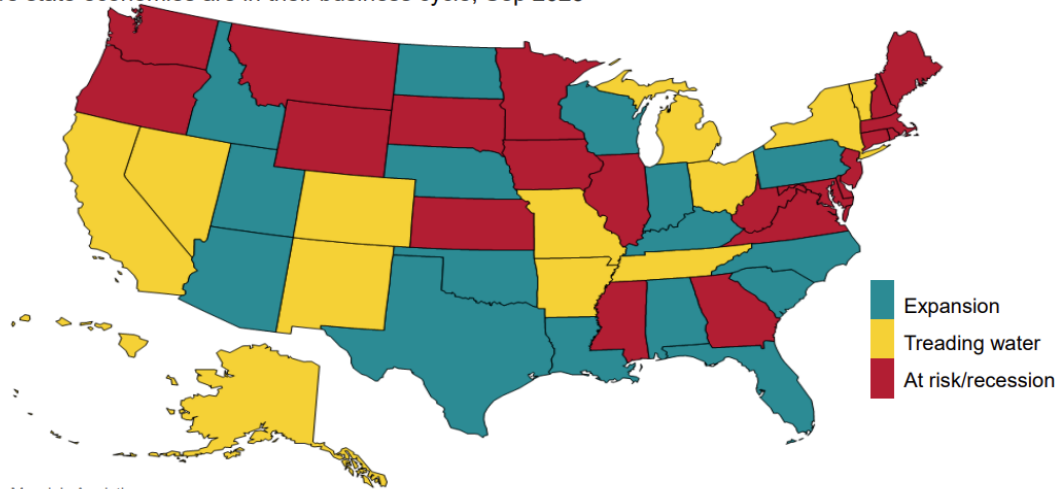
Moody's Analytics

2

Appendix 10b: Moody's Analytics: The U.S. Economic Outlook: Headwinds & Tailwinds

Weak Economies From Coast-to-Coast

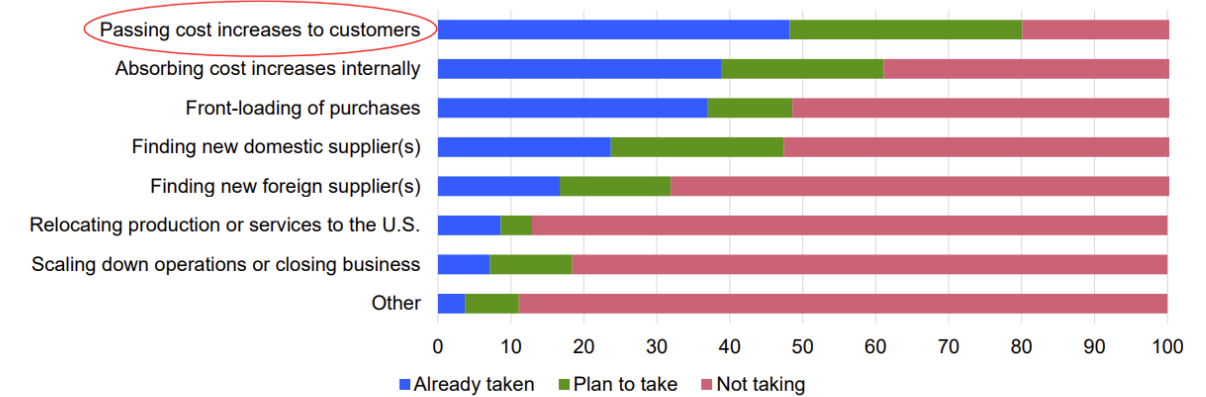
Where state economies are in their business cycle, Sep 2025



Source: Moody's Analytics

More Consumer Price Increases Coming

Actions firms are taking in response to higher tariffs, %, Aug 2025 survey

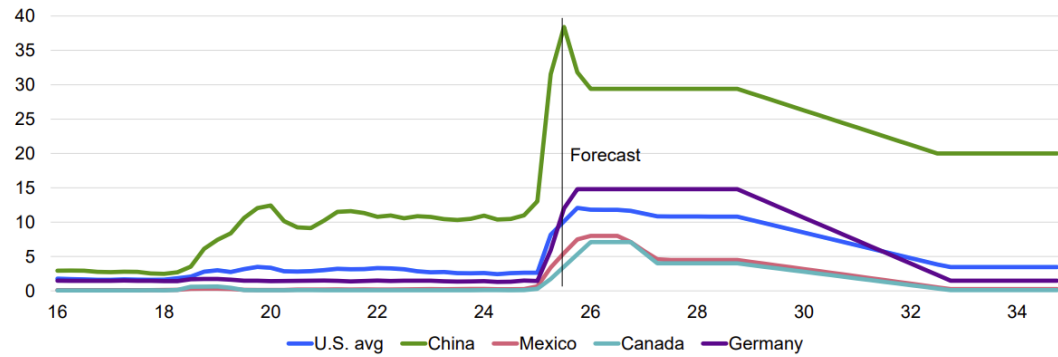


Sources: Dallas Fed, Moody's Analytics

Appendix 10c: Moody's Analytics: The U.S. Economic Outlook: Headwinds & Tailwinds

Tariffs Are Peaking

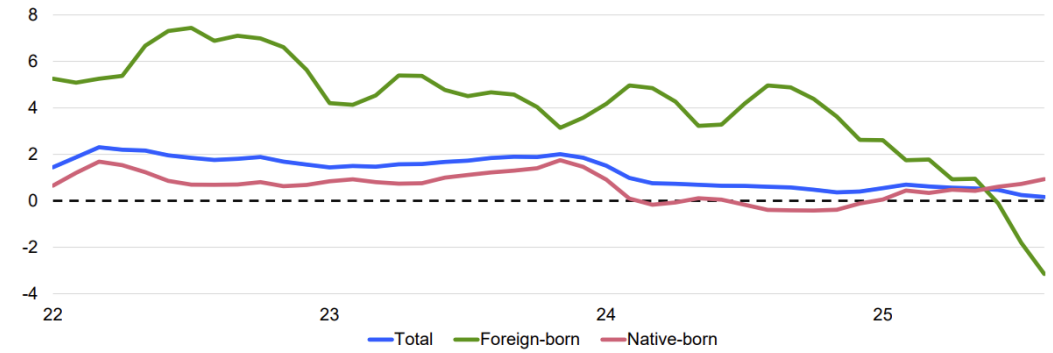
U.S. import duties as a % of U.S. imports, Moody's Analytics baseline forecast



Sources: Census Bureau, Moody's Analytics

...Slamming the Job Market

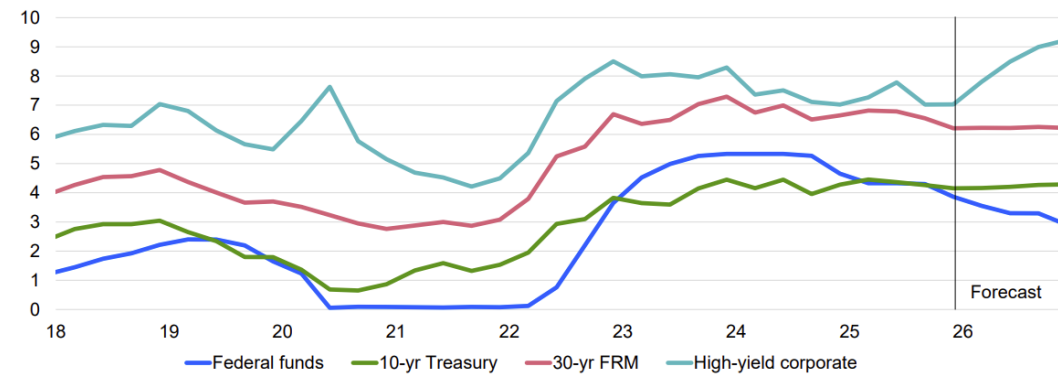
Labor force, % change yr ago, 3-mo MA, adjusted for Jan 2025 population controls



Sources: BLS, Moody's Analytics

Fed Likely to Cut Rates as Job Market Outweighs Inflation Concerns

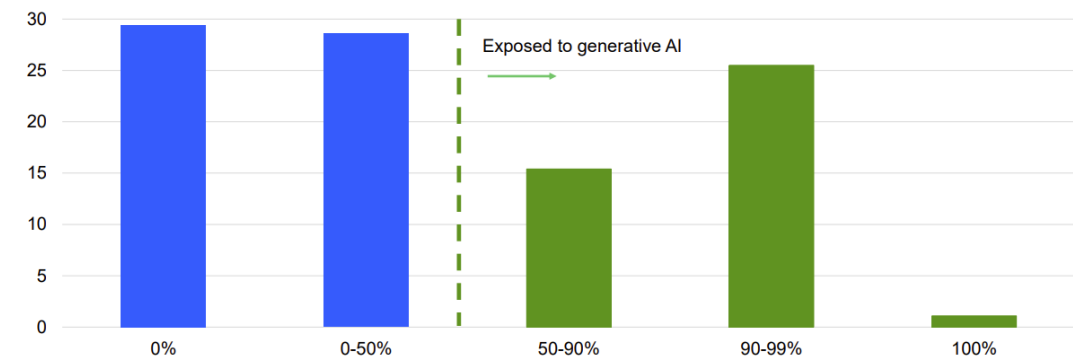
U.S. interest rates, %, Nov 2025 baseline economic outlook



Sources: Federal Reserve, Freddie Mac, ICE, Moody's Analytics

Most Jobs Are Not Highly Exposed to Gen AI...

Share of tasks that can be performed by AI (x-axis) by share of U.S. employment in 2024 (y-axis), %

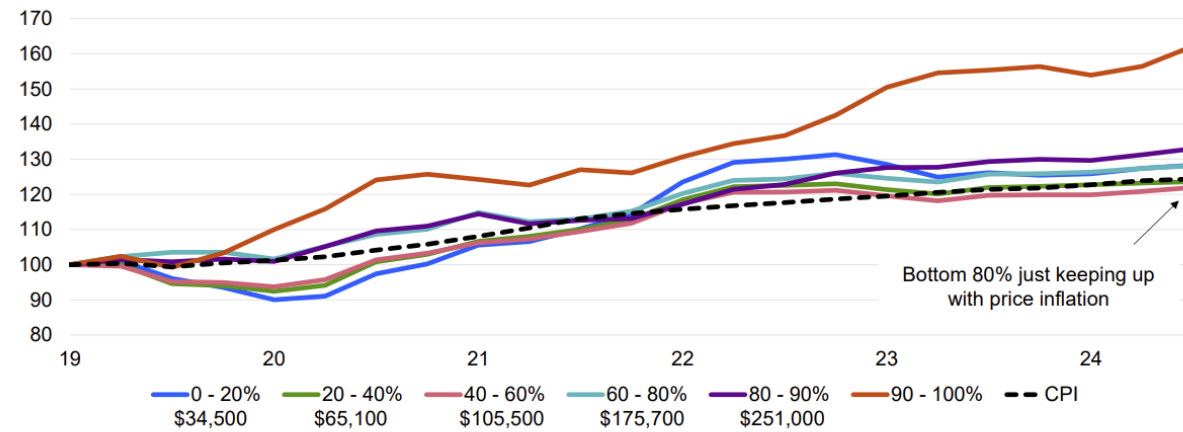


Sources: Penn Wharton Budget Model, BLS, Moody's Analytics

Appendix 10d: Moody's Analytics: The U.S. Economic Outlook: Headwinds & Tailwinds

Spending Concentrated in Upper-Income Households

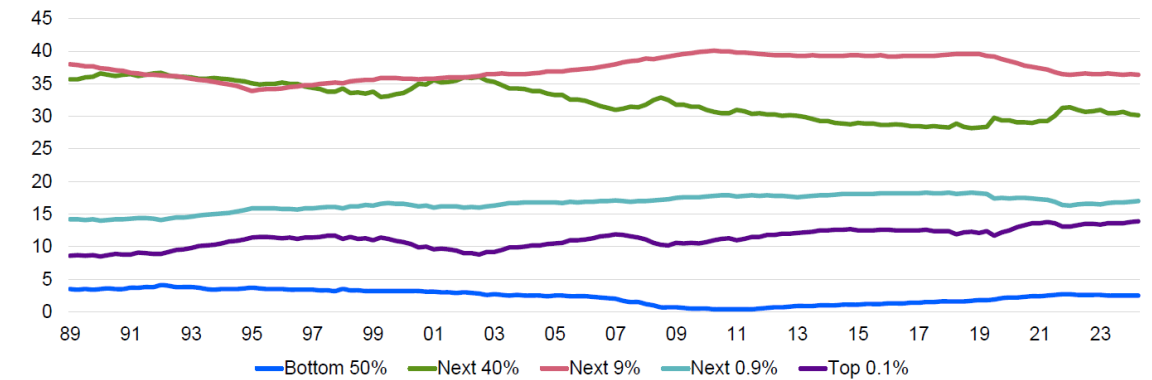
Personal outlays by income group, 2019Q4=100



Sources: Federal Reserve, Moody's Analytics

Bottom 50% of Households Own 2.5% of Total Wealth

Share of household net worth by wealth percentile, %



Sources: Federal Reserve, Moody's Analytics

Moody's Analytics

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Appendix 11a: Select Industry Employment by Gender in New Mexico, 2024

Industry	% Male	% Female	Industry	% Male	% Female
Full-time, year-round employed 16+	55.4%	44.6%	Information*	56.5%	43.5%
Agriculture, forestry, fishing & hunting ⁺	75.6%	24.4%	Finance & Insurance*	35.4%	64.6%
Mining, quarrying & oil and gas extraction*	92.6%	7.4%	Real estate & rental and leasing	39.7%	60.3%
Construction	92.1%	8.8%	Professional & business services*	62.3%	37.7%
Manufacturing	68.4%	31.6%	Private educational services ⁺	31.5%	68.5%
Wholesale trade	75.5%	24.5%	Health care & social assistance	25.1%	74.9%
Retail trade ⁺	57.9%	42.1%	Arts, entertainment & recreation ⁺	65.6%	34.4%
Transportation & warehousing	79.2%	20.8%	Accommodation & food services ⁺	41.5%	58.5%
Public administration*	54.1%	45.9%			

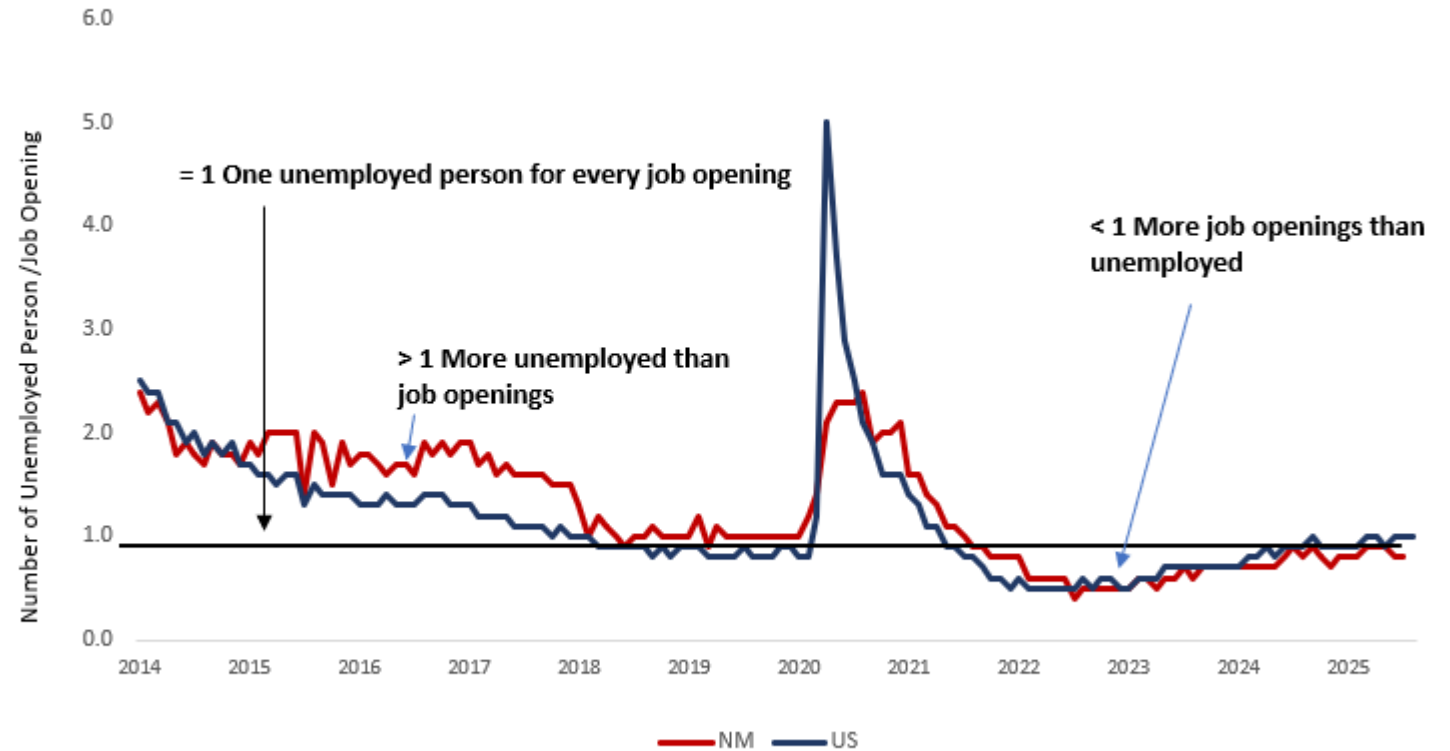
* Higher income jobs (for public administration, Federal jobs only)

⁺ Lower income jobs

Appendix 11b: Tight labor market still evident but loosening

- Number of unemployed persons per one job opening in New Mexico has changed since the COVID pandemic
- Historically, New Mexico had more unemployed persons than job openings
- Currently, New Mexico has more job openings than unemployed persons
- New Mexico's labor market has been slightly tighter than the U.S.'s since June 2022
 - US: 1.0 (August 2025)
 - NM: 0.8 (July 2025)

New Mexico Unemployed per Job Opening



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), 2014-Aug 2025

Appendix 11c: New Mexico Poverty Levels by Ethnicity

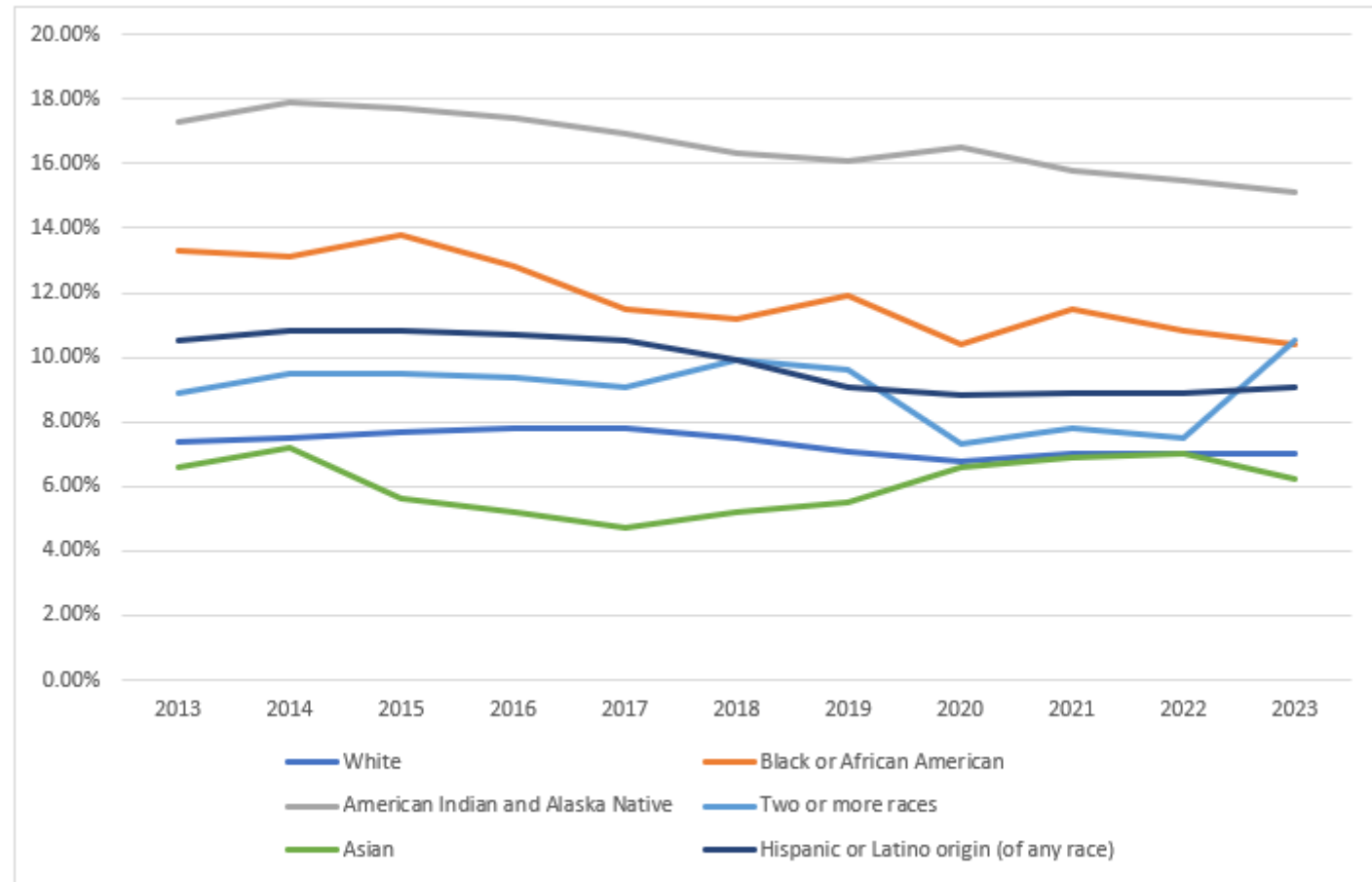
➤ 10 year average of % of population 50% or below the poverty threshold

- AM/AI: 16.6%
- Black or African American: 11.9%
- Hispanic or Latino: 10.0%
- 2+ Races: 9.0%
- White: 7.3%
- Asian: 6.1%

➤ Annual income at 50% of the poverty level (2025)

- Family of 4: \$16,075/yr
- Family of 6: \$21,575/yr

Percent of New Mexico's Population Earning 50% or Below the Poverty Threshold by Race or Ethnicity

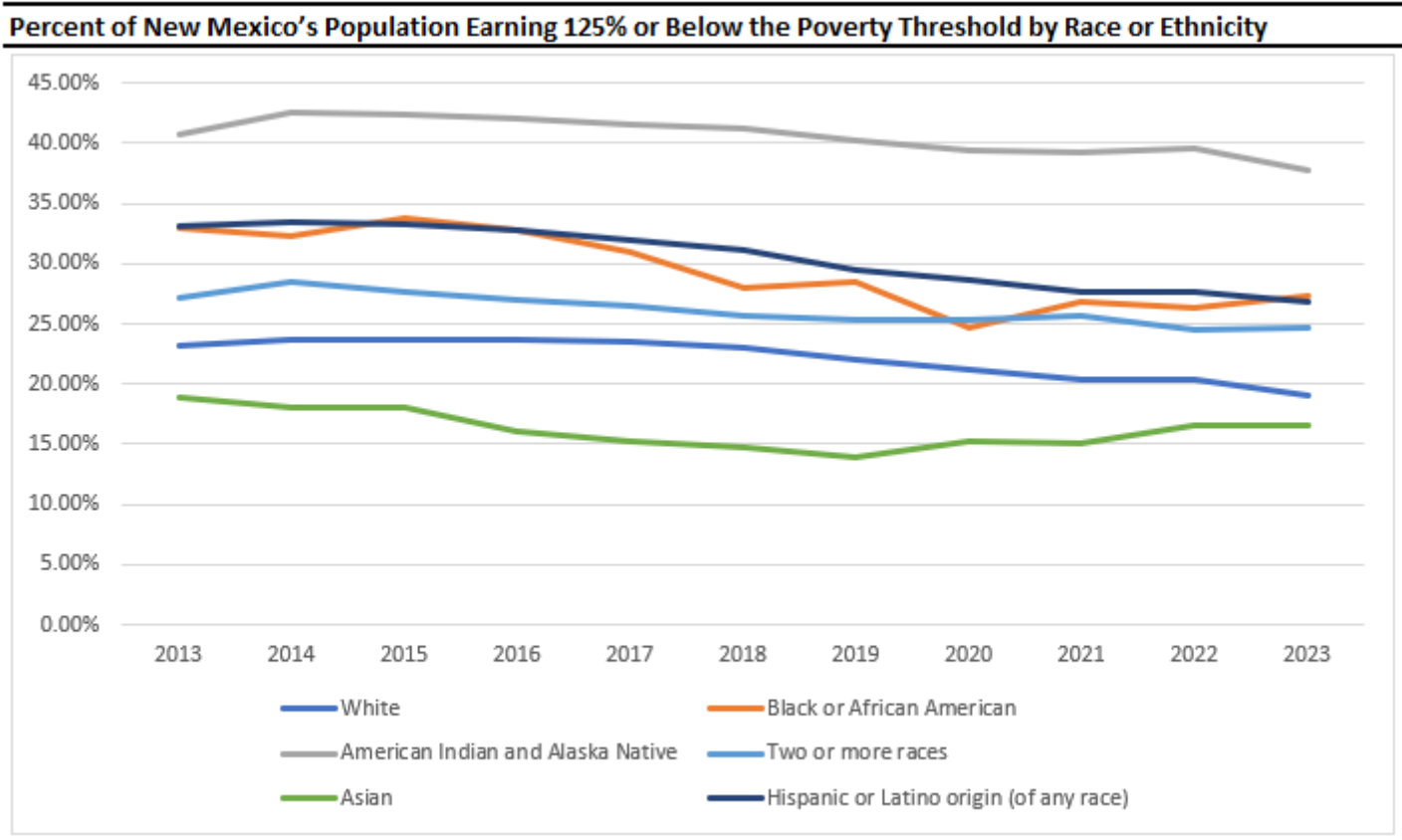


Source: U.S. Census Bureau, ACS 5-year Estimates; Table S1703, 2013-2023

Appendix 11d: New Mexico Poverty by Ethnicity

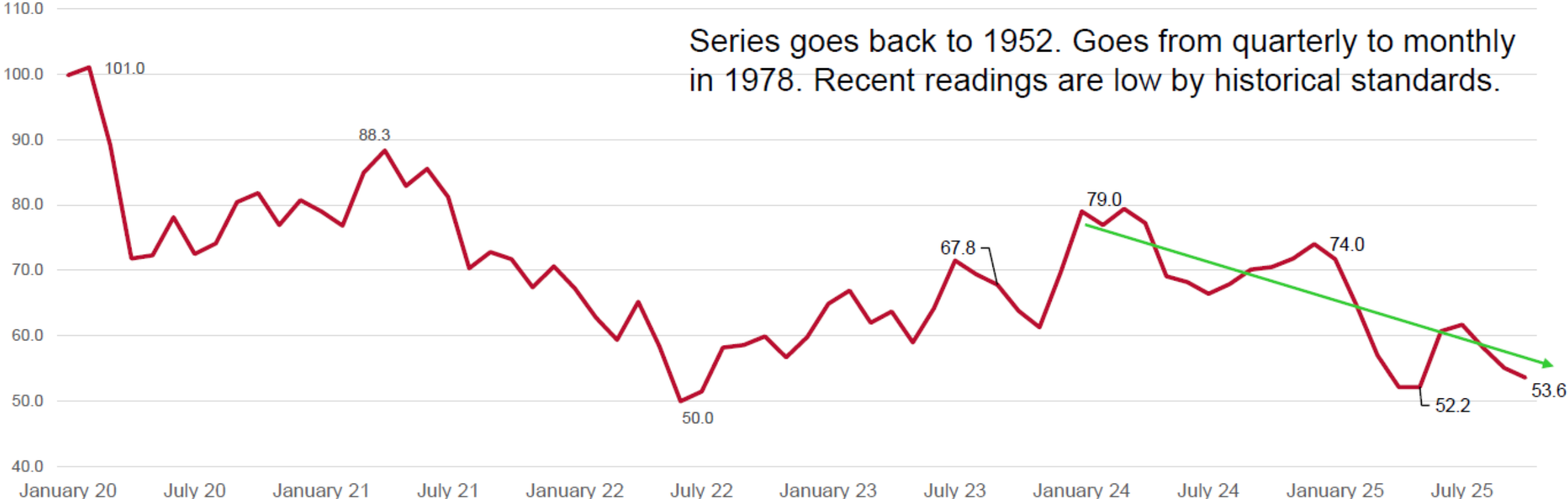
- Annual income at 125% of the poverty threshold (2025)
 - Family of 4: \$40,187.50/yr
 - Family of 6: \$53,937.50/yr

- Transfer payments may have been sufficient to lower the poverty rates at a given threshold level



Source: U.S. Census Bureau, ACS 5-year Estimates; Table S1703, 2013-2023

Appendix 11e: US Consumer Confidence

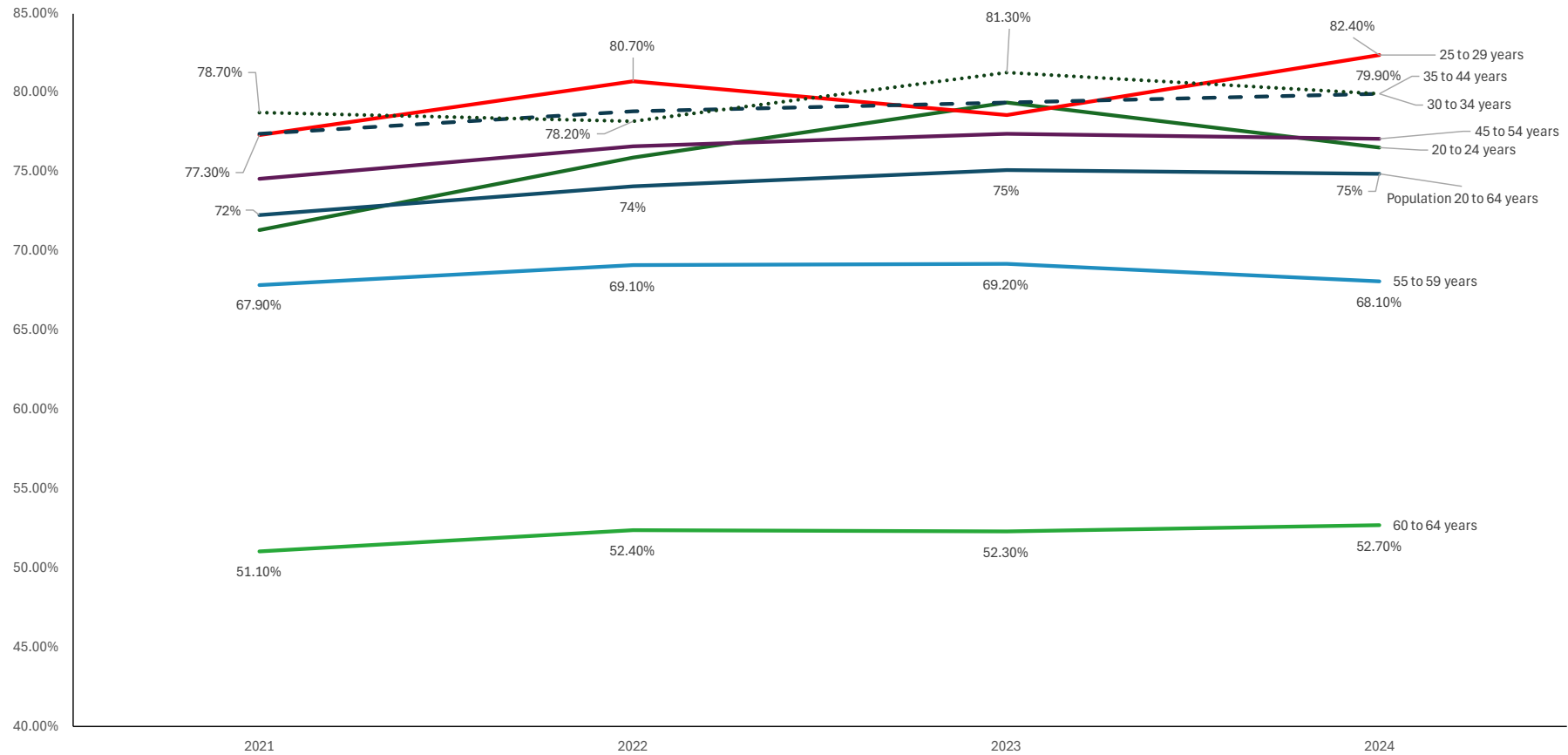


Note: Had generally moved up since June 2022 but has recently fallen (data through October 2025).

Source: University of Michigan, Consumer Confidence Index (<http://www.sca.isr.umich.edu/>)

Graph prepared by UNM-BBER, October 2025 forecast

N.M. Labor Force Participation Rate by Working-age Population: 2021 to 2024



Source: U.S. Census Bureau. "Employment Status." American Community Survey, ACS 1-Year Estimates Subject Tables, Table S2301

OBBBA Direct Revenue Impacts to PIT: Standard Deduction

- Section 70102 - Extension and enhanced standard deduction
 - Makes TCJA increases in the standard deduction permanent
 - Increases base amount for Tax Year 2025, continues inflation adjustment
 - Effective Tax Year 2025
 - New Mexico conforms to federal standard deduction (7-2-2N(1) NMSA 1978)
 - General Fund average estimated loss of \$45 million per year for FY26 to FY30
- Tax Policy
 - A higher standard deduction reduces the number of taxpayers that itemize deductions. This lowers taxpayers' administrative burden and promotes simplicity and compliance.

1 – Selection from Tax & Rev presentation to Federal Funds Stabilization Committee, July 31, 2025, and edited for this presentation for reference to the CREG's December 2025 forecast

Appendix 12b: Overview of OBBBA Tax Implications to New Mexico

OBBBA Direct Revenue Impacts to PIT: Dependent Deduction

- Section 70103 – permanently terminates federal deduction for personal exemption other than temporary senior deduction
 - Effective Tax Year 2025
- Federal Conformity
 - In response to TCJA temporarily eliminating the federal personal exemption, New Mexico enacted a \$4,000 dependent deduction (7-2-39 NMSA 1978) to hold New Mexicans harmless from federal tax increase
 - Over 155,000 taxpayers claimed New Mexico dependent deduction in Tax Year 2023
 - General Fund annual revenue loss of about \$25 million now permanent
- Tax Policy
 - Federal termination of deductions for personal exemptions is less progressive; New Mexico's dependent deduction offsets this to a degree

Appendix 12c: Overview of OBBBA Tax Implications to New Mexico

OBBBA Direct Revenue Impacts to PIT: Itemized Deduction Limitation

- Section 70111 - Limitation on tax benefit of itemized deductions
 - Permanently repeals the “Pease limitation” on overall itemized deductions
 - Creates formula for new itemized deduction limitation applicable only to taxpayers with taxable income subject to the 37% marginal rate
 - Effective Tax Year 2026
- Federal Conformity
 - New Mexico conforms to itemized deductions (7-2-2N(2) NMSA 1978)
- May increase General Fund revenue, but no estimate is currently available – depends on taxpayer behavior
- New Mexico has relatively few high-income taxpayers that will benefit
- Tax Policy
 - Predominantly progressive – restricts itemized deductions for high income taxpayers, leaving more income subject to taxation

Appendix 12d: Overview of OBBBA Tax Implications to New Mexico

OBBBA Direct Revenue Impacts to New Mexico PIT: Car Loan Interest Deduction

- Section 70203 - Car loan interest deduction
 - New federal deduction for car loan interest payments made by individuals who purchase a qualified passenger vehicle for personal use; vehicles must have final assembly in the United States
 - Limited to \$10,000 and subject to a phase out based on AGI (\$200,000 for joint filers, \$100,000 for other filers)
 - Previous law did not allow deduction of 'personal interest.' Car loan interest will now be deductible
 - Effective Tax Years 2025 through 2028
- Federal Conformity
 - New Mexico conforms to the federal itemized deductions (7-2-2N(2) NMSA 1978)
- General Fund average estimated loss of \$7.6 million per year for FY26-FY29
- Tax Policy
 - Predominantly regressive: likely to be utilized by higher-income taxpayers who itemize deductions and can maximize the use of this deduction

Appendix 12e: Overview of OBBBA Tax Implications to New Mexico

OBBBA Direct Revenue Impacts to CIT: SALT Cap

- Section 70120 - Limitation on state and local taxes (SALT) deduction
 - Temporarily increases the federal deduction limitation for state and local taxes (SALT) paid to \$40,000 (\$20,000 for married individuals filing separately)
 - Phases out of the SALT cap for taxpayers with modified AGI over \$500,000 to a minimum of \$10,000
 - SALT cap and income thresholds adjusted for inflation for Tax Years 2026 through 2029
 - SALT cap reverts to \$10,000 in Tax Year 2030.
 - Restrictions on states from using pass-through entity taxes was removed from the final bill

Appendix 12f: Overview of OBBBA Tax Implications to New Mexico

OBBBA Direct Revenue Impacts to CIT: SALT Cap continued

- Federal Conformity
 - New Mexico does not conform to the SALT deduction (income deducted from federal returns is added back in to New Mexico taxable income)
 - In response to TCJA imposing a SALT cap of \$10,000, New Mexico enacted a new entity-level tax, which pass-through entities (PTEs) may elect to pay (7-3A-10 NMSA 1978). With an election by a PTE, the tax rate is 5.9% and is binding on all PTE owners. Owners may receive a credit on their PIT or CIT return for their owner's share of the entity tax.
- Federal Tax Policy
 - Violates tax policy concept of horizontal equity – taxpayers with same level of AGI not treated equally
 - Predominantly regressive: likely to be utilized by higher-income taxpayers that can maximize use of this deduction

Appendix 14g: Overview of OBBBA Tax Implications to New Mexico

OBBBA Direct Revenue Impacts to CIT: SALT Cap continued

- Federal Conformity
 - New Mexico does not conform to the SALT deduction (income deducted from federal returns is added back in to New Mexico taxable income)
 - In response to TCJA imposing a SALT cap of \$10,000, New Mexico enacted a new entity-level tax, which pass-through entities (PTEs) may elect to pay (7-3A-10 NMSA 1978). With an election by a PTE, the tax rate is 5.9% and is binding on all PTE owners. Owners may receive a credit on their PIT or CIT return for their owner's share of the entity tax.
- General Fund Revenue Impact
 - Section 70120 is included in the CREG's August and December 2025 forecasts for CIT
 - General Fund average estimated loss of \$63 million per year for FY26-FY30
- Federal Tax Policy
 - Violates tax policy concept of horizontal equity – taxpayers with same level of AGI not treated equally
 - Predominantly regressive: likely to be utilized by higher-income taxpayers that can maximize use of this deduction

Appendix 12h: Overview of OBBBA Tax Implications to New Mexico

OBBBA Direct Revenue Impacts to CIT: Other

- Extension of several TCJA provisions which New Mexico conforms, including:
 - Section 70105 - Extension and enhancement of deduction for qualified business income is made permanent effective Tax Year 2025
 - Section 70301 - Full expensing for certain business property is made permanent effective Tax Year 2026
 - Section 70302 – Reinstates deduction of Research and Experimental Expenditures
 - Section 70303 - Modification of limitation of business interest is made permanent effective Tax Year 2026
 - Section 70307 – New first-year expenditures deduction for certain qualified production property
- General Fund Revenue Impact
 - Sections 70301, 70302 and 70307 are included in the CREG's August and December 2025 forecasts for CIT for an estimated average annual loss between FY26-FY30 of \$130 million

Appendix 12i: Overview of OBBBA Tax Implications to New Mexico

OBBBA Direct Revenue Impacts to CIT: Other

- Modified federal provisions to which New Mexico conforms include:
 - Section 70306 - Increased dollar limitations for expensing of certain depreciable business assets effective Tax Year 2025
 - Section 70431 - Expansion of qualified small business stock gain exclusion. Effective to stock issued after date of OBBBA enactment
- General Fund Revenue Impact
 - Overall downward risk to CIT revenue but not estimated as dependent on taxpayer behavior
- Federal Tax Policy
 - Predominantly regressive

Appendix 12j: Overview of OBBBA Tax Implications to New Mexico

OBBBA Sections with indirect impacts to PIT & CIT

- Termination or phase-out of federal credits, including:
 - Clean vehicle credits (Sections 70501-70503)
 - Energy efficient building credits (Sections 70505 – 70508)
 - Advanced manufacturing production credit (Section 70514)
- Conformity
 - While New Mexico has similar credits, they are not dependent on federal credits
 - Exception – the new state Advanced Energy Equipment income tax credit (7-2-18.39 & 7-2A-19.3 NMSA 1978) has definitions tied to the IRC code under Section 45X modified by OBBBA
- General Fund Revenue Impact
 - Overall upward risk to PIT & CIT to the extent taxpayers planned on pairing federal and state credits and no longer plan certain purchases and seek the state credits