Money Matters
Analysis by the LFC Economists
NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

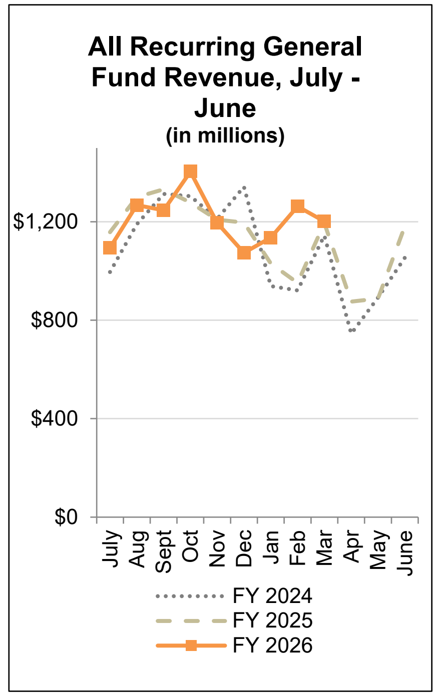
General Fund Revenue Tracking Report: FY26 Revenue through March 2026

This general fund revenue tracking report reflects FY26 revenue accruals as reported by the Department of Finance and Administration and preliminary reports from the Taxation and Revenue Department.

Revenue collections have continued to strengthen as the fiscal year has progressed. With finalized data through March, preliminary data through May, and estimates for June, recurring general fund revenues are currently tracking $609.0 million, or 4.6 percent, above the December 2025 consensus forecast and nearly double the $308.6 million, or 2.3 percent, reported in January. The acceleration is driven almost entirely by another month of exceptionally strong corporate income tax collections.

Revenue Accruals

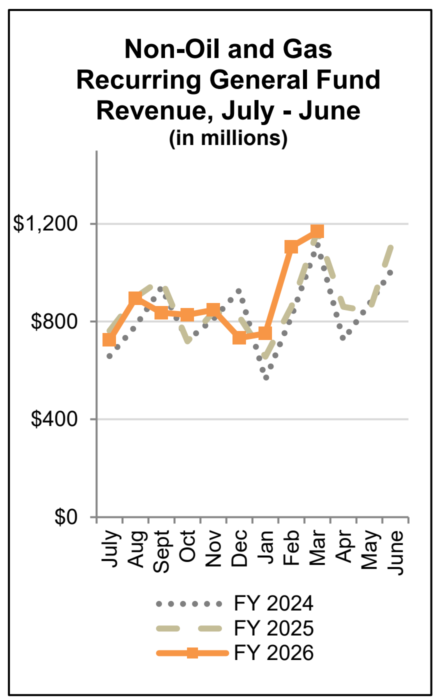
The following section summarizes recent revenue performance using both monthly collections and fiscal year-to-date totals to provide context for how revenues are tracking relative to recent trends. Monthly results help illustrate short-term changes in collections and the drivers of revenue growth or decline, while fiscal year-to-date totals provide a clearer picture of overall revenue performance during the current fiscal year.



March 2026 Monthly Revenue

In March 2026, the state collected approximately $1.2 billion in recurring general fund revenue, $6.8 million, or 0.6 percent, more than in March 2025. Excluding oil and gas revenues, March collections were essentially flat compared with a year ago, down $2.3 million, or 0.2 percent.

Selective sales taxes accounted for the largest year-over-year increase, rising $79.5 million, or 59.4 percent, driven primarily by the insurance premiums tax, which is heavily concentrated in March due to annual filing deadlines. Gross receipts tax collections increased $32.9 million, or 8.8 percent, and mineral production taxes rose $13.4 million. These gains were partially offset by a $63.1 million, or 61.8 percent, decline in corporate income tax collections compared with March 2025, when an unusually large payment boosted that month's total, and by a $32.4 million decline in investment income. Personal income tax collections were $13.8 million, or 3.7 percent, below March 2025. As anticipated, distributions of capped oil and gas school tax and federal mineral leasing royalty revenue to the early childhood trust fund and other reserve funds began in February 2026, consistent with the pattern observed in FY25.



Fiscal Year to Date Revenue through March

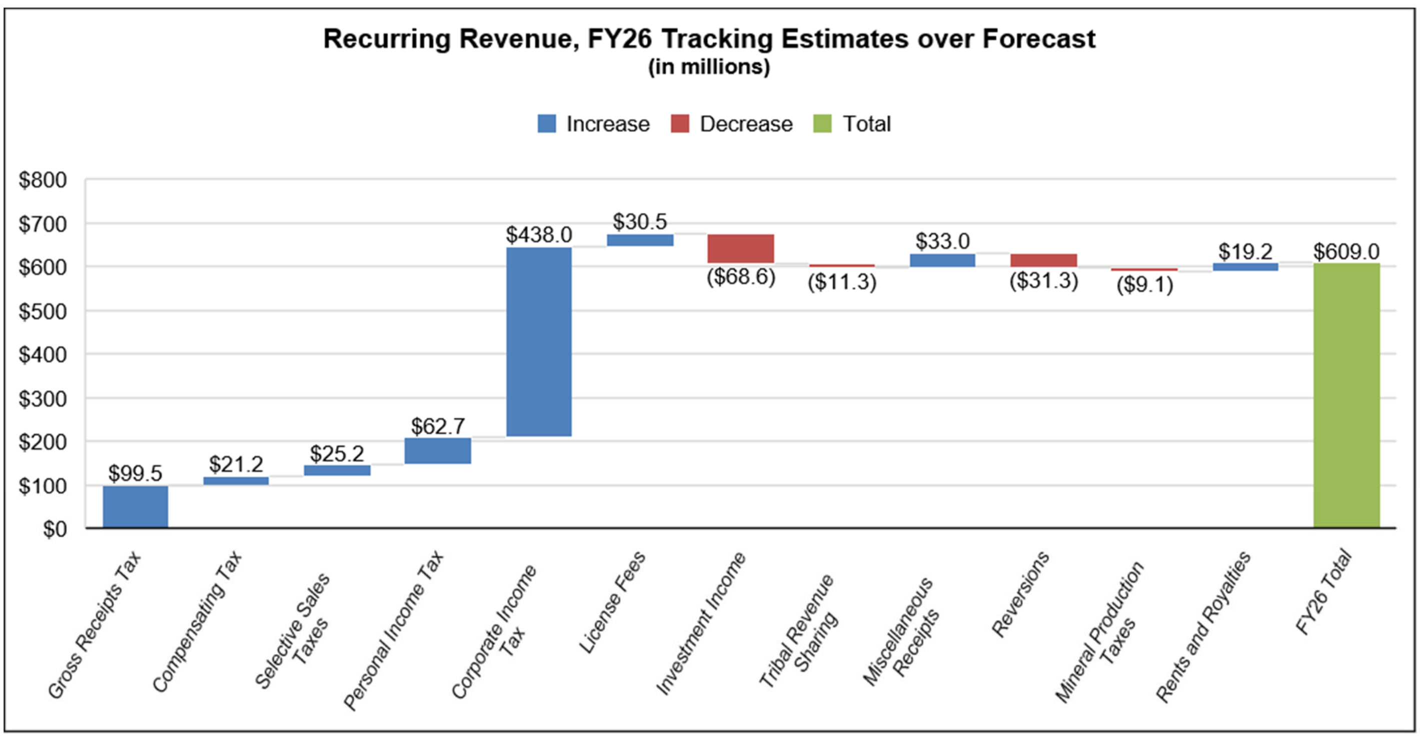
General fund recurring revenues for FY26 through March totaled $10.9 billion, up $231.5 million, or 2.2 percent, from the same period a year ago. Excluding oil and gas revenues, general fund revenues through March were $7.9 billion, up $191.0 million, or 2.5 percent, from FY25, the first time this fiscal year that revenue other than that from oil and gas revenue has run ahead of the prior year on a cumulative basis, reflecting the continued strength in corporate income tax collections and the prior weakness demonstrated through December.

Revenue Tracking vs. Forecast

The Consensus Revenue Estimating Group (CREG) publishes updated forecasts of each major state revenue source at least twice annually to inform legislative budget development. As revenues are reported throughout the fiscal year, LFC economists combine finalized collections reported by the Department of Finance and Administration, preliminary collections reported by the Taxation and Revenue Department (TRD), and projections for revenues not yet reported to estimate how revenues are tracking relative to the forecast.

While year-over-year comparisons provide useful context, the most important measure of revenue performance is how collections compare with the forecast used to support enacted appropriations. Revenue collections that fall below forecast can create budgetary pressure and require the use of reserves or other solvency measures.

Current tracking estimates indicate FY26 recurring revenues will finish $609.0 million, or 4.6 percent, above the December 2025 forecast, up sharply from the $308.6 million, or 2.3 percent, reported in January. Including nonrecurring revenues, total general fund revenue is projected to exceed forecast by approximately $701.9 million. The primary driver remains corporate income tax collections, which are now tracking $438.0 million above forecast for the full fiscal year—up from $355.2 million in January—after another month of unusually large corporate payments in February. General sales taxes (gross receipts, compensating, and selective sales taxes combined) are tracking a combined $145.9 million above forecast. Partially offsetting these gains, investment income is now tracking $68.6 million below forecast, a growing drag that has more than doubled since January's report.

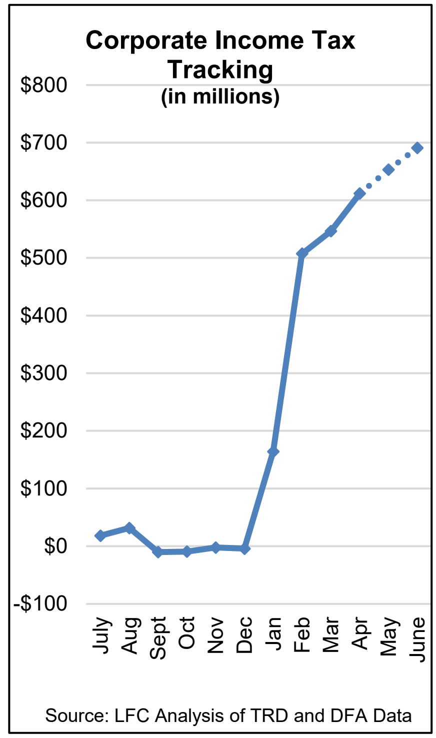


Revenues and Economic Outlook

Economic conditions and other indicators help explain revenue performance relative to the forecast, including labor market trends, consumer and business spending reflected in gross receipts tax collections, and oil and gas price and production trends. The following sections discuss those indicators together with the revenue categories most affected by them.

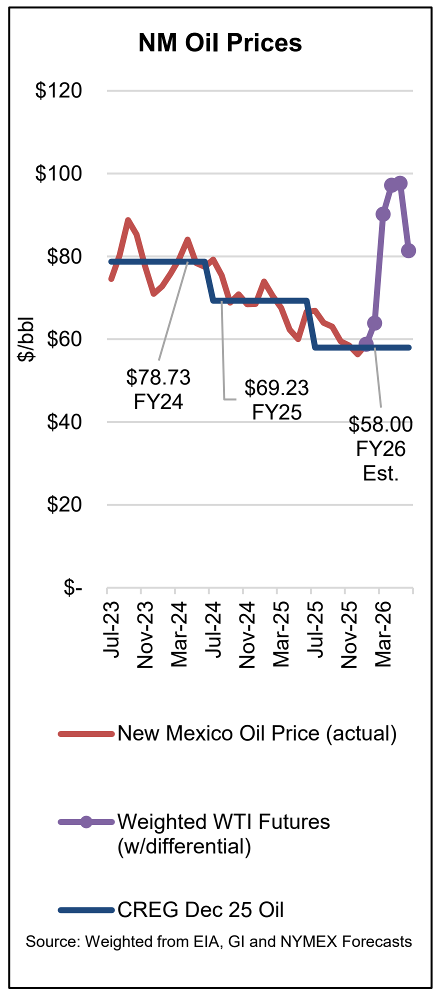
Personal and Corporate Income Tax

Corporate income tax collections have diverged sharply from recent-year norms and from the December 2025 forecast. After weighing on the tracking estimate through December, CIT rebounded beginning in January and has continued to run well ahead of expectations through March, now tracking $438.0 million above forecast for the fiscal year, up from $355.2 million as of the January report. Personal income tax collections, by contrast, remain below forecast for the fiscal year, dragged down by elevated refunds processed earlier in the year.



Oil and Natural Gas

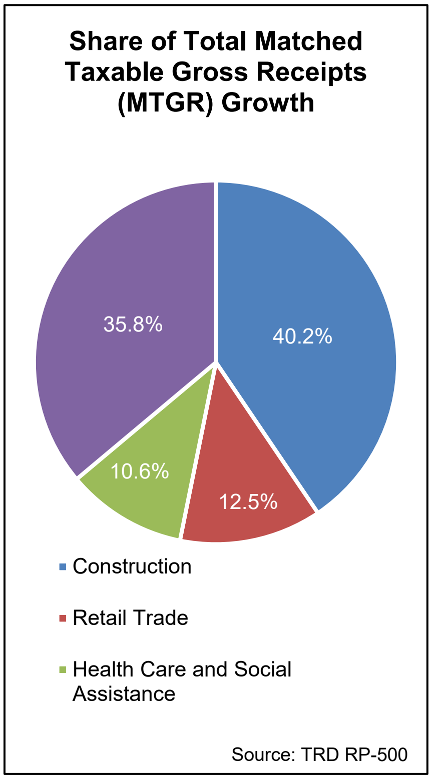
New Mexico oil prices have risen sharply since February due to the war with Iran, climbing from $58.77 per barrel in January to $89.83 in March and $98.53 in April, a reversal of the steady declines described in earlier reports when prices had fallen into the high-$50 range on tariff-related trade tensions and elevated OPEC+ supply. This spring's price surge, if sustained, would push the FY26 actual oil price well above the $58 per barrel CREG assumed in its December 2025 forecast. Production has continued to grow through the price swings: Oil output averaged roughly 2.1 to 2.4 million barrels per day from January through April, and natural gas output ran 12.1 billion to 13.1 billion cubic feet per day, both consistent with the multiyear growth trend. Natural gas prices, by contrast, stayed low and stable ($2.59–$2.97 per mcf) apart from a seasonal Henry Hub spike in January.



Gross Receipts Tax

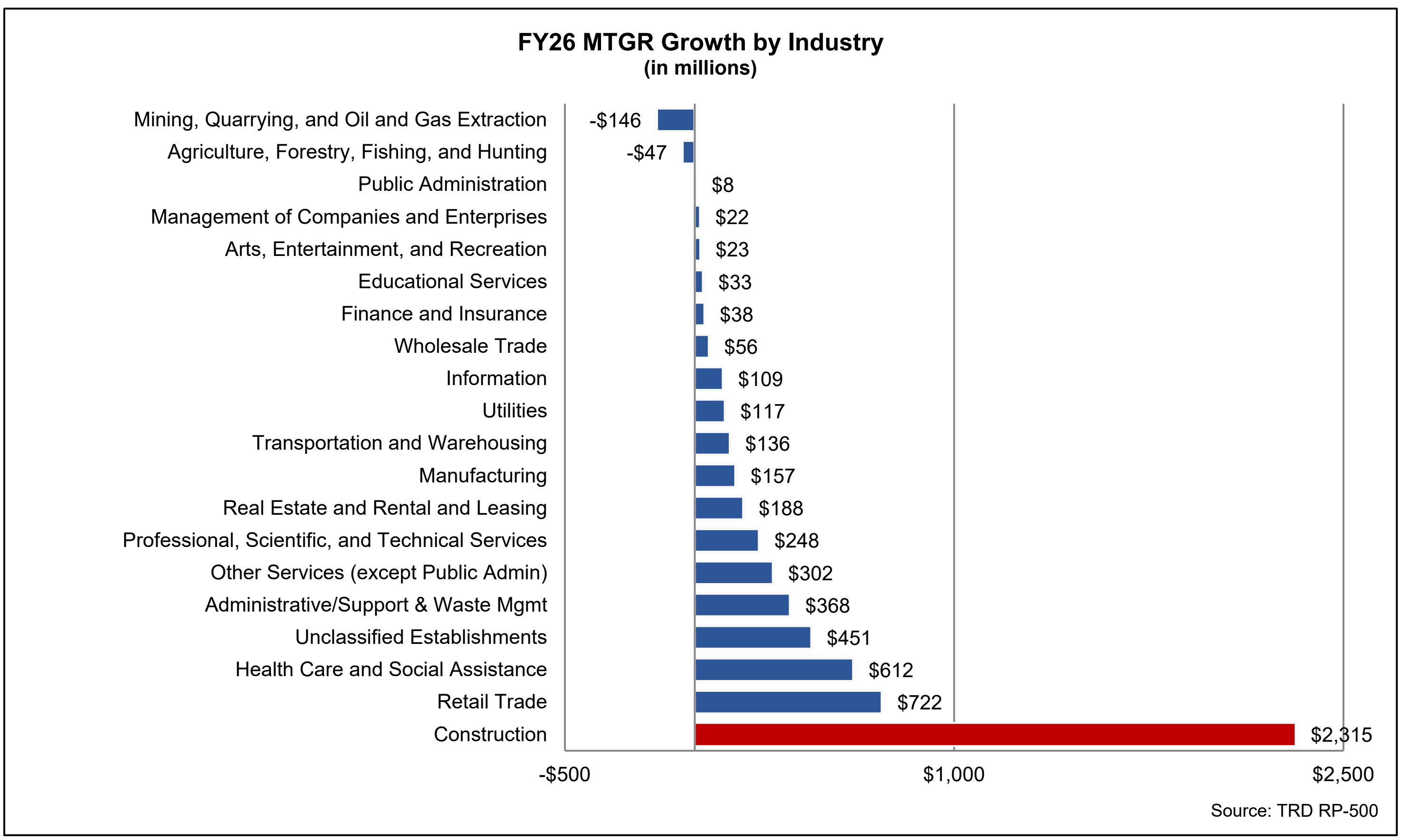
Matched taxable gross receipts (MTGR) statewide totaled $101.5 billion through May, up $5.76 billion, or 6 percent, from the same period a year ago. Construction was by far the largest driver of that growth, posting $14.74 billion in receipts, up $2.32 billion, or 18.6 percent, the single largest dollar increase of any sector and nearly 40 percent of the state's entire year-over-year MTGR growth. Healthcare and social assistance ($611.5 million, up 13.5 percent), retail trade ($721.7 million, up 3.8 percent on the largest base in the state), and administrative/support services ($367.7 million, up 9.5 percent) also contributed meaningfully, while mining, quarrying, and oil and gas extraction was the only major sector to contract, down $146.1 million, or 1.3 percent, consistent with softer oil prices weighing on drilling activity even as production volumes continue to grow.

Geographically, the construction-driven growth is broad-based but uneven. Eddy County (up 8.5 percent) and San Juan County (up 11.1 percent) posted growth well above the statewide average, suggesting construction and related activity tied to oil and gas infrastructure in the southeast and gas development in the Four Corners region. The construction sectors in those areas are likely to indicate the year-over-year drop in mining specific receipts will be short lived as other mining-related sectors show growth. Doña Ana County, a construction growth driver in recent reports, grew a more moderate 5.4 percent. By contrast, Los Alamos County stands out as a notable outlier, down 20.5 percent in a sharp reversal worth watching, potentially tied to federal lab spending, and Sandoval County declined 5.2 percent. Several smaller counties (Torrance, Lincoln, Mora, Socorro) posted large percentage gains, but off small bases, likely indicating some nonrecurring activity in those areas.



Volatile Revenues and Economic Uncertainty

New Mexico’s revenue outlook remains subject to significant risk from volatile revenue sources and broader economic conditions outside the state’s control. Corporate income tax remains the most volatile and influential source in the current tracking estimate: New Mexico’s CIT collections have historically fluctuated by roughly 80 percent, versus a national average closer to 30 percent, and the current fiscal year is no exception, with CIT now tracking 173.1 percent above the December 2025 forecast. Because most oil and gas revenue to the general fund is capped, the general fund’s own exposure to oil and gas price and production swings is limited relative to the early childhood trust fund and severance tax permanent fund, which absorb most of the marginal volatility once the cap is reached.



General Fund Revenue Accruals: FY26 vs. FY25

	Month - March 2026				Fiscal Year through March 2026				Total Fiscal Year			
Revenue Category	**FY26**	**FY25**	**Variance Over(Under)**	**Percent Over(Under)**	**FY26**	**FY25**	**Variance Over(Under)**	**Percent Over(Under)**	**FY26 Tracking****	**FY25**	**Variance Over(Under)**	**Percent Over(Under)**
Gross Receipts Tax	$407.8	$374.9	$32.9	8.8%	$3,331.4	$3,158.4	$173.1	5.5%	$4,551.0	$4,298.1	$252.9	5.9%
Compensating Tax	$10.7	$7.7	$3.0	39.3%	$84.5	$64.0	$20.4	31.9%	$109.6	$85.4	$24.2	28.3%
Selective Sales Taxes	$213.5	$134.0	$79.5	59.4%	$683.4	$629.2	$54.2	8.6%	$844.3	$826.4	$17.9	2.2%
Personal Income Tax	$353.5	$367.2	($13.8)	(3.7%)	$1,467.8	$1,520.7	($52.9)	(3.5%)	$2,237.7	$2,143.1	$94.6	4.4%
Corporate Income Tax	$39.1	$102.1	($63.1)	(61.8%)	$546.5	$604.1	($57.7)	(9.5%)	$691.0	$782.5	($91.4)	(11.7%)
License Fees	$4.0	$7.3	($3.3)	(45.1%)	$41.6	$25.5	$16.1	63.1%	$90.6	$70.1	$20.5	29.2%
Investment Income	$137.7	$170.1	($32.4)	(19.1%)	$1,617.5	$1,579.3	$38.2	2.4%	$2,160.3	$2,083.8	$76.5	3.7%
Tribal Revenue Sharing	$0.2	$0.2	($0.1)	-	$45.2	$62.5	($17.3)	(27.7%)	$76.2	$85.3	($9.1)	(10.6%)
Miscellaneous Receipts	$1.8	$6.9	($5.2)	(74.3%)	$70.0	$51.9	$18.0	34.8%	$83.6	$79.0	$4.6	5.9%
Reversions	$0.0	$0.0	$0.0	#DIV/0!	$2.4	$3.6	($1.1)	(31.8%)	$78.7	$110.0	($31.3)	(28.5%)
Non-OGAS Revenue	**$1,168.1**	**$1,170.3**	**($2.3)**	**(0.2%)**	**$7,890.2**	**$7,699.2**	**$191.0**	**2.5%**	**$10,923.0**	**$10,563.6**	**$359.4**	**3.4%**
Mineral Production Taxes	$25.9	$12.5	$13.4	106.9%	$1,226.9	$1,253.5	($26.6)	(2.1%)	$1,255.7	$1,285.8	($30.1)	(2.3%)
Rents and Royalties	$7.4	$11.7	($4.3)	(36.8%)	$1,764.2	$1,697.1	$67.1	4.0%	$1,813.4	$1,746.3	$67.1	3.8%
Total Recurring Revenue	**$1,201.4**	**$1,194.6**	**$6.8**	**0.6%**	**$10,881.3**	**$10,649.8**	**$231.5**	**2.2%**	**$13,992.0**	**$13,595.7**	**$396.4**	**2.9%**

** Includes preliminary TRD data for some revenues through March 2026.

General Fund Revenue Accruals: FY26 Actuals vs. Forecast

	Month - March 2026				Fiscal Year through March 2026				Total Fiscal Year			
Revenue Category	**Actual**	**Forecast**	**Variance Over(Under)**	**Percent Over(Under)**	**Actual**	**Forecast**	**Variance Over(Under)**	**Percent Over(Under)**	**Tracking Estimate****	**Forecast**	**Variance Over(Under)**	**Percent Over(Under)**
Gross Receipts Tax	$407.8	$401.4	$6.3	1.6%	$3,331.4	$3,264.1	$67.3	2.1%	$4,551.0	$4,451.6	$99.5	2.2%
Compensating Tax	$10.7	$7.4	$3.3	45.1%	$84.5	$69.3	$15.2	21.9%	$109.6	$88.4	$21.2	24.0%
Selective Sales Taxes *	$213.5	$145.0	$68.5	47.2%	$683.4	$611.1	$72.3	11.8%	$844.3	$819.1	$25.2	3.1%
Personal Income Tax	$353.5	$355.1	($1.6)	(0.5%)	$1,467.8	$1,595.3	($127.5)	(8.0%)	$2,237.7	$2,175.0	$62.7	2.9%
Corporate Income Tax	$39.1	$39.2	($0.1)	(0.3%)	$546.5	$191.3	$355.2	185.7%	$691.0	$253.0	$438.0	173.1%
License Fees	$4.0	$0.5	$3.5	671.5%	$41.6	$3.1	$38.5	1258.0%	$90.6	$60.0	$30.5	50.9%
Investment Income	$137.7	$185.7	($48.1)	(25.9%)	$1,617.5	$1,671.7	($54.2)	(3.2%)	$2,160.3	$2,228.9	($68.6)	(3.1%)
Tribal Revenue Sharing	$0.2	$13.3	($13.1)	(98.8%)	$45.2	$56.4	($11.3)	(20.0%)	$76.2	$87.5	($11.3)	(12.9%)
Miscellaneous Receipts	$1.8	$4.6	($2.8)	(61.2%)	$70.0	$36.0	$34.0	94.5%	$83.6	$50.6	$33.0	65.1%
Reversions	$0.0	$13.9	($13.9)	(99.7%)	$2.4	$33.7	($31.3)	(92.8%)	$78.7	$110.0	($31.3)	(28.5%)
Non-OGAS Revenue	**$1,168.1**	**$1,166.0**	**$2.0**	**0.2%**	**$7,890.2**	**$7,532.0**	**$358.3**	**4.8%**	**$10,923.0**	**$10,324.1**	**$598.9**	**5.8%**
Mineral Production Taxes	$25.9	$9.4	$16.5	175.1%	$1,226.9	$1,236.0	($9.1)	(0.7%)	$1,255.7	$1,264.8	($9.1)	(0.7%)
Rents and Royalties	$7.4	$12.4	($5.0)	(40.5%)	$1,764.2	$1,756.9	$7.3	0.4%	$1,813.4	$1,794.2	$19.2	1.1%
Total Recurring Revenue	**$1,201.4**	**$1,187.9**	**$13.5**	**1.1%**	**$10,881.3**	**$10,524.9**	**$356.5**	**3.4%**	**$13,992.0**	**$13,383.1**	**$609.0**	**4.6%**

** Includes preliminary TRD data for some revenues through March 2026.

FISCAL YEAR 2026 GENERAL FUND MONTHLY REVENUE TRACKING

(dollars in millions)

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Bold = actuals *Italic* = preliminary regular = forecast

	ESTIMATED REVENUE ACCRUALS												Tracking	TRACKING vs FORECAST		
	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Prelim.	Mar Prelim.	Apr Est.	May Est.	June Est.	Actuals + Estimates	Dec. 2025 Forecast	% Diff.	$ Diff.
Gross Receipts Tax	325.1	368.3	381.6	378.3	363.4	387.7	367.2	352.0	407.8	379.4	404.6	435.6	4,551.0	4,451.6	2.2%	99.5
Compensating Tax	6.7	9.0	8.7	10.2	8.3	10.9	10.0	10.0	10.7	10.2	9.1	5.8	109.6	88.4	24.0%	21.2
TOTAL GENERAL SALES TAXES	331.9	377.3	390.3	388.5	371.7	398.6	377.2	362.0	418.4	389.6	413.8	441.3	4,660.6	4,539.9	2.7%	120.7
Cannabis Excise Tax	2.5	2.7	2.3	2.6	3.0	2.2	2.8	2.8	2.9	3.1	2.7	2.6	32.3	31.8	1.5%	0.5
Tobacco Products & Cigarette Taxes	5.9	5.8	6.7	7.0	6.3	4.4	4.0	5.6	5.2	5.2	6.5	5.6	68.3	66.5	2.7%	1.8
Liquor Excise Tax	2.0	1.9	2.0	2.1	1.9	2.3	1.5	1.6	1.9	1.7	2.1	2.2	23.3	23.1	0.9%	0.2
Insurance Premiums Tax	4.1	8.4	92.3	2.9	46.1	53.3	4.1	15.1	181.2	(19.3)	14.8	72.1	475.1	459.5	3.4%	15.6
Motor Vehicle Excise Tax	15.6	15.1	14.9	15.2	11.5	13.7	14.4	13.2	16.0	15.2	15.6	15.7	176.0	178.6	(1.5%)	(2.6)
Gaming Excise Tax	5.7	6.5	4.6	3.9	5.8	3.1	4.4	7.4	5.6	4.5	4.8	4.3	60.6	53.4	13.4%	7.2
Leased Vehicle Surcharge & Other	(1.9)	1.3	3.5	1.1	0.9	1.8	0.1	(0.3)	0.7	0.5	0.6	0.6	8.8	6.2	41.4%	2.6
TOTAL SELECTIVE SALES TAXES	34.0	41.7	126.2	34.7	75.7	80.9	31.3	45.3	213.5	10.9	47.0	102.9	844.3	819.1	3.1%	25.2
Withholding	156.3	178.7	175.5	199.0	162.6	222.7	164.1	181.6	214.7	179.3	190.1	236.5	2,261.1	2,183.4	3.6%	77.6
Final Settlements and Estimated Payments	30.9	69.9	41.0	16.5	36.3	(41.2)	50.9	140.1	237.0	56.4	114.8	23.0	775.7	740.6	4.7%	35.1
Oil and Gas Withholding Tax	(2.2)	16.3	30.4	(1.0)	16.0	36.2	0.4	9.3	31.4	(0.1)	15.3	29.6	181.9	203.1	(10.4%)	(21.2)
Fiduciary Tax	1.4	3.7	(2.2)	(1.7)	(0.6)	(4.1)	(0.2)	1.1	9.9	0.9	2.8	2.4	13.5	24.8	(45.6%)	(11.3)
Gross Personal Income Tax	186.4	268.6	244.8	212.8	214.3	213.6	215.3	332.2	493.0	236.5	323.1	291.5	3,232.2	3,151.9	2.5%	80.3
Refunds	(17.2)	(24.7)	(62.8)	(12.9)	(10.6)	(199.5)	(231.8)	(175.6)	(134.7)	(29.4)	(21.3)	(16.1)	(936.5)	(918.9)	1.9%	(17.6)
Retiree Health Care	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(58.0)	(58.0)	0.0%	(0.0)
NET PERSONAL INCOME TAX	164.3	239.1	177.2	195.1	198.9	9.3	(21.4)	151.8	353.5	202.3	296.9	270.6	2,237.7	2,175.0	2.9%	62.7
CORPORATE INCOME TAX	18.2	13.3	(41.6)	0.7	7.1	(1.9)	168.4	343.3	39.1	65.3	41.3	38.0	691.0	253.0	173.1%	438.0
TOTAL INCOME TAXES	182.6	252.4	135.6	195.8	206.0	7.4	147.0	495.0	392.5	267.6	338.3	308.6	2,928.7	2,428.0	20.6%	500.7
Oil and Gas School Tax *	155.2	152.3	142.4	144.6	138.0	107.8	151.8	136.2	17.0	-	-	-	1,145.4	1,145.4	(0.0%)	(0.0)
Oil Conservation Tax	7.2	7.2	6.7	6.4	6.3	5.2	7.0	6.4	7.0	6.4	7.6	7.6	80.9	90.7	(10.8%)	(9.8)
Resources Excise Tax	0.7	0.7	0.7	0.8	0.9	1.0	0.8	0.9	0.2	0.7	0.7	0.7	8.8	8.4	5.2%	0.4
Natural Gas Processors Tax	1.7	1.9	1.5	1.6	1.7	1.6	1.9	1.6	1.8	1.7	1.7	1.7	20.5	20.3	1.1%	0.2
TOTAL MINERAL PROD. TAXES	164.9	162.2	151.4	153.5	146.8	115.5	161.5	145.1	25.9	8.8	10.0	10.0	1,255.7	1,264.8	(0.7%)	(9.1)
LICENSE FEES	3.6	4.0	3.3	3.3	3.3	12.7	2.1	5.2	4.0	0.4	0.3	48.3	90.6	60.0	50.9%	30.5
Land Grant Perm. Fund Distributions	125.0	125.1	125.1	125.1	125.2	125.2	125.2	125.2	125.2	127.6	127.6	127.6	1,509.2	1,531.5	(1.5%)	(22.3)
State Treasurer's Earnings	14.3	61.9	20.1	25.4	30.9	21.0	13.6	41.3	(18.9)	23.5	15.7	26.8	275.7	322.0	(14.4%)	(46.3)
Severance Tax Perm. Fund Distributions	31.3	31.3	31.3	31.3	31.3	31.3	31.3	31.3	31.3	31.3	31.3	31.3	375.4	375.4	0.0%	-
TOTAL INVESTMENT EARNINGS	170.6	218.2	176.5	181.8	187.3	177.5	170.1	197.8	137.7	182.4	174.6	185.7	2,160.3	2,228.9	(3.1%)	(68.6)
Federal Mineral Leasing Royalties *	193.1	197.2	246.6	410.4	188.5	213.3	195.8	-	-	-	-	-	1,644.9	1,644.9	(0.0%)	(0.0)
State Land Office Bonuses, Rents	12.4	12.4	12.5	12.4	12.1	12.4	27.3	10.3	7.4	24.3	12.4	12.4	168.5	149.3	12.8%	19.2
TOTAL RENTS & ROYALTIES	205.5	209.6	259.0	422.9	200.7	225.7	223.1	10.3	7.4	24.3	12.4	12.4	1,813.4	1,794.2	1.1%	19.2
TRIBAL REVENUE SHARING	0.2	0.2	0.3	20.6	1.4	0.3	22.0	0.0	0.2	8.0	0.8	22.3	76.2	87.5	(12.9%)	(11.3)
MISCELLANEOUS RECEIPTS	1.2	1.7	4.1	1.2	1.7	55.5	1.4	1.5	1.8	1.5	1.7	10.4	83.6	50.6	65.1%	33.0
REVERSIONS	-	-	0.0	1.6	0.5	0.2	0.1	0.0	0.0	1.0	-	75.3	78.7	110.0	(28.5%)	(31.3)
TOTAL RECURRING REVENUE	1,094.5	1,267.3	1,246.6	1,403.9	1,195.1	1,074.4	1,135.8	1,262.4	1,201.4	894.6	998.7	1,217.3	13,992.0	13,383.1	4.6%	609.0
TOTAL NON-RECURRING REVENUE	17.8	249.1	113.4	12.5	24.7	10.1	16.7	8.6	2.6	-	-	-	455.5	362.6	25.6%	93.0
GRAND TOTAL REVENUE	1,112.2	1,516.4	1,360.0	1,416.5	1,219.8	1,084.5	1,152.5	1,271.0	1,204.0	894.6	998.7	1,217.3	14,447.6	13,745.7	5.1%	701.9

Monthly estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns.