NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

General Fund Consensus Revenue Estimate

August 2026

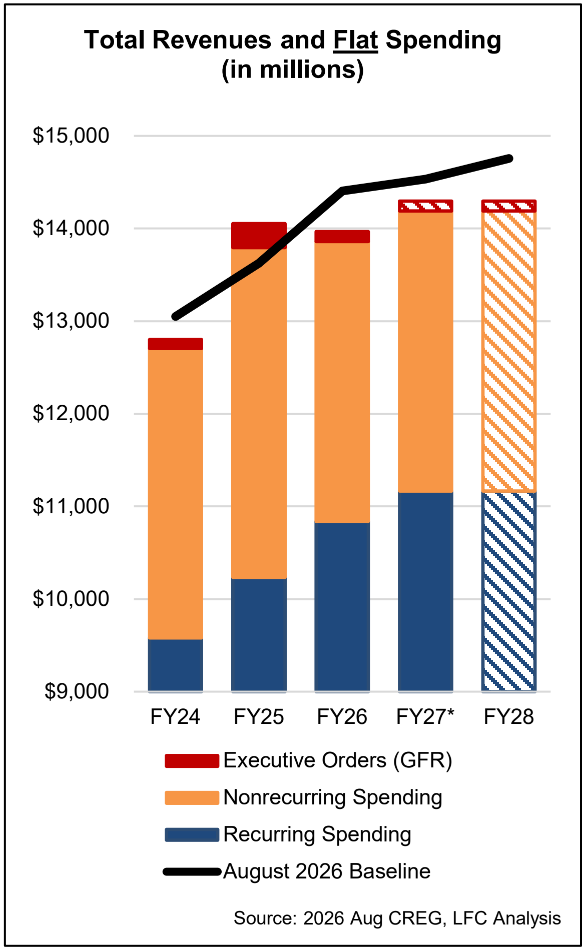
HEADLINE REVENUES AND NEW MONEY

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

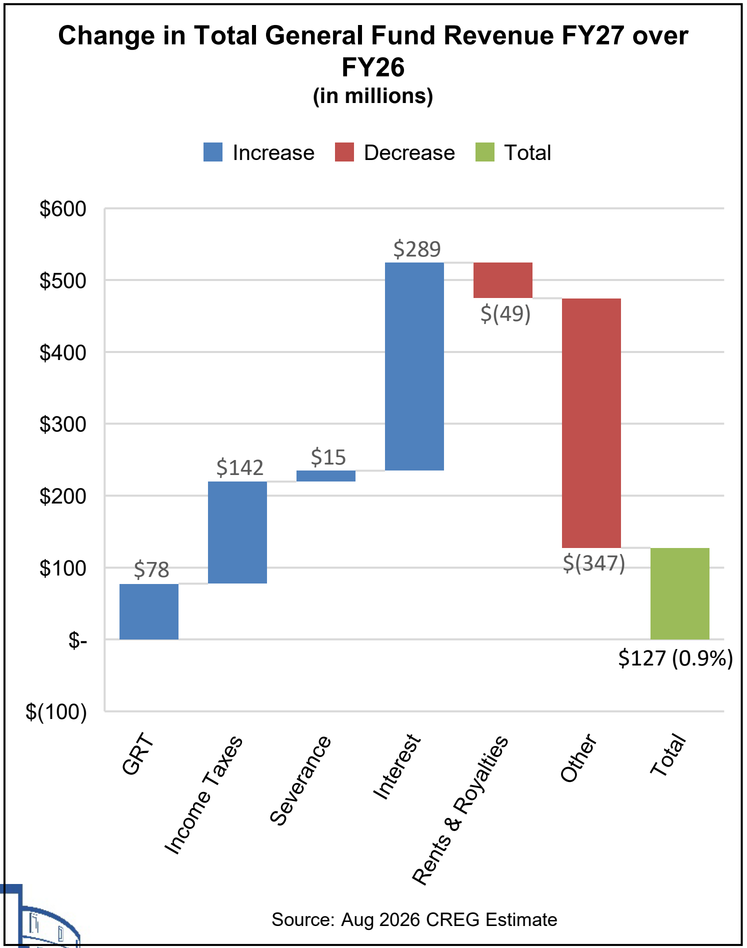
August 2026 Consensus General Fund Recurring Revenue Estimate

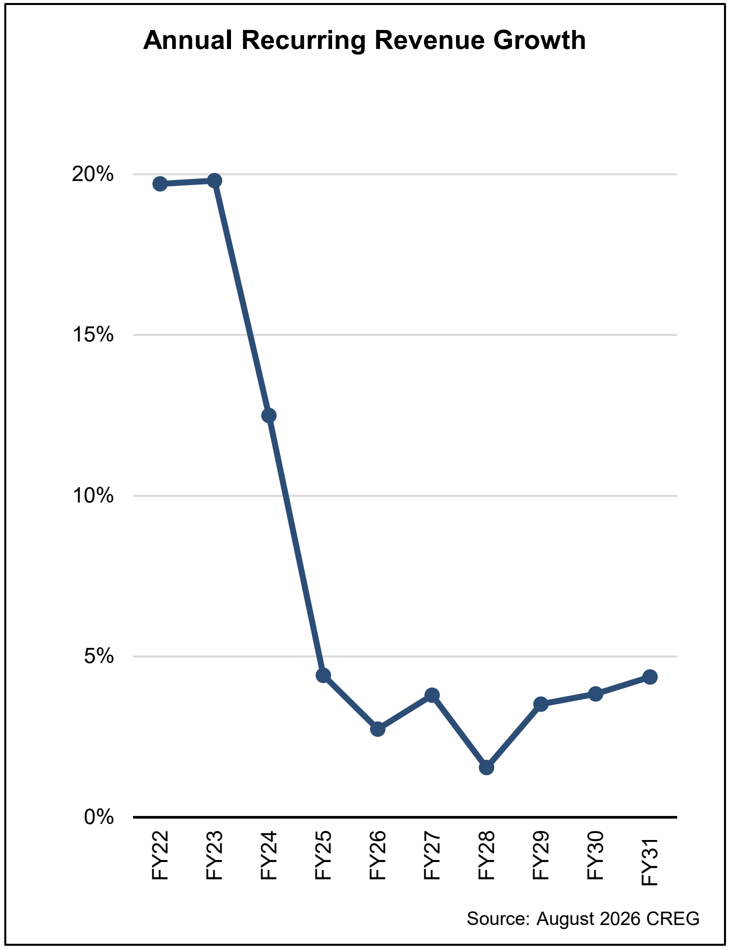
(in millions)

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

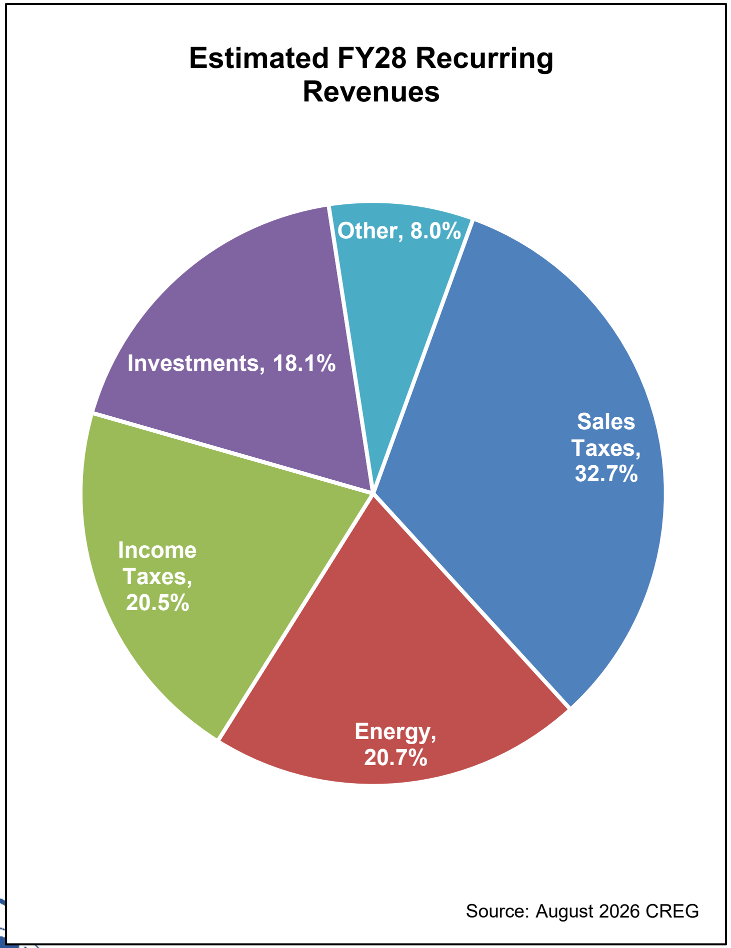


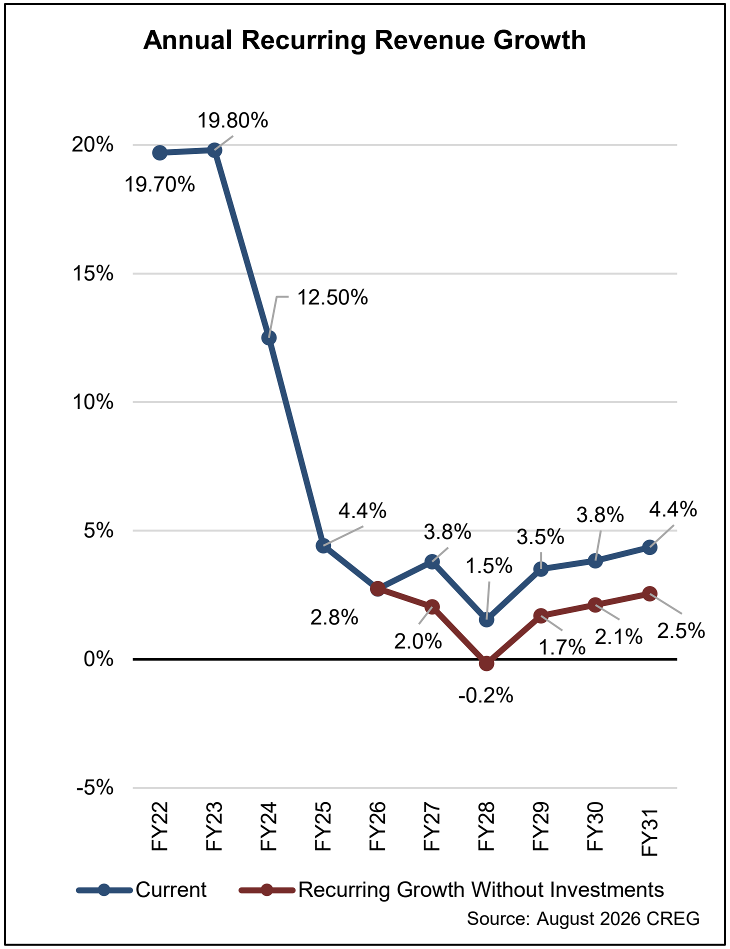
New money and recurring revenues revised higher due to sharp turns in revenue activity early this year.





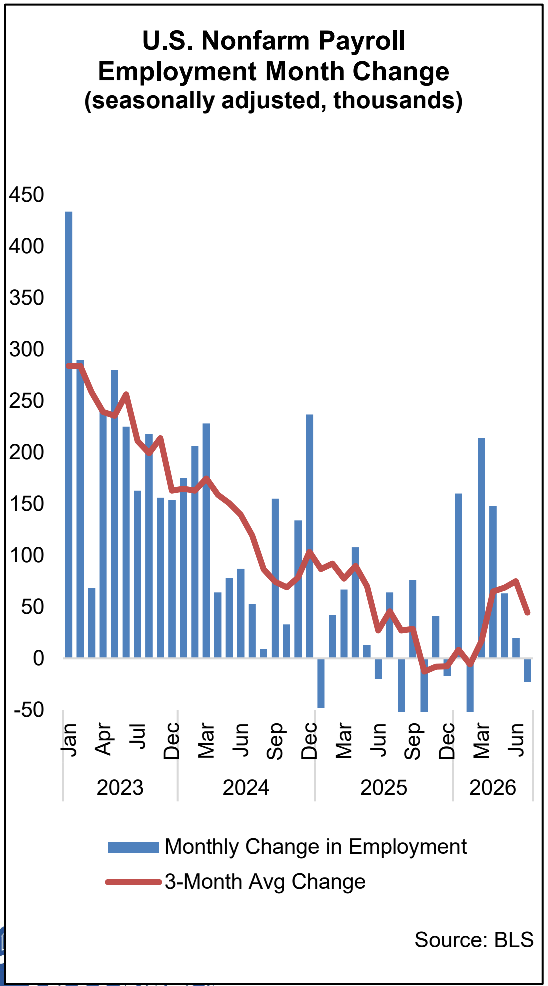
Investment income and oil and gas revenues hide the weaker underlying economic revenue growth.

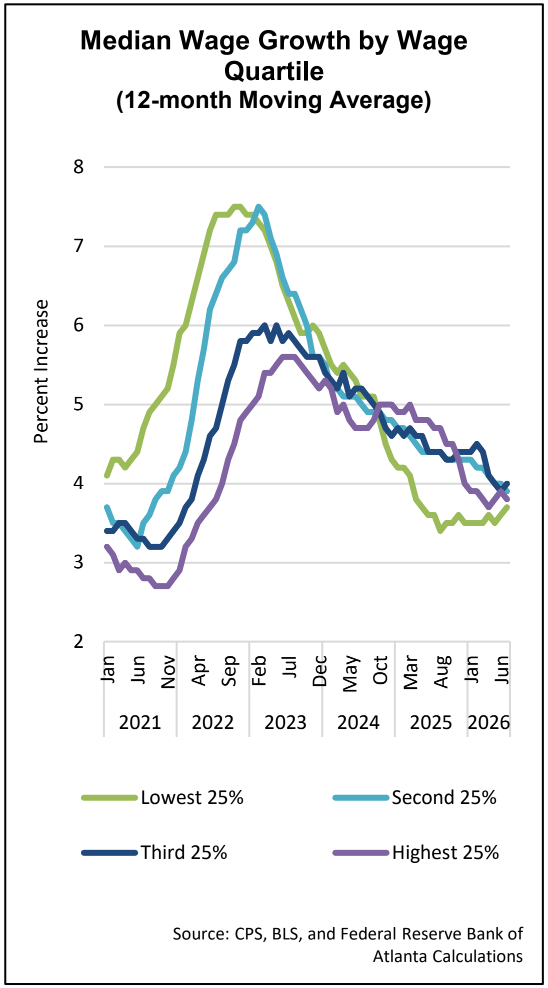


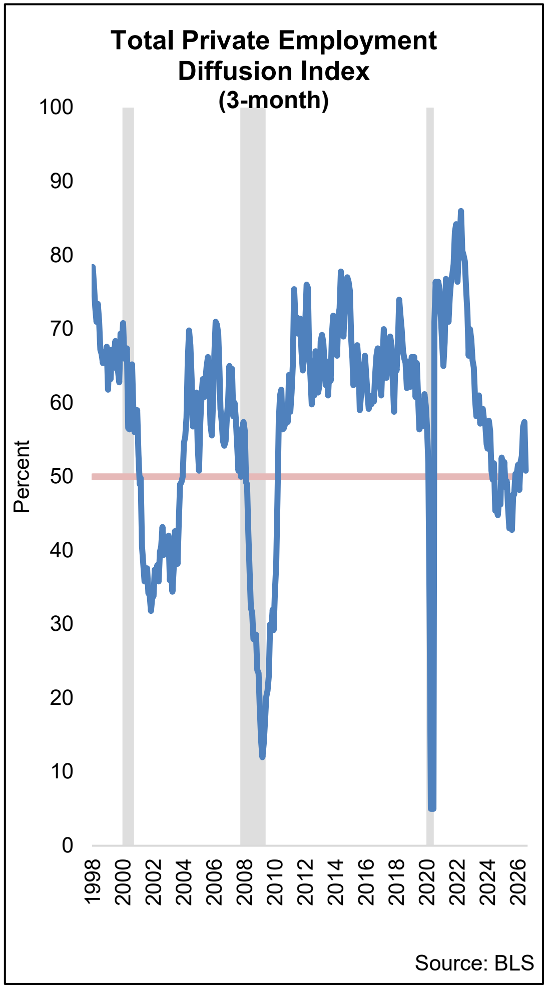


ECONOMIC FORECAST AND ANALYSIS

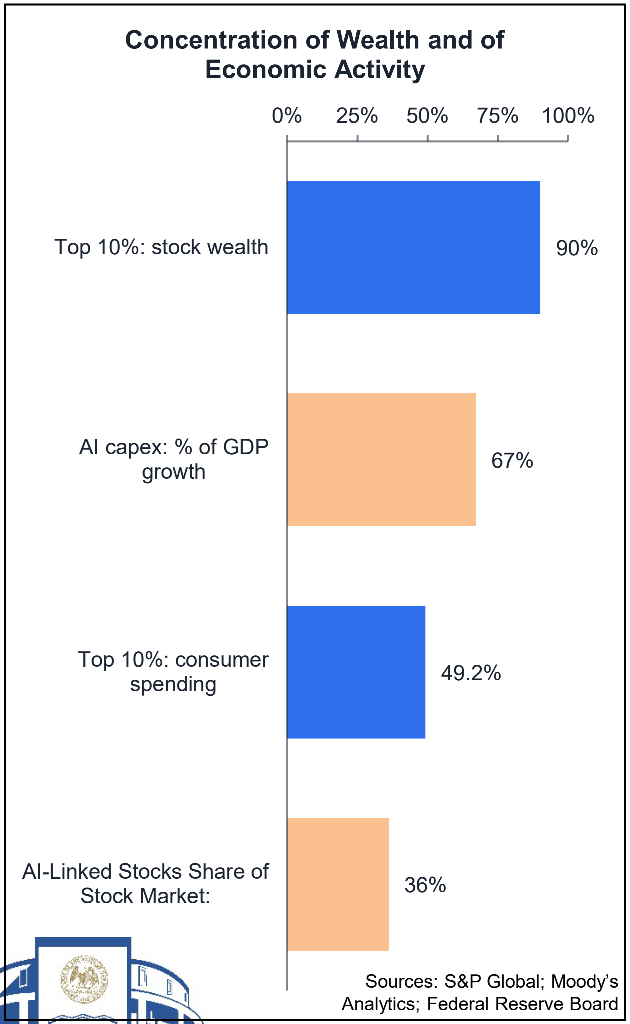
Steady as she goes; U.S. economy is resilient against significant headwinds but struggling to find footing.

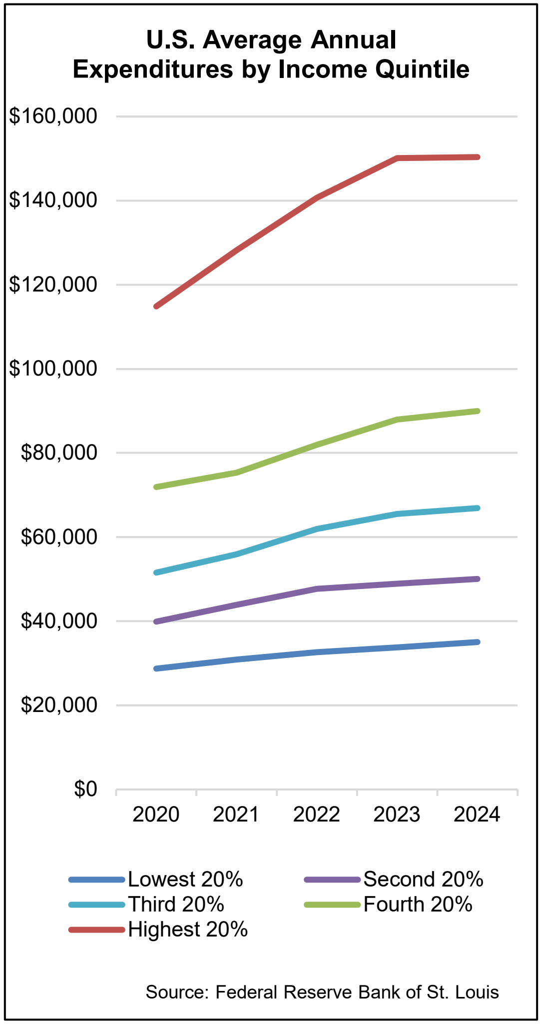


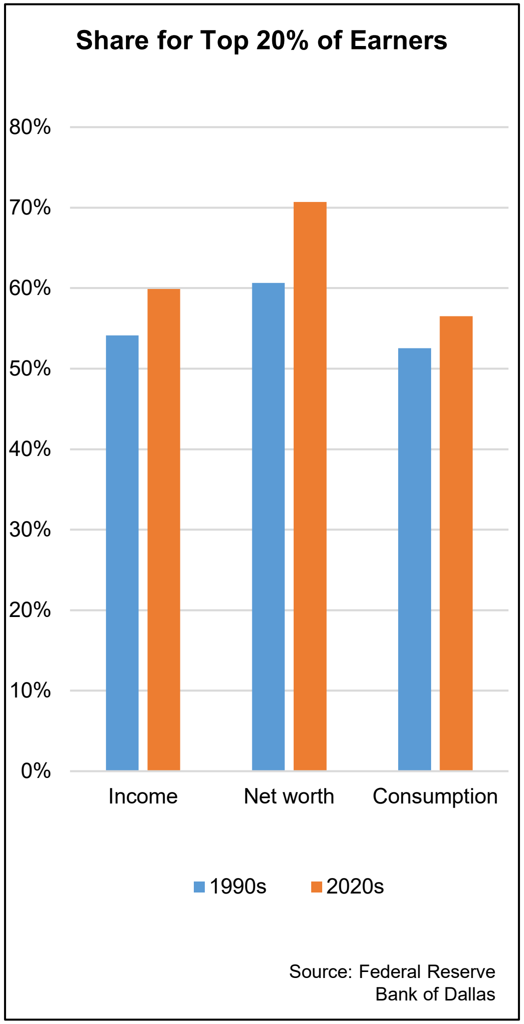




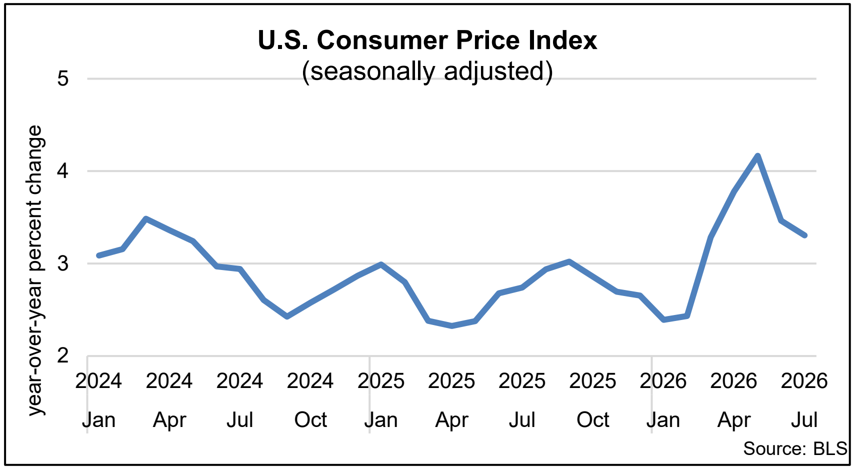
Economic success is still dependent on an increasingly concentrated group (high income, AI).

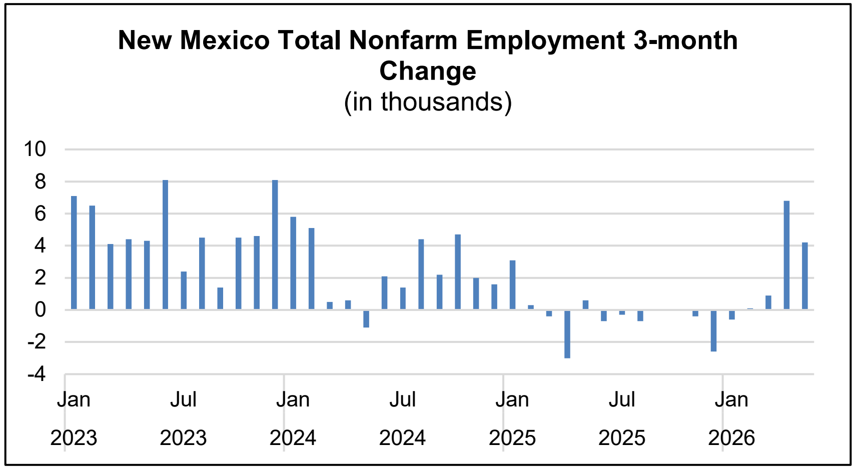


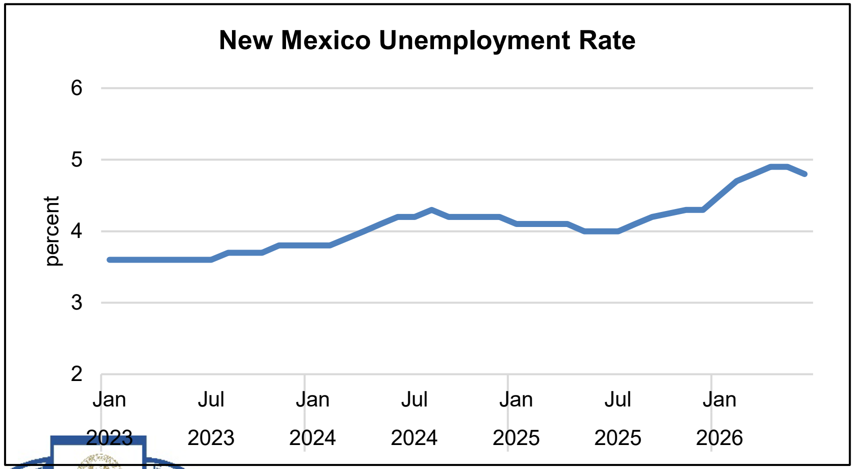


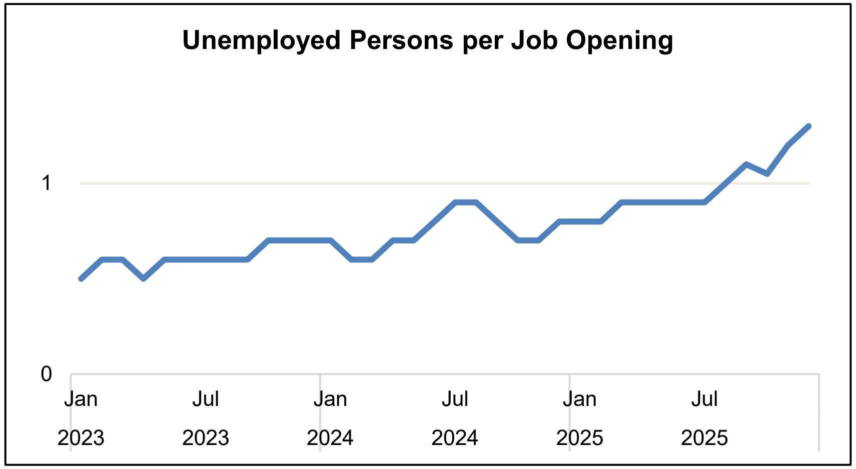


New Mexico is seeing the same story – labor markets are struggling, affordability challenges rising again, and concentrated activity in construction.



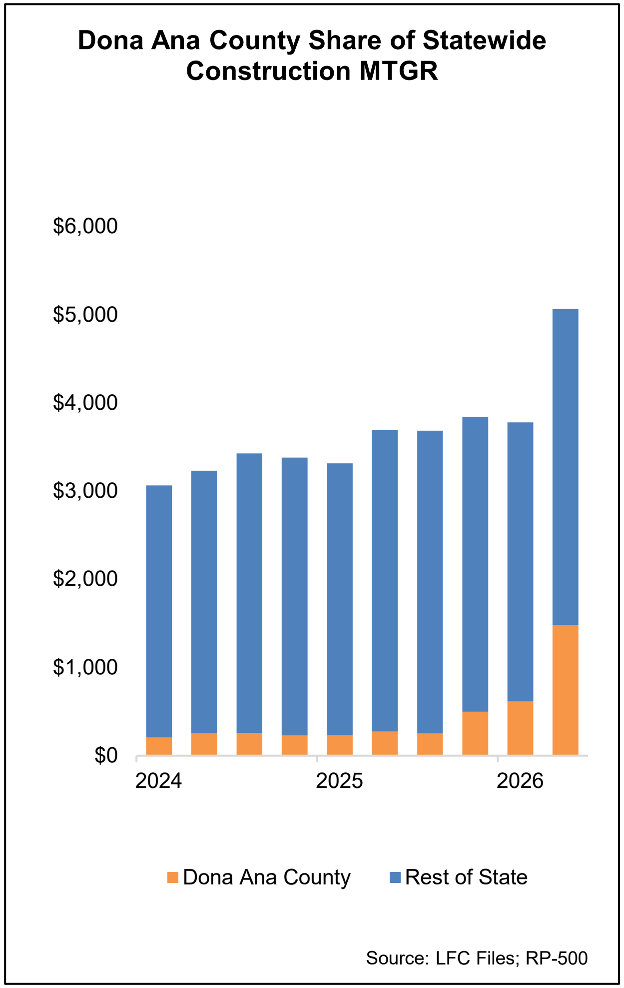




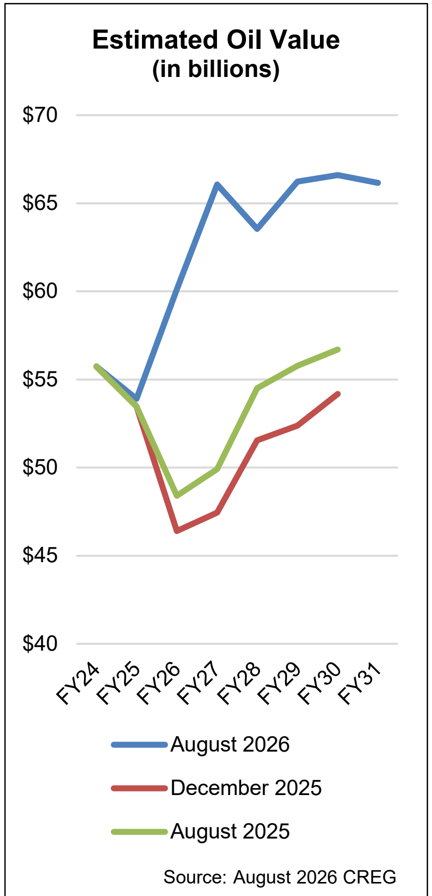


Sources: BLS; US Employment and Training Administration

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



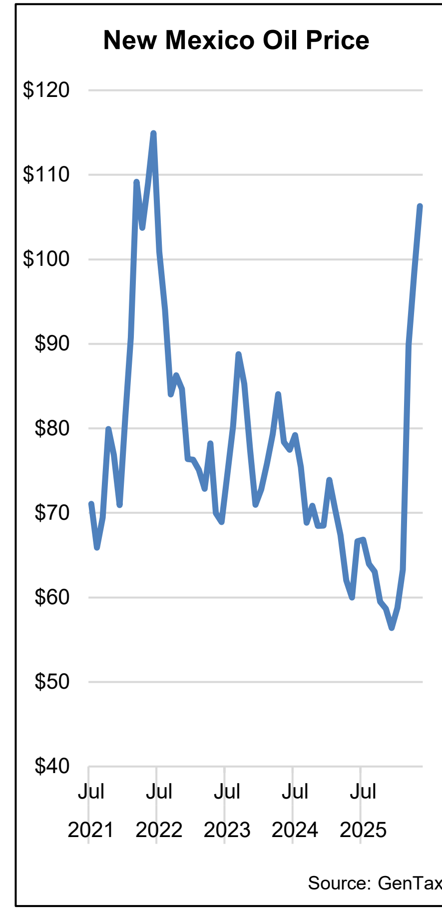
Revenues boosted by high oil prices, which are exhibiting high volatility with external events.



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

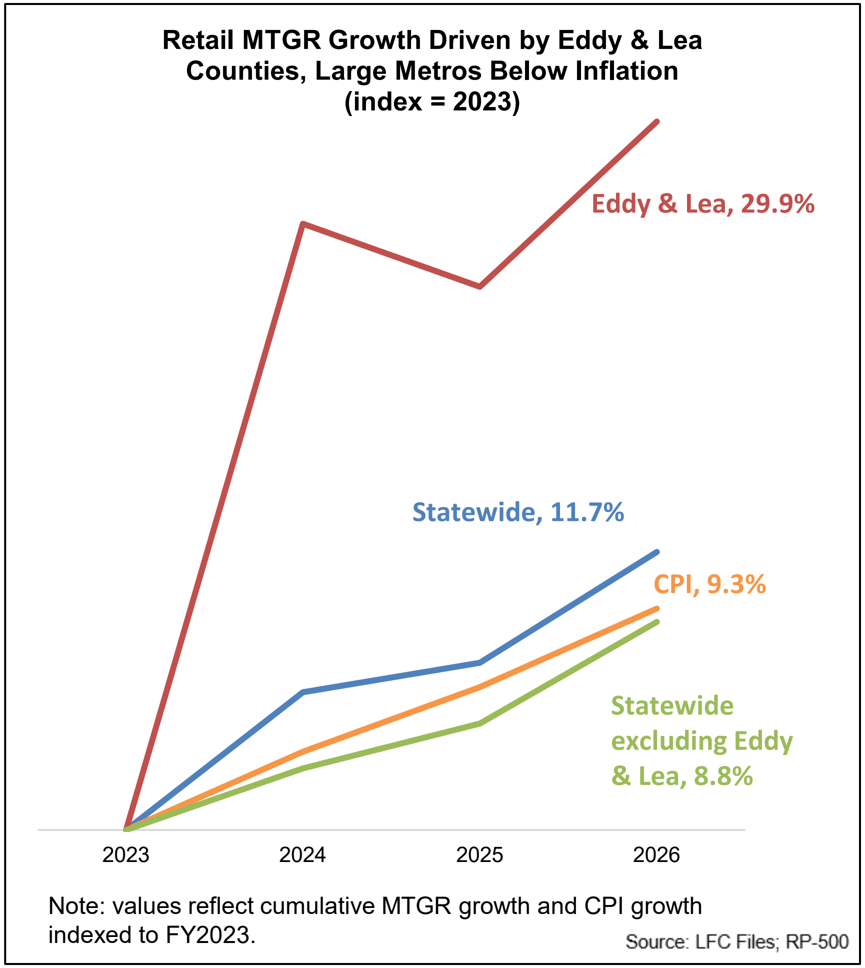
* Net prices are based on the taxable value of the product after deductions for transportation, processing, and royalties.

Source: August 2026 CREG

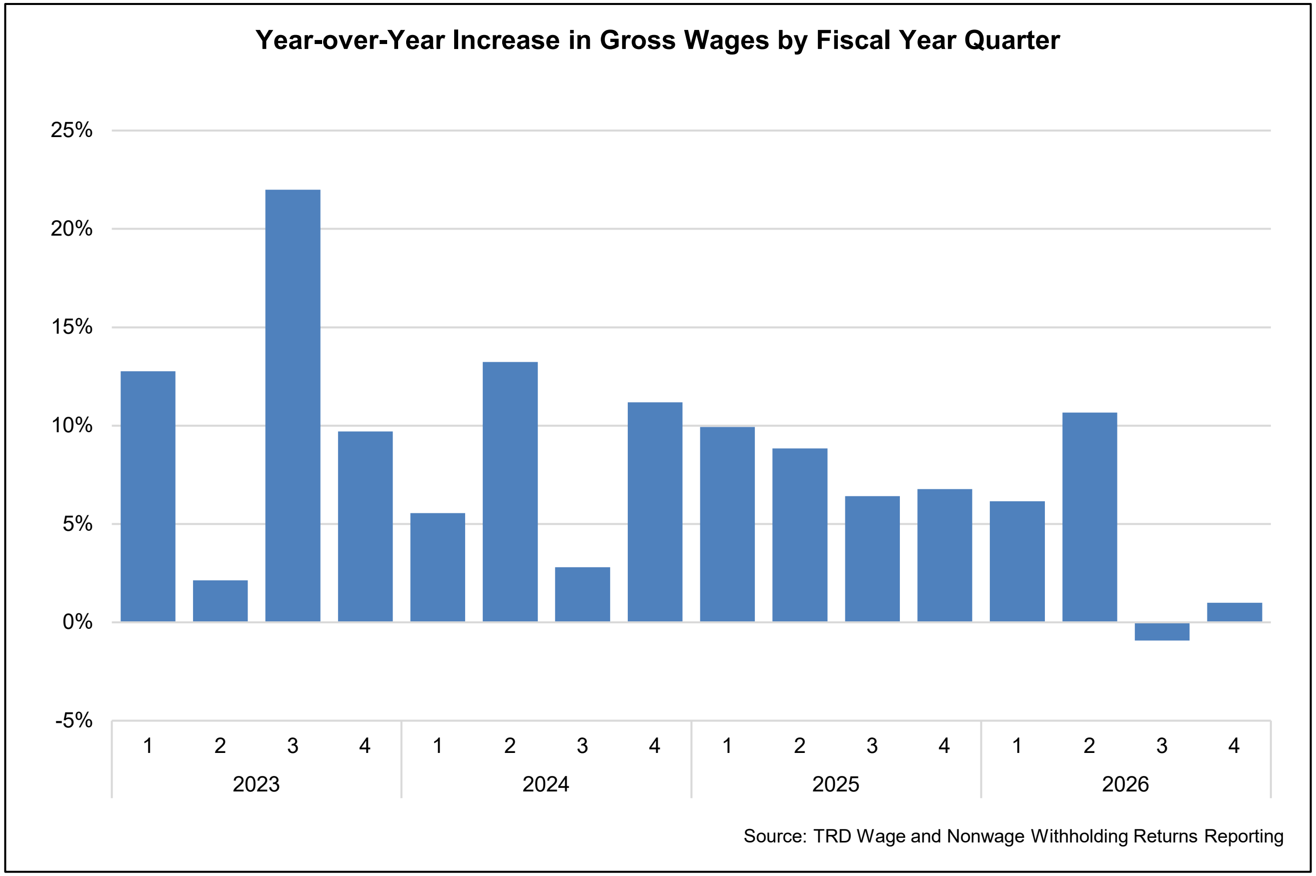


REVENUES

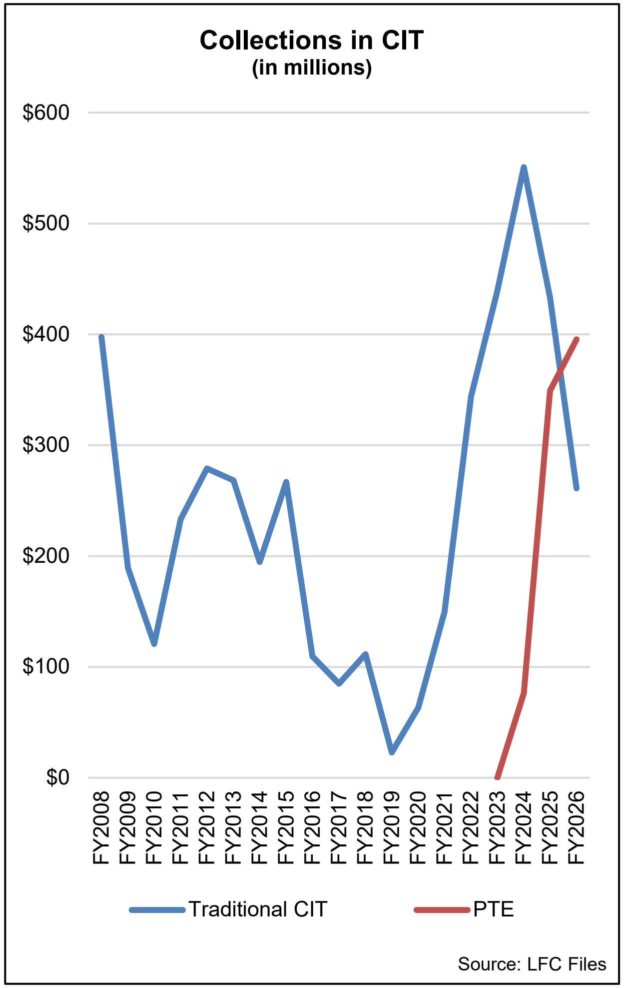
GRT is boosted by inflation and construction. Geographic concentration risks and disproportionate gains remain a concern.

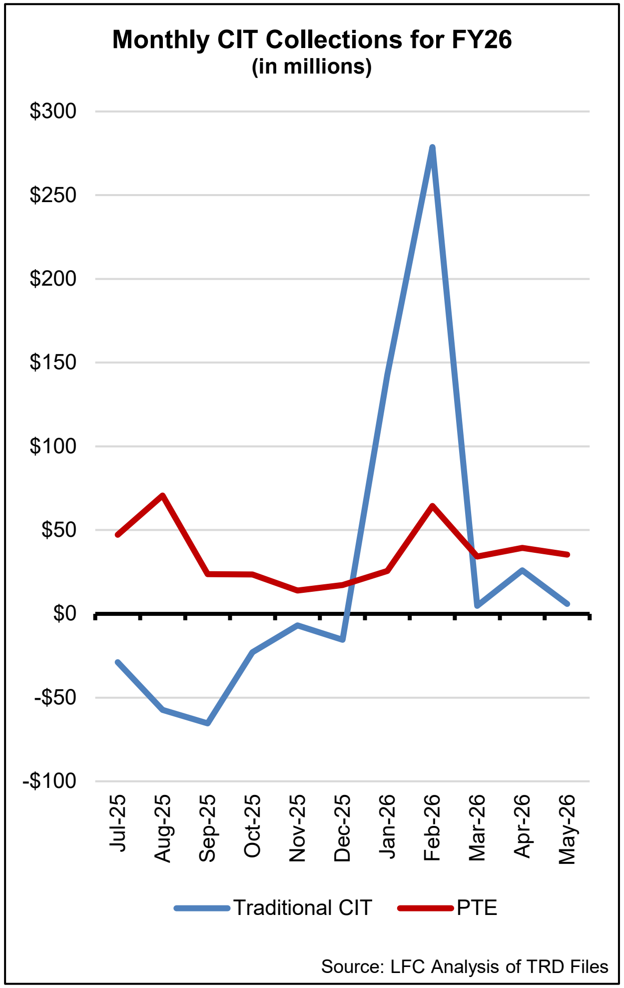


Personal income taxes are moving sideways – employment weakness is translating into slow growth.



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

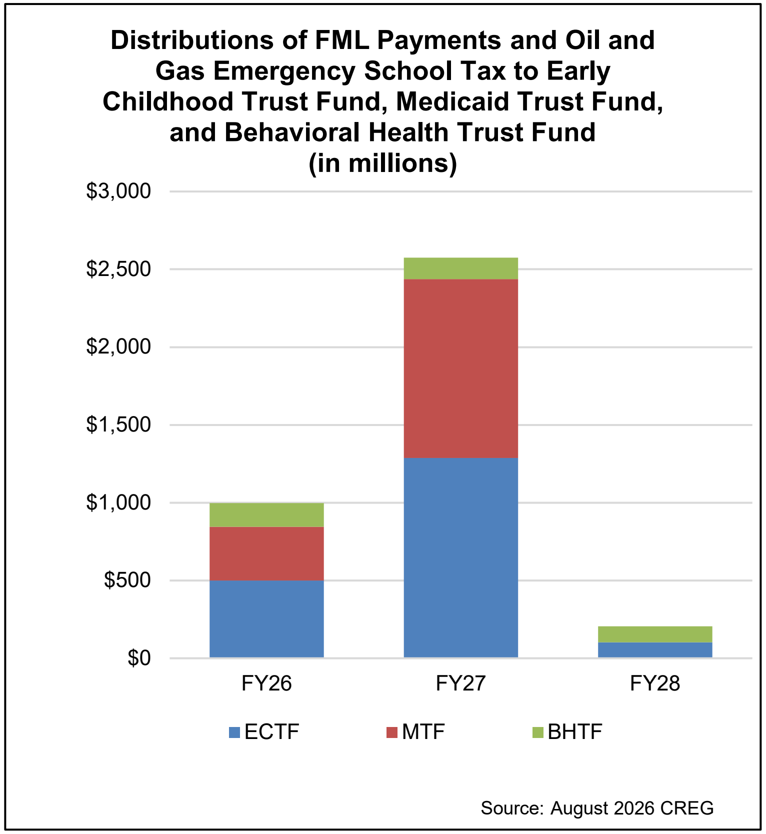




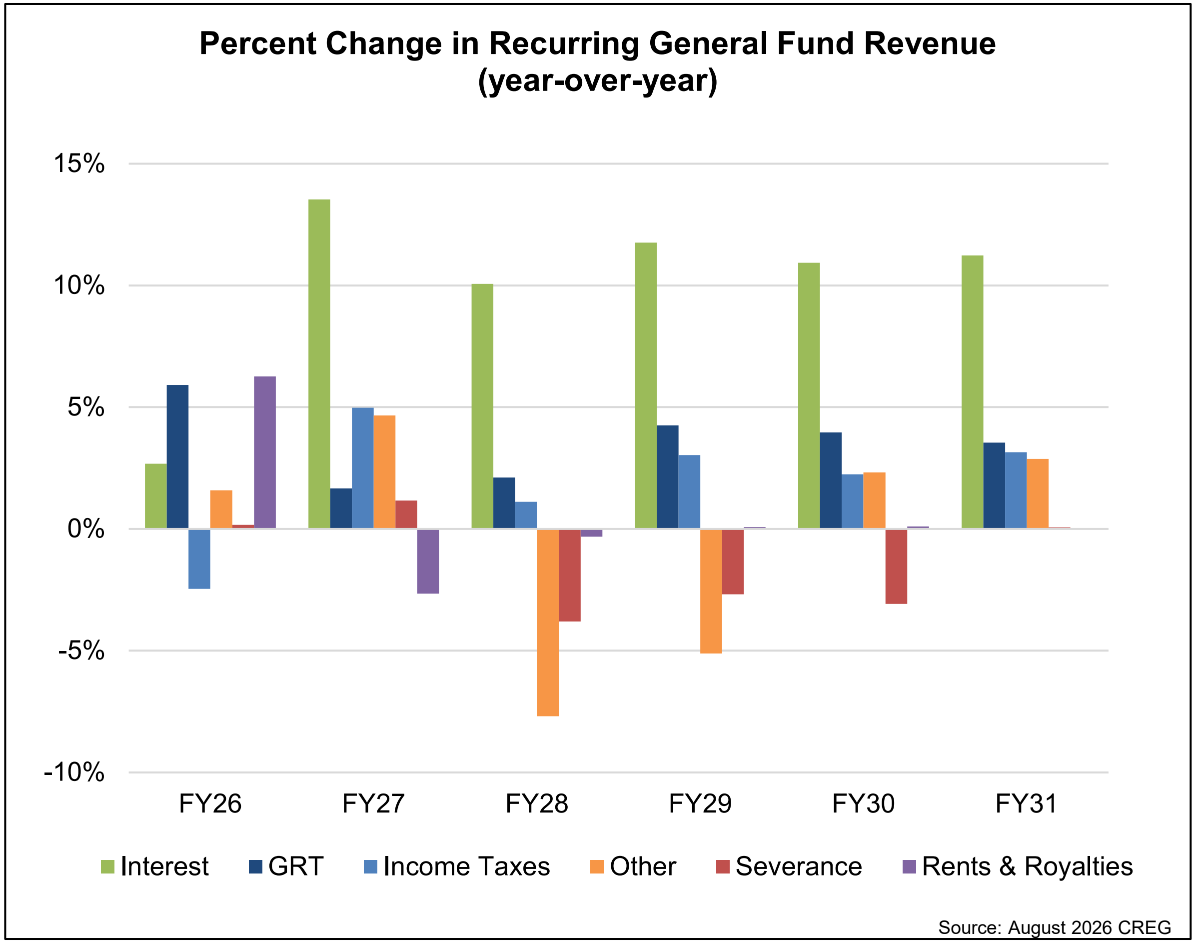
Higher oil prices are translating into higher revenues, but for whom?

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

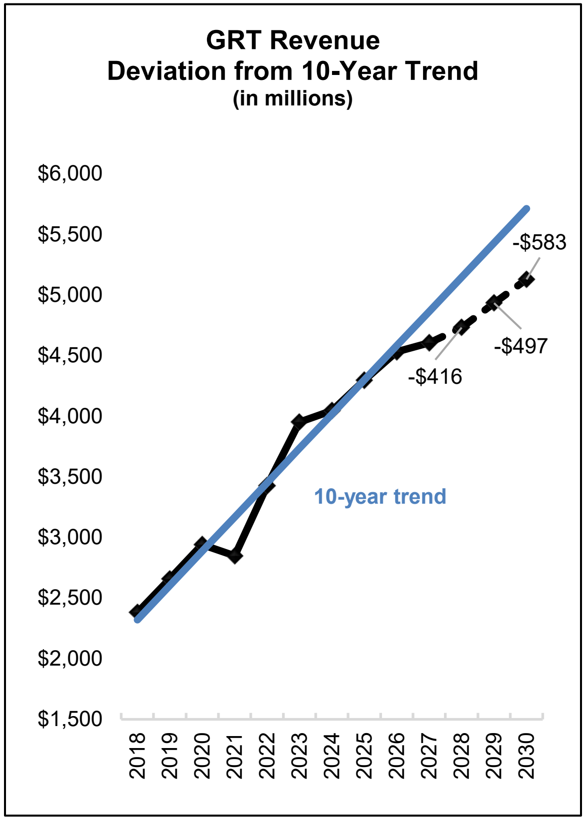
- A $1 change in the annual average NM price of oil has about a $56.45 million impact on total state revenues.

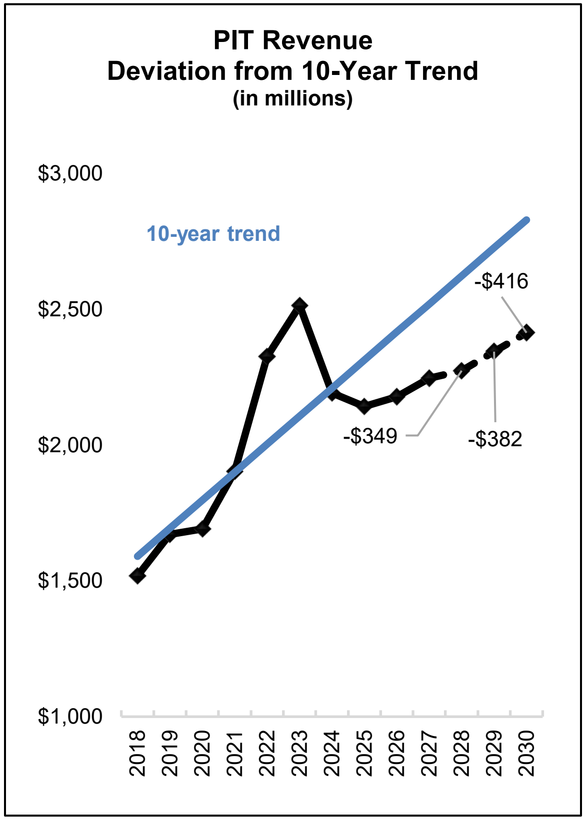


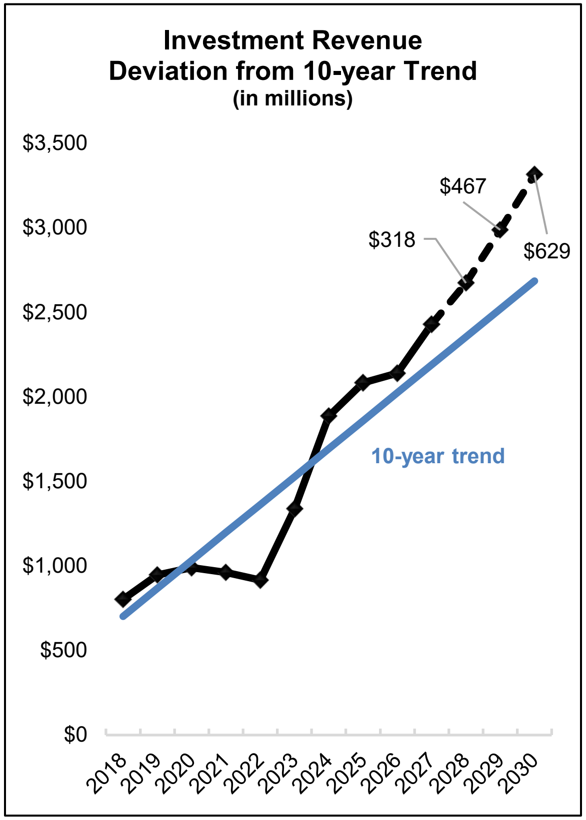
Investment earnings remain the bright spot, providing the fast growing and most stable revenues to budget.



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



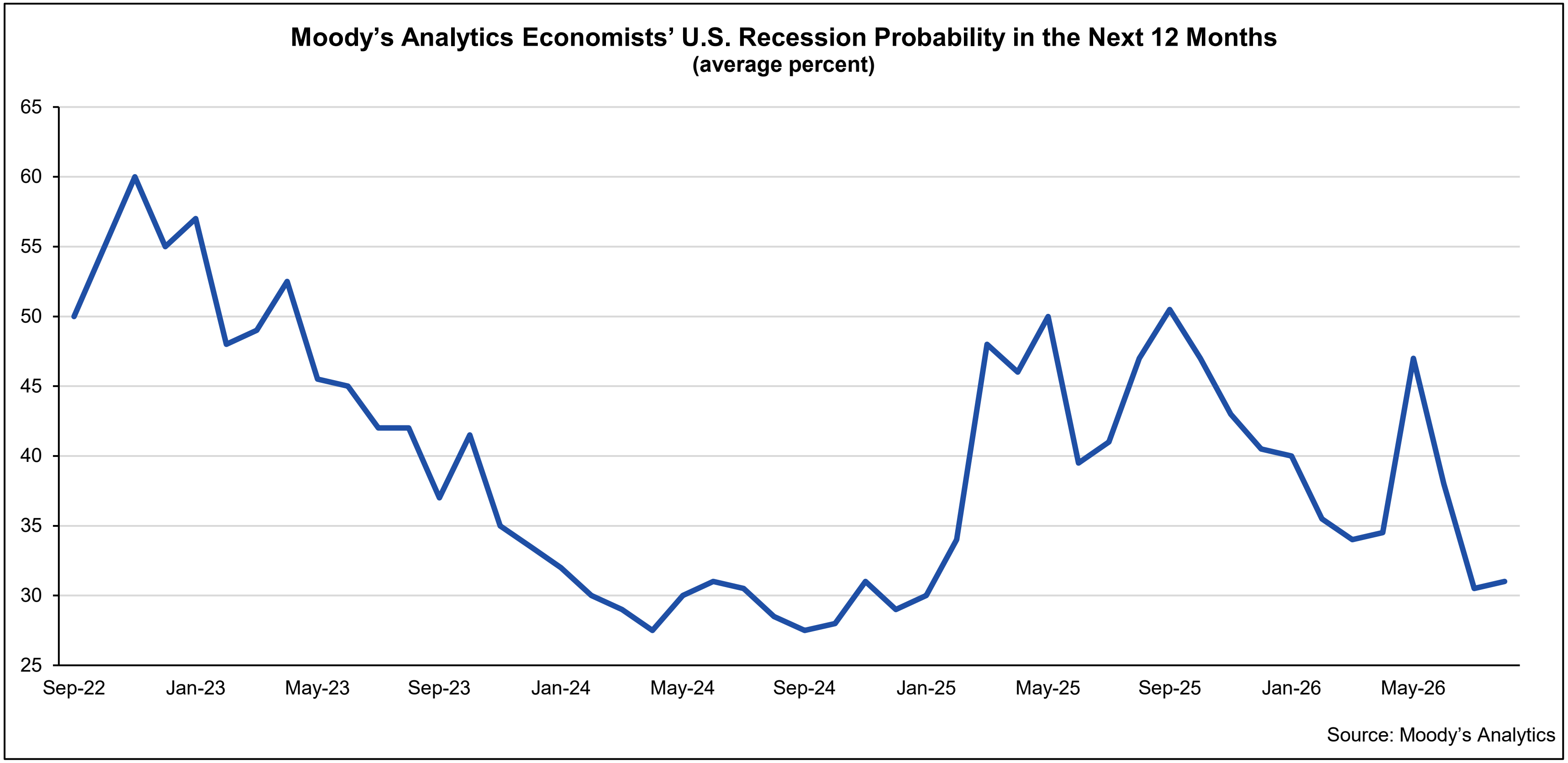




Source: August 2026 CREG

FORECAST RISKS

Recession probabilities are down from recent levels.

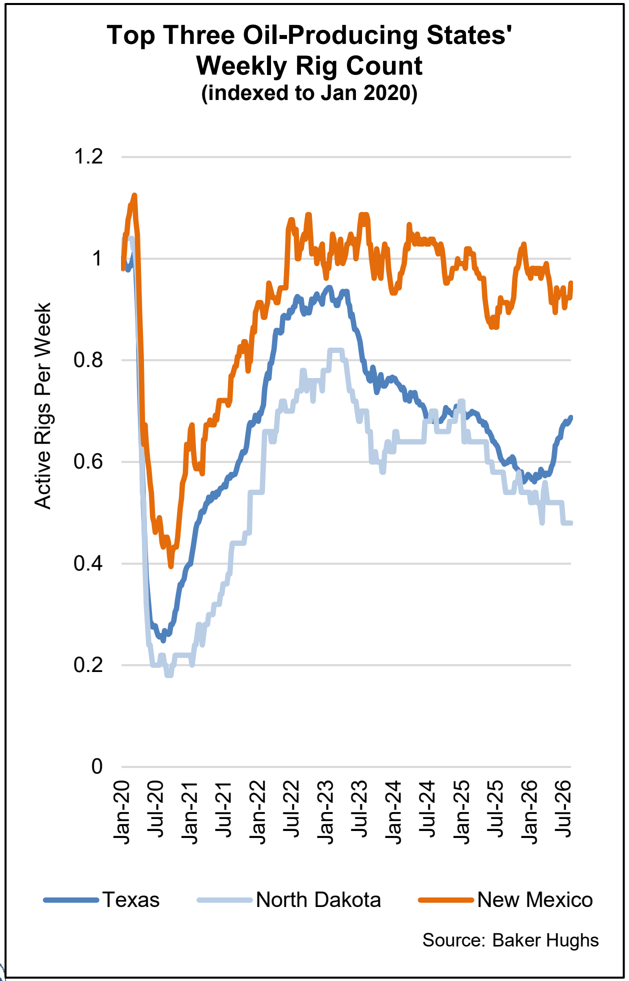


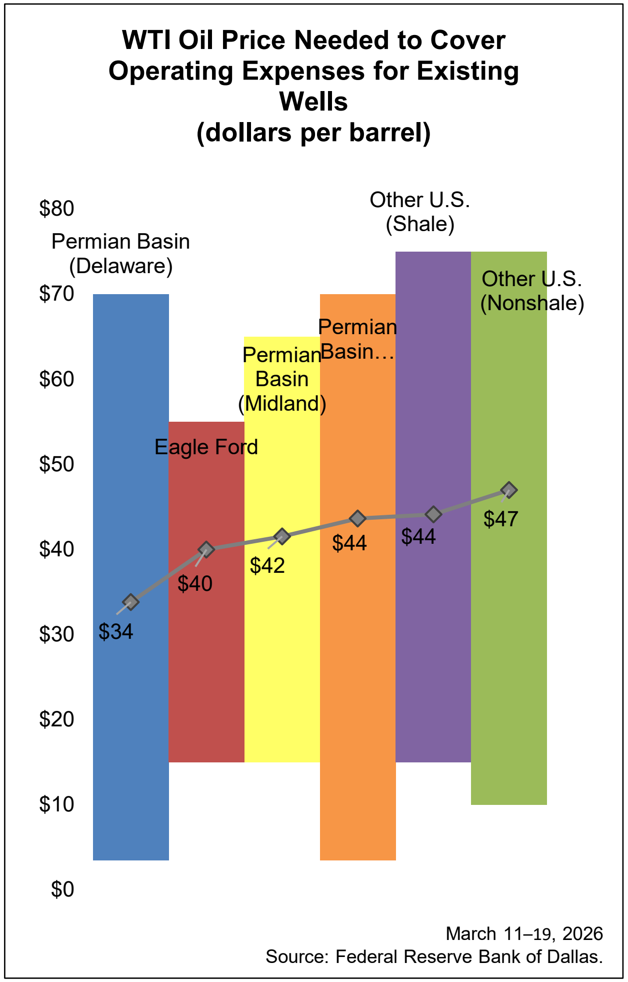
Risks are spread but interrelated shocks provide the most concern.

● Increase in odds or severity ● New risk this cycle ● Unchanged / no material shift

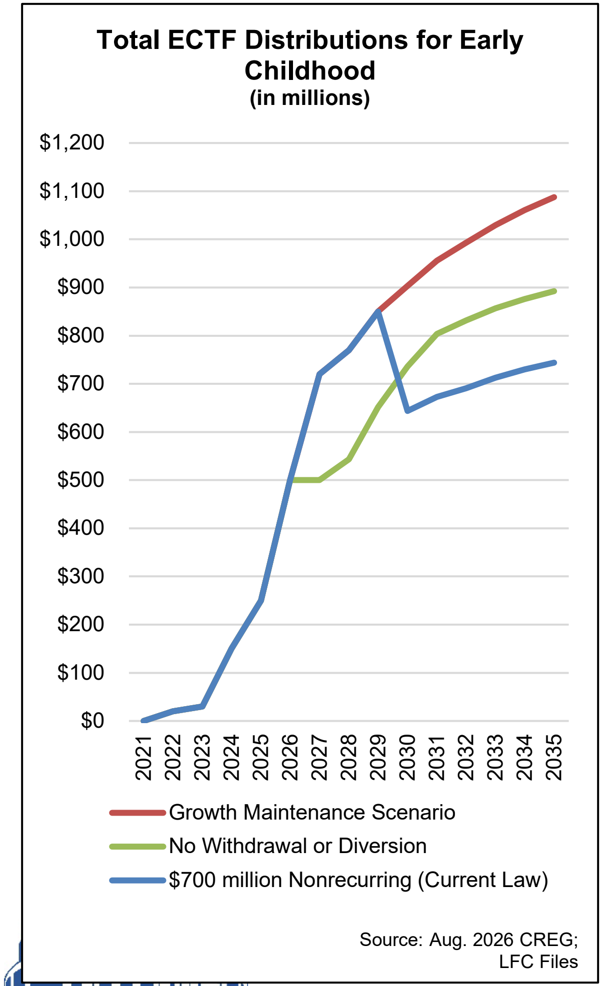
Source: Moody's Analytics, "U.S. Road to Recession: Shaky Ground," August 12, 2026. Adapted by LFC.

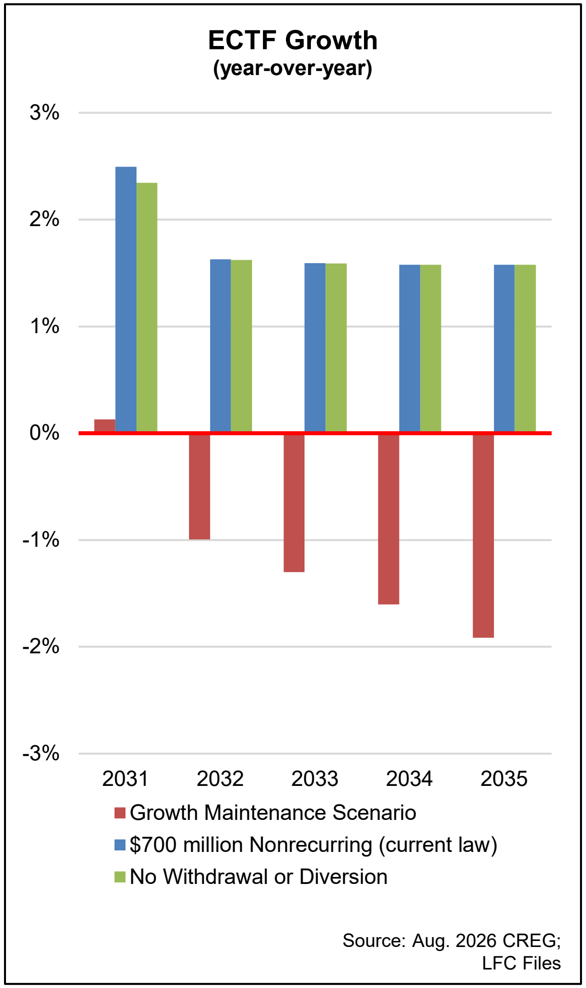
Oil holding up for now, but lower prices could arrive quickly.

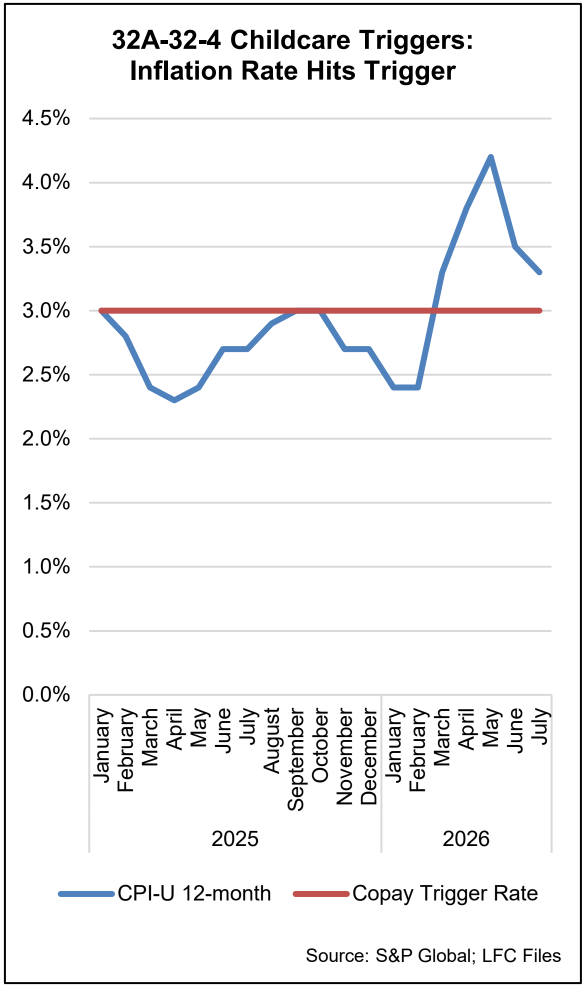




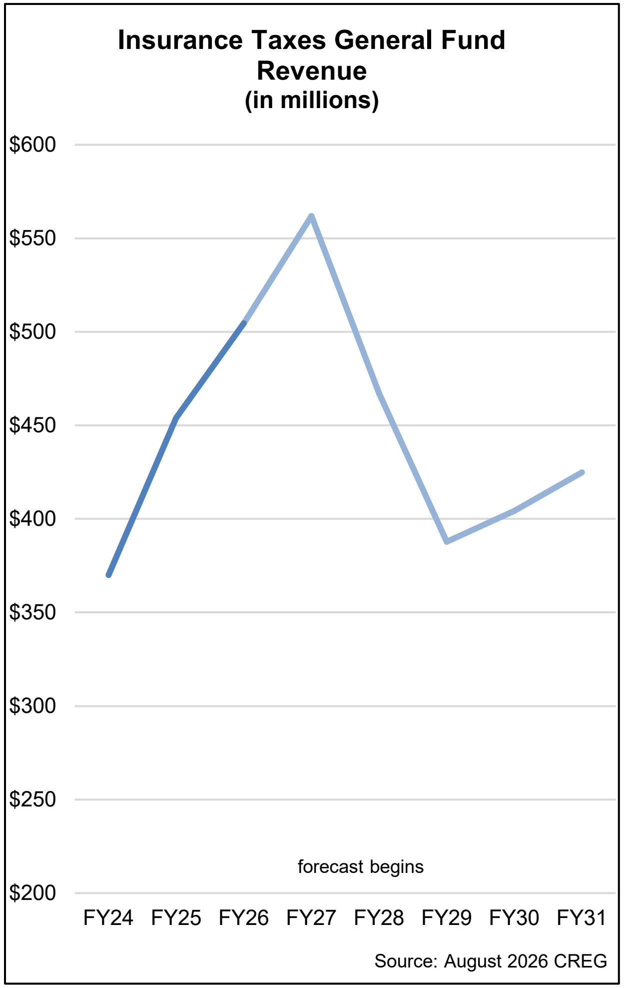
Once seen as over funded, new demands on the early childhood trust fund plus new intercepts in revenues put the fund at risk.

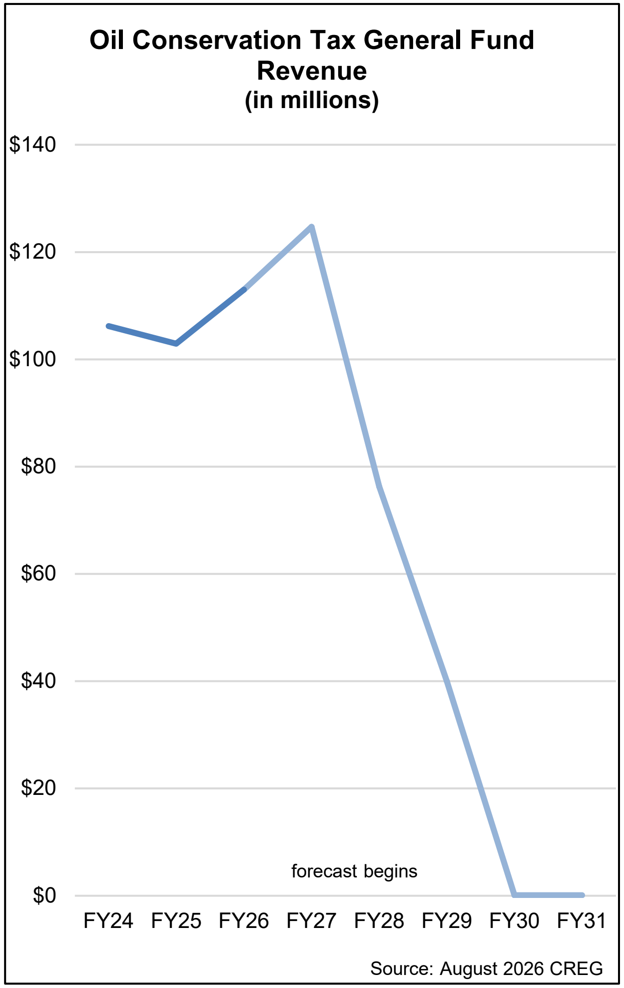






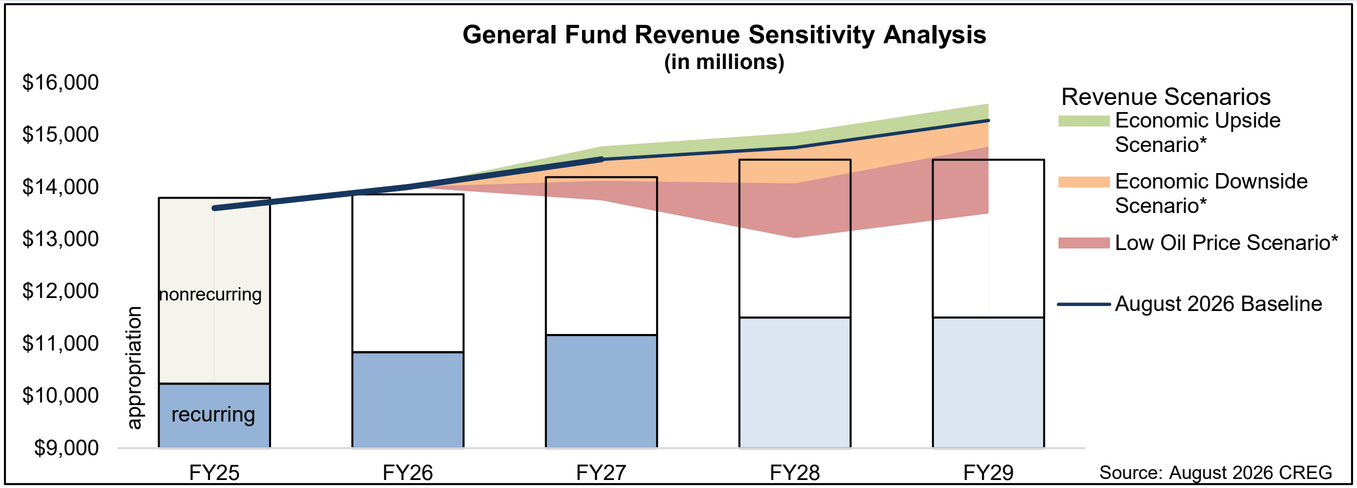
Steep earmarks are causing cliff effects that cut revenue growth nearly in half.





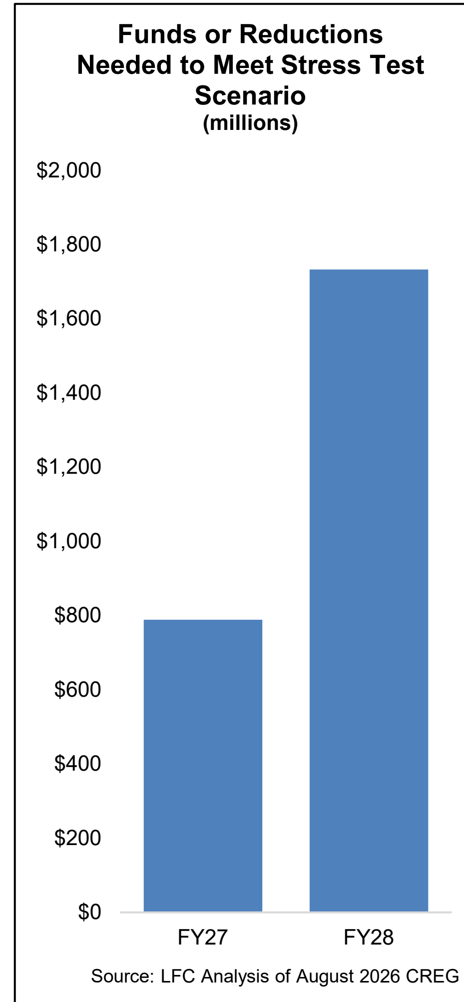
STRESS TESTING

Total reserves are sufficient for a short-term downturn.



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

Note: in millions



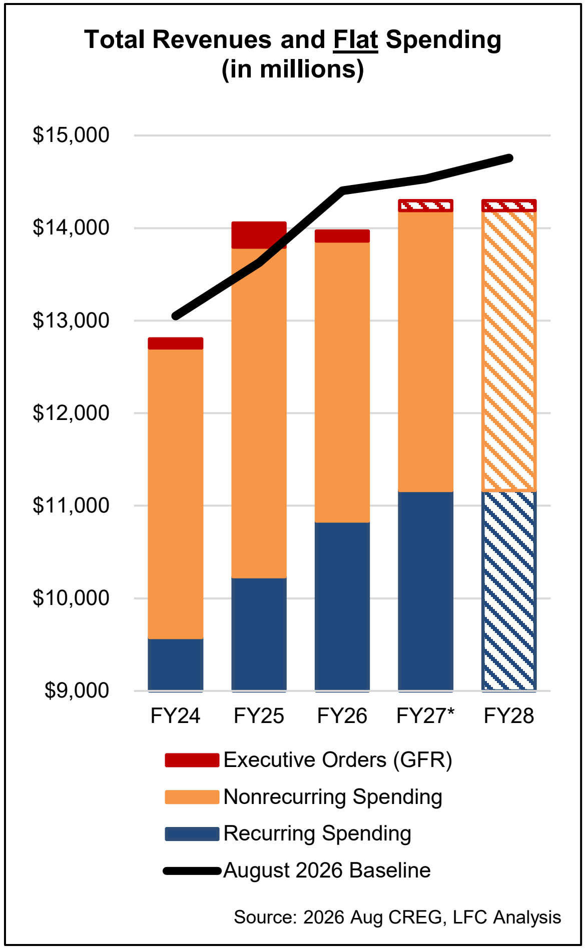
GENERAL FUND FINANCIAL OUTLOOK

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

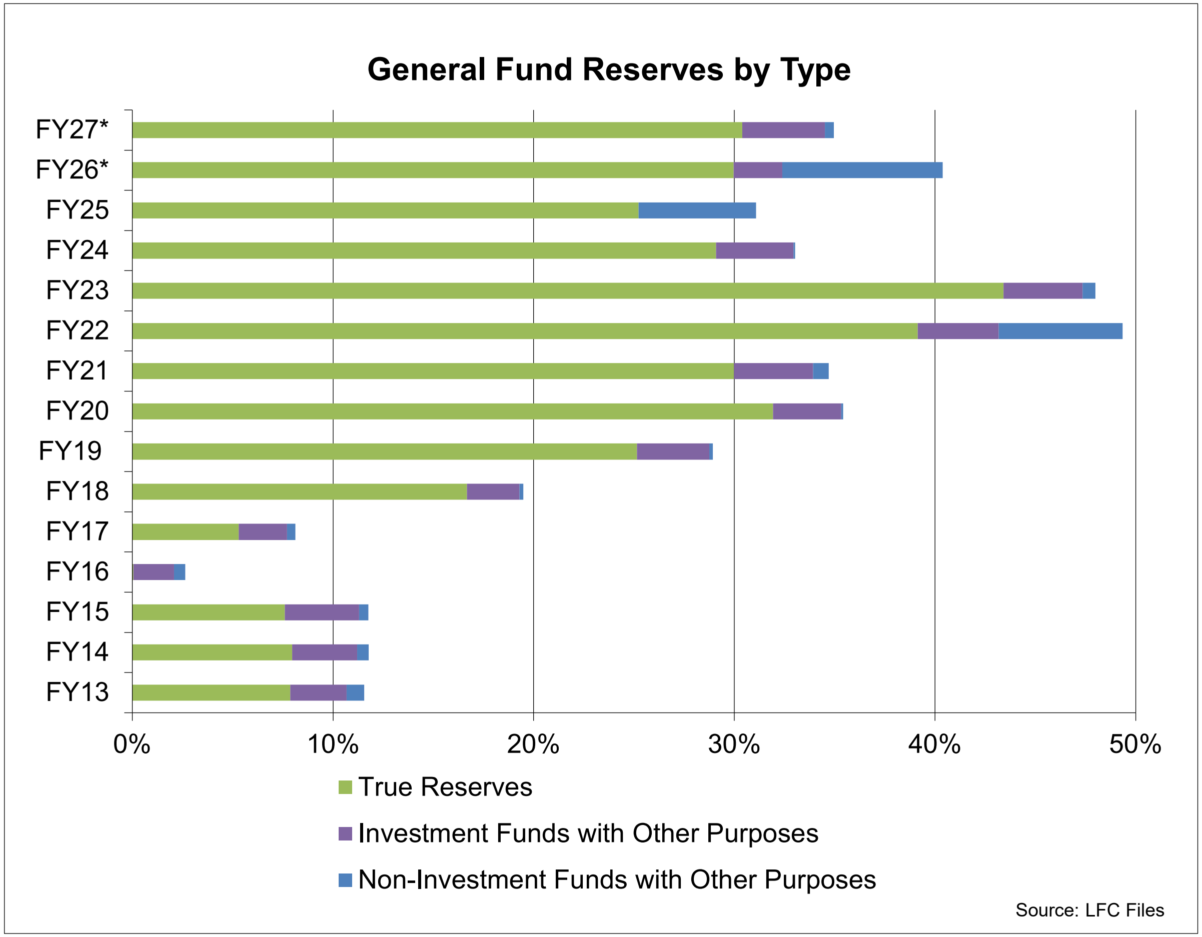
LFC FY28 Capacity Estimate
(in millions)

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

Source: LFC Analysis of August 2026 CREG



Total reserves are overinflated with funds used for other purposes.



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QUESTIONS?

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

General Fund Consensus Revenue Estimate

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Annual amount change	$402.1	$531.6	$224.4
Annual percent change	3.0%	3.8%	1.5%

Note: Parentheses ( ) denotes a negative number; General fund amounts above do not include oil and gas revenues distributed to the tax stabilization reserve, early childhood trust fund, Medicaid trust fund, behavioral health trust fund or the severance tax permanent fund, or other funds.

The Consensus Revenue Estimating Group (CREG), comprising the Legislative Finance Committee (LFC), Department of Finance and Administration (DFA), Taxation and Revenue Department (TRD), and Department of Transportation (DOT), reached consensus on the revenue estimates presented in this brief. The recurring revenue update table presents a reconciliation of recurring revenues through the current revenue estimating cycle.

Summary

Estimated recurring revenues for FY27 are $14.532 billion, up $618.7 million from the last estimate in December 2025 and are estimated to be 3.8 percent more than generated in FY26. Because expectations for revenue have improved rather than deteriorated since December, the amount available for total appropriations has grown. In FY28, recurring revenues are expected to grow a more modest 1.5 percent over FY27 to an estimated $14.756 billion, as growth takes a hit from new earmarks on general fund revenue into project-specific funds. Recurring revenue in the budget year (FY28) is expected to be $3.59 billion more than FY27 recurring spending enacted in the 2026 legislative session, though nonrecurring spending remains elevated and continues to account for over a fifth of total general fund spending each year on top of the recurring spending. Total revenues less total prior year spending — which more accurately reflects new general funds available for spending over the prior year — is $924.2 million, or 6.7 percent, in FY28. The total represents a significant increase over the previous year's estimated $105.7 million growth.

Recurring revenues for FY26 are estimated at $14.0 billion, up $402.1 million, or 3.0 percent, from FY25 — a marked improvement from the December 2025 estimate. The state's revenues grew at a record pace earlier in the decade, propped up by booming oil and gas, durable consumer spending, inflation, strong demand for employment, and robust wage growth, contributing to nearly 20 percent revenue growth in both FY22 and FY23 before slowing to about 12.5 percent in FY24 and further to 4.2 percent in FY25. Where the December 2025 estimate anticipated that slowdown worsening significantly, stronger-than-expected gross receipts tax collections and a massive rebound in corporate income tax collections instead pushed expected growth to 3.0 percent in FY26. Furthermore, revenue growth is expected to pick back up to 3.8 percent in FY27, before falling as earmarks diverting money away from the general fund cut growth significantly to 1.5 percent in FY28. Growth then returns to a more typical pace of roughly 3.5 to 3.8 percent in FY29 through FY30.

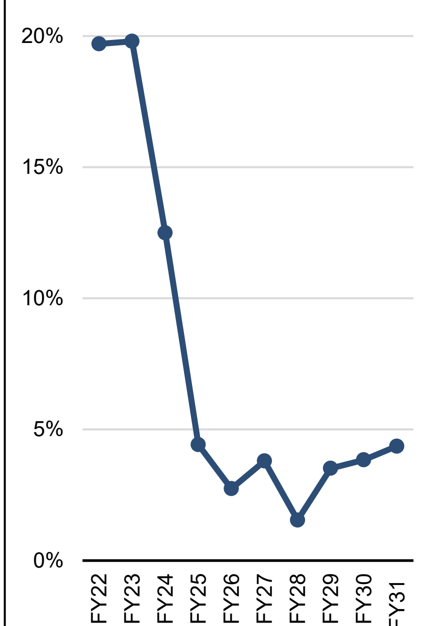
FY28 Revenues Less Appropriations

$924.2 million
Total FY28 revenue less prior year total spending

$3.6 billion
Recurring FY28 revenue less prior year recurring spending

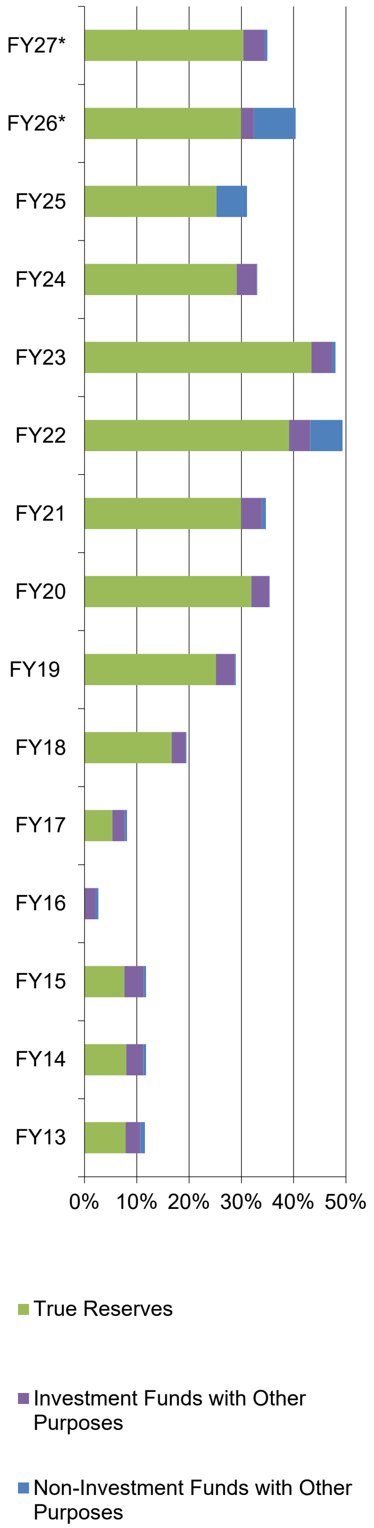
Source: August 2026 CREG

Annual Recurring Revenue Growth



Source: August 2026 CREG

General Fund Reserves by Type
(in billions)



Source: LFC Files

General Fund Financial Summary and Reserves

Ending reserve balances for FY26 are estimated at $4.375 billion, or 40.4 percent of recurring appropriations. Because total reserve balances exceed 25 percent of recurring appropriations, none of the excess oil and gas revenue above the five-year average is retained in the tax stabilization reserve; instead, the $306.5 million in excess oil and gas school tax collections flows half to the early childhood education and care trust fund (ECTF) and the behavioral health trust fund (BHTF). Federal mineral leasing collections are also running well above their five-year average in FY26, driving an estimated $691.4 million in excess federal royalty payments into the ECTF and Medicaid trust fund. Ending reserve balances for FY27 are estimated at $3.903 billion, or 35.0 percent of recurring appropriations. Any nonrecurring spending enacted in the 2027 regular session for FY27 will reduce the FY27 reserve balances shown here.

In FY26, $1.1 billion in assets counted toward reserves that are not true reserves in purpose: the funds counted are not liquid, are held for other purposes, and are subject to highly volatile dedicated distributions that complicate financial planning and reserve-setting. Statute required these funds be included in the calculation, inflating the reported reserve figure, while true reserves remained at 30 percent. In FY27, one of these non-reserve funds will drop out of the calculation, but over $500 million will remain, continuing to inflate the reported reserves figure by more than 5 percentage points.

General Fund Financial Summary
(in millions)

	FY26 Est.	FY27 Est.
Recurring Revenue	$14,000.4	$14,532.0
Nonrecurring Revenue*	$404.3	$0.0
Total General Fund Revenue	$14,404.7	$14,532.0
Recurring Appropriations	$10,837.1	$11,165.8
Nonrecurring Appropriations*	$3,023.8	$2,666.3
Total General Fund Appropriations	$13,860.9	$13,832.1
Transfer to (from) Reserves	$543.8	$699.8
*Includes federal stimulus funds and offsets		
Ending Reserve Balance	$4,375.1	$3,903.0
Percent of Recurring Appropriations	40.4%	35.0%

Source: LFC Files

Economic Forecast

At the time of the estimates, national and state economic data had resumed flowing normally after last year's federal shutdown, but the picture that emerged is more troubling: the labor market has weakened sharply, inflation remains stuck above target, and a resurgence of the U.S.-Iran conflict has reintroduced a sharp upside risk to energy prices. CREG economists use national data from S&P Global and Moody's Analytics, with local data from the University of New Mexico Bureau of Business and Economic Research (BBER) and Moody's Analytics, to develop the forecast. Selected economic indicators used in the forecast are shown in Attachment 3.

U.S. Outlook

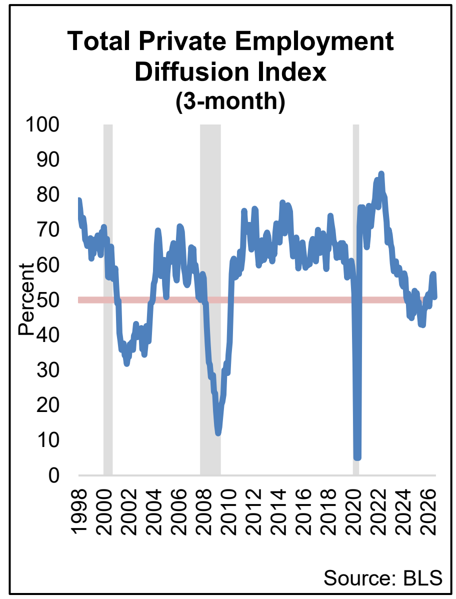
Real GDP growth slowed to a 1.5 percent annualized rate in the second quarter of 2026, down from 2.1 percent in the first quarter, according to the Bureau of Economic Analysis' preliminary estimate — consumer spending and fixed investment held up, while net exports and government spending both turned into drags on growth. Moody's Analytics' baseline forecast has full-year 2026 real GDP growth at 2.2 percent and moderating slightly to 2.1 percent in 2027. Notably, nearly all of that growth is being propped up by artificial intelligence: Moody's estimates AI-related capital investment and the wealth effects of higher AI-linked stock prices together added roughly six-tenths of a percentage point to 2026 GDP growth, even as tariffs, immigration restrictions, and the renewed conflict with Iran subtract more than a full percentage point combined. Absent the AI investment boom, growth this year would look considerably weaker.

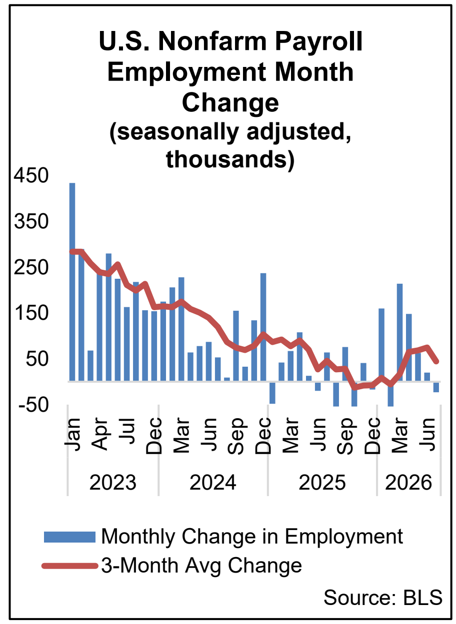
Despite headline economic growth in GDP, the U.S. labor market deteriorated further since the previous estimate. Employment fell by 23,000 in July, with negative revisions to prior months, and three-month average job growth collapsed from 77,000 in June to just 20,000 in July. The unemployment rate ticked down to 4.1 percent — the lowest since June 2025 — but for the wrong reasons: the labor force contracted by nearly 1.4 million Americans since the start of the year, and the labor force participation rate fell to its lowest point since early 2021. Job growth remains concentrated in a narrow band of industries, and Moody's expects the unemployment rate to keep drifting higher through the balance of the year, peaking near 4.7 percent in 2027.

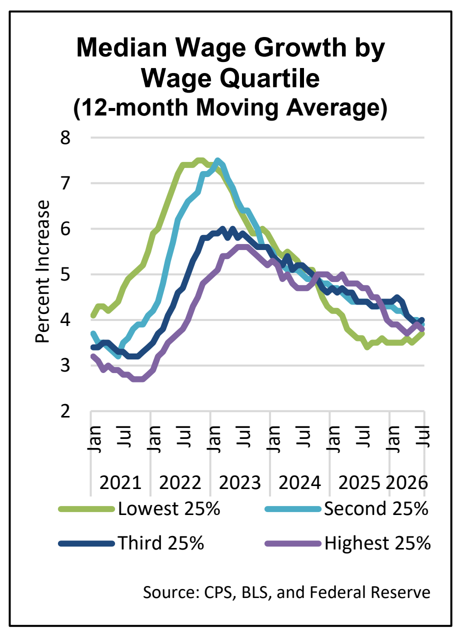
Inflation remains stuck above target. The 12-month change in the consumer price index was 3.4 percent in July, down only slightly from 3.5 percent in June; core CPI held at 2.5 percent. Producer prices were unchanged in July, pulling the year-over-year producer price index down to 4.7 percent from 5.5 percent, though core producer prices accelerated, pointing to firmer consumer inflation pressure ahead. The personal consumption expenditures deflator — the Federal Reserve's preferred inflation gauge — eased to 3.7 percent year-over-year in June from 4.1 percent, but that relief is not expected to last: a temporary dip in energy prices tied to a diplomatic thaw in the Middle East has already reversed as hostilities between the U.S. and Iran resumed.

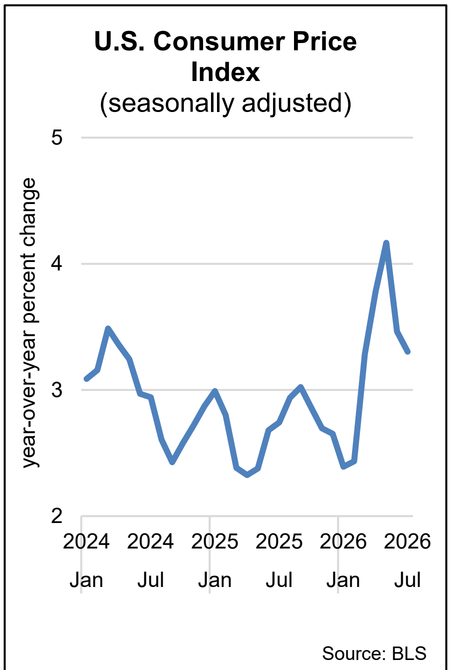
S&P Global's baseline now assumes West Texas Intermediate crude averages roughly \$82 a barrel in 2026 — spiking to nearly \$92 a barrel in the second quarter alone before easing back — and about \$76.50 a barrel in 2027, with the Strait of Hormuz identified as the clearest channel through which renewed conflict could disrupt global energy markets and reignite inflation. Moody's baseline has CPI inflation averaging 3.6 percent in FY27 before easing to 2.7 percent in FY28, with core inflation holding near 2.7 percent through both years, still above the Federal Reserve's 2 percent target.

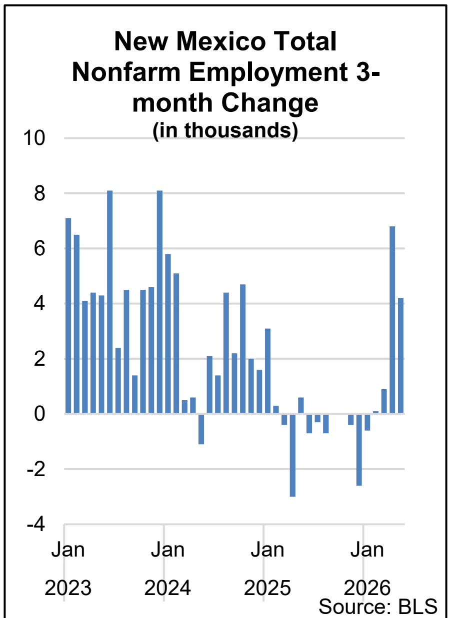
The Federal Open Market Committee held the federal funds rate at 3.5 to 3.75 percent at its July meeting, but three members dissented in favor of a rate hike

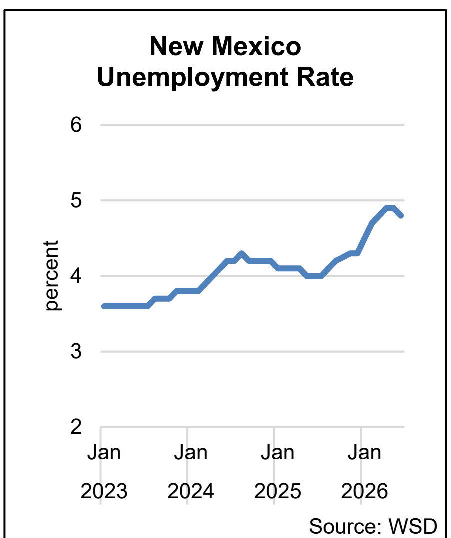












— the first three-way aligned dissent in a decade — reflecting concern that elevated inflation and the worsening Iran situation could ultimately require tighter policy. Moody's baseline still assumes the Fed holds rates steady through the end of 2026 but flags a prolonged energy price shock as a real risk to that assumption, given a 25-basis-point hike is already penciled into the Fed's own most recent rate projections.

Significant uncertainty in the economic outlook remains (see "Forecast Risks"). Neither S&P Global nor Moody's Analytics places a recession in its current baseline forecast, but the economy is increasingly on shaky footing, with weak jobs reports, a fragile U.S.-Iran conflict, and stubbornly high interest rates and inflation eroding household finances. Fading fiscal support and the expiration of Affordable Care Act premium subsidies alongside Medicaid funding reductions are also flagged as risks to financial strain and credit performance among the most vulnerable households.

Artificial intelligence itself has become a defining — and two-sided — source of uncertainty for the outlook. Moody's Analytics' frames its baseline "AI-Empowered Economy" scenario (40 percent probability) as one in which continued heavy AI investment and AI-driven stock wealth lift productivity and growth without materially raising unemployment. But Moody's assigns a combined 35 percent probability to less benign paths: an "AI Falls Flat" scenario (25 percent), in which a selloff in AI stocks triggers a modest recession, and a "Job Market Upheaval" scenario (10 percent), in which AI adoption displaces workers faster than the economy creates offsetting jobs.

Consumer spending is also showing signs of fatigue and continues to be increasingly concentrated among higher-income households, a dynamic that can mask underlying stress in the broader economy. Retail sales fell 0.6 percent in July, the first decline since October, and the personal saving rate has fallen to 2.7 percent, its lowest level since inflation last spiked in 2022. Meanwhile, real disposable income is up only about 0.5 percent on a year-ago basis — evidence that slowing real wage growth, higher debt service, and rising non-discretionary costs continue to strain working- and middle-income households even as headline spending and GDP figures hold up.

New Mexico Outlook

The estimates used in the consensus revenue forecast expect the New Mexico economy will grow at a slower rate than the U.S. economy throughout the forecast period. Like the national outlook, the state's economic outlook is tied to inflation, monetary policy, national labor markets, federal trade policy and other broader economic mechanisms.

Employment. Preliminary June 2026 data from the U.S. Bureau of Labor Statistics indicates total New Mexico nonfarm employment was a seasonally adjusted 898.2 thousand, up 1.4 percent from May and up 0.6 percent compared with a year earlier. BBER expects employment growth to slow, increasing 0.1 percent in FY27 and 0.2 percent in FY28 before stabilizing around 0.4 percent through the forecast period.

Currently, New Mexico's labor force participation rate was at a seasonally adjusted 56.9 percent in June, significantly lower than the national rate of 61.4 percent as of July. New Mexico's rate was making progress on returning to the prepandemic peak of 58.7 percent, before the rate began decreasing in May

2025. The decline intensified in the first half of 2026, falling from a seasonally adjusted 57.6 percent in January to 56.9 percent in June. BBER expects New Mexico's labor force will shrink by 0.4 percent in FY27, before recovering to 0.4 percent growth in FY28 and beyond.

Wages and Salaries. Total wages and salaries grew by 4.2 percent in 2025, a slowdown from the pandemic recovery period but still well above historical annual growth rates. Each year between 2021 and 2024 has seen annual growth well over 6 percent, peaking at 9.1 percent in 2022, before cooling somewhat to 7.7 percent in 2023 and 6.3 percent in 2024. BBER expects to see average year-over-year growth of 4.5 percent from 2026 through 2031, closer to prepandemic averages.

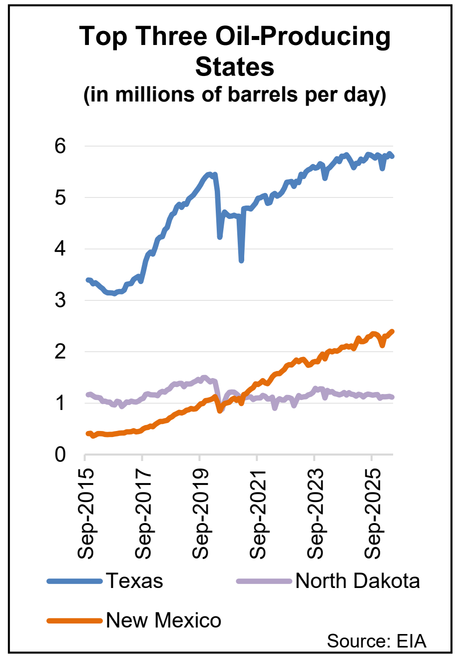
Total personal income growth, which includes income other than earned wages and salaries, followed a similar pattern. Total personal income reached record heights during the pandemic driven by inflationary pressures, a competitive labor market, and transfer payments. Total personal income expanded year-over-year by 4.3 percent in 2022, 4.8 percent in 2023, and 5.5 percent in 2024. Total personal income is expected to grow by 3.9 percent in 2026. BBER expects average year-over-year growth in total personal income to be 5.0 percent from 2027 to 2031.

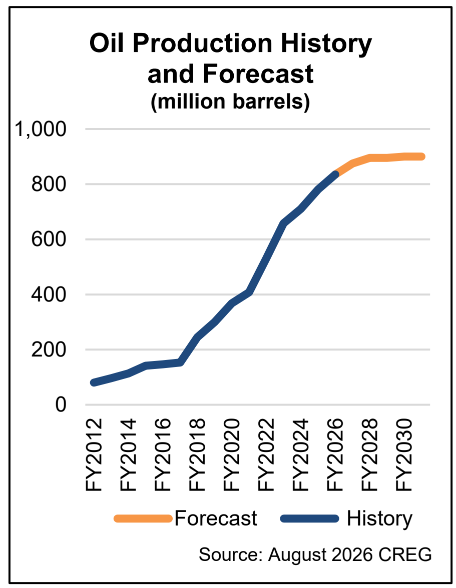
Oil and Gas

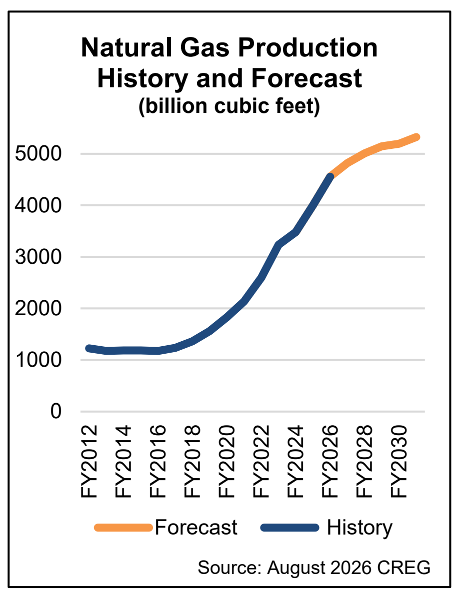
Over the past several years, New Mexico's oil and natural gas industry has experienced significant growth, more than quintupling since 2017. This rapid acceleration of production has skyrocketed New Mexico to become the second-largest oil producer in the United States, behind Texas. In the last year, New Mexico production drove 35 percent of the oil production growth in the United States.

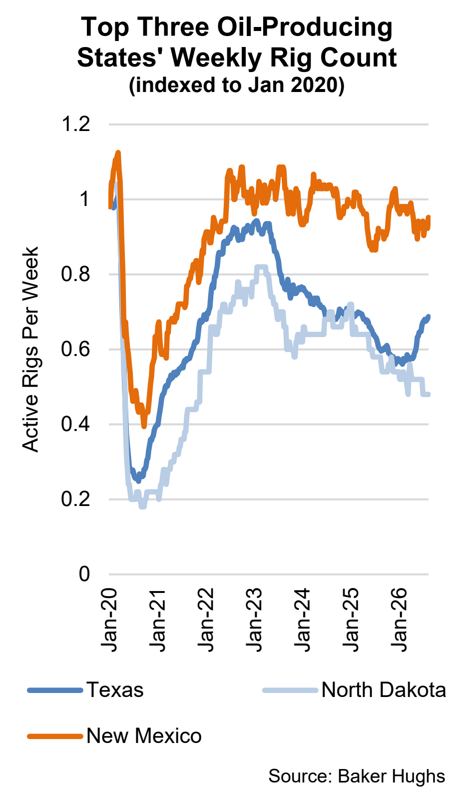
The U.S. military conflict with Iran that began in late February shocked the global oil market. Crude oil prices surged above $110 per barrel in April because of significant supply disruption. New Mexico's oil prices averaged $72.00/bbl in FY26, significantly above CREG assumptions pre-conflict. Prices are estimated to average $75.50/bbl in FY27, $18 higher than the prior forecast. Similarly, in FY28 prices have been revised up to $71.00/bbl. Prices are expected to remain higher because of sizable risk premiums. Oil output from the Middle East could take longer to recover even as the conflict eases, keeping the market in a deficit through mid-2027 even absent demand destruction. S&P Global expects national oil prices (West Texas Intermediate or WTI) to average $83/bbl in 2026 and $75/bbl in 2027. The New York Mercantile Exchange (NYMEX) expect national oil prices (West Texas Intermediate or WTI) to average between $82/bbl in 2026 and $72/bbl in 2027.

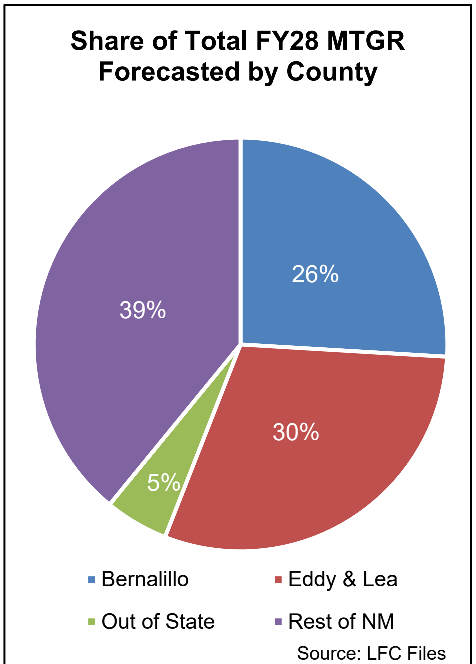
Despite significant price shocks, New Mexico's production has remained stable as development in the Permian Basin matures. The basin is now geologically better understood, with fewer productivity gains available through new technology. As a result, planned private investment—not innovation—is the primary driver of production growth. Large producers dominating the region have shifted focus from aggressive expansion to capital discipline, using high-quality inventory strategically and prioritizing shareholder returns through "defend the dividend" strategies. These operators are pacing development to maintain long-term cash flow, rather than pursuing short-term volume gains.











Comments from the March 2026 Federal Reserve Bank of Dallas Energy Survey continue to reinforce a cautious outlook. While current conditions are strong, firms report growing uncertainty in the outlook, with persistent cost pressures. Although employment has stabilized somewhat, the production index for oil remains flat, reflecting a still-subdued operating environment. This more measured, cost-conscious posture—combined with elevated uncertainty around prices and policy—supports a tempered production outlook for New Mexico. At the same time, the industry's continued emphasis on capital discipline and cash-flow resilience helps moderate downside risk to the state's longer-term production base as growth slows.

Oil production is already experiencing a slowdown, even though moderate growth is expected throughout the forecast. The state produced 835 million barrels of oil in FY26, a 6.9 percent increase from total FY25 production but a significant slowdown from 30 percent growth in FY22 and 23.7 percent in FY23. The consensus estimate expects oil production will grow 4.8 percent in FY27 from FY26 levels. Growth continues throughout the forecast at a slowing pace.

New Mexico's natural gas production boom has begun to slow as well, although not at the same rate as oil. New Mexico produced 4.56 trillion cubic feet of natural gas in FY26, an increase of 13.9 percent from FY25. The consensus forecast estimates natural gas production will average 13.2 billion cubic feet/day in FY27 and 13.7 bcf/day in FY28. Annual growth in FY27 is estimated at 5.8 percent, before dropping to an average annual growth of 2.5 percent through FY31. Forecasters are not expecting the natural gas plateau within the forecast period as takeaway capacity increases in the state and oil companies turn to "gassier" tier 2 or tier 3 plays and capitalize on the steady

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

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

Natural gas prices averaged $2.70 per thousand cubic feet (mcf) in FY26, down from $3.19 in FY25, $3.25 in FY24, $5.40 in FY23, and $7.15 in FY22 as the world scrambled to replace Russian energy commodities. The Energy Information Administration and NYMEX project national gas prices (Henry Hub) to mostly remain below $3.50/mcf through 2027 as higher inventories, warm winters, and high production weigh on prices in the short-term. New Mexico's natural gas prices averaged 86 cents/mcf lower than national prices in FY26, the first time the state had a negative differential since FY08.

General Fund Revenue Forecast

Gross Receipts Taxes

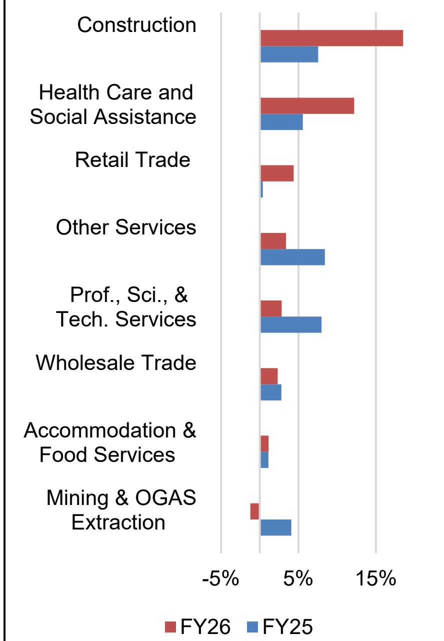
Data from the Taxation and Revenue Department shows matched taxable gross receipts (MTGR)—a better measure of economic activity than tax revenue because it measures the spending subject to the gross receipts tax and not altered by changing tax rates —were up 6.2 percent in FY26 compared with FY25. Nearly 40 percent of the MTGR increase in FY26 is attributable to the construction industry, up 18.5 percent compared with FY25. In past years, strong MTGR has been the result of higher spending in the mining sector, high consumer savings, strong wage and consumption growth, and relatively high inflation. The reliance on a single industry to power New Mexico MTGR strength mirrors the narrow growth of the U.S. macroeconomy, which has been reliant on AI investment to power U.S. GDP.

Matched Taxable Gross Receipts (MTGR) by Industry FY25 vs FY26

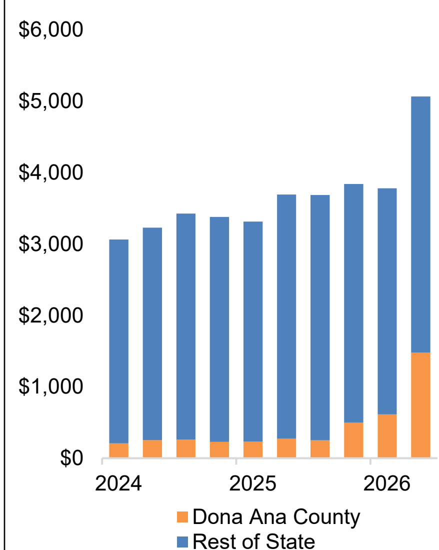
Industry	2026 MTGR	YoY Growth	YoY Percent Change
Retail Trade	$21,734.8	$912.4	4.4%
Construction	$16,374.1	$2,559.4	18.5%
Mining, Quarrying, & Oil & Gas Extraction	$12,188.6	-$149.8	-1.2%
Professional, Scientific, & Technical Services	$10,840.9	$298.6	2.8%
Other Services (except Public Admin.)	$7,959.0	$261.1	3.4%
Accommodation & Food Services	$6,494.1	$73.2	1.1%
Health Care & Social Assistance	$5,565.7	$604.8	12.2%
Wholesale Trade	$5,417.7	$122.0	2.3%
Admin./Support & Waste Mngmt./Remediation	$4,703.1	$524.4	12.6%
Manufacturing	$4,225.1	$199.5	5.0%
Utilities	$3,390.4	$135.6	4.2%
Real Estate & Rental & Leasing	$3,190.1	$193.4	6.5%
Information	$2,858.2	$120.2	4.4%
Unclassified Establishments	$2,699.4	$484.7	21.9%
All other	2,171.3	$64.2	3.0%
Transportation & Warehousing	$1,854.3	$148.1	8.7%
Total	**$111,666.9**	**$6,552**	**6.2%**

Source: RP-500

MTGR Growth by Industry (FY25 vs FY26)



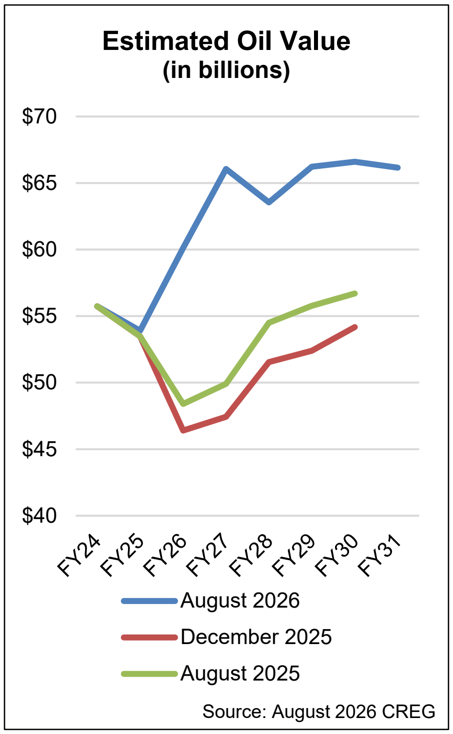
Dona Ana County Share of Statewide Construction MTGR

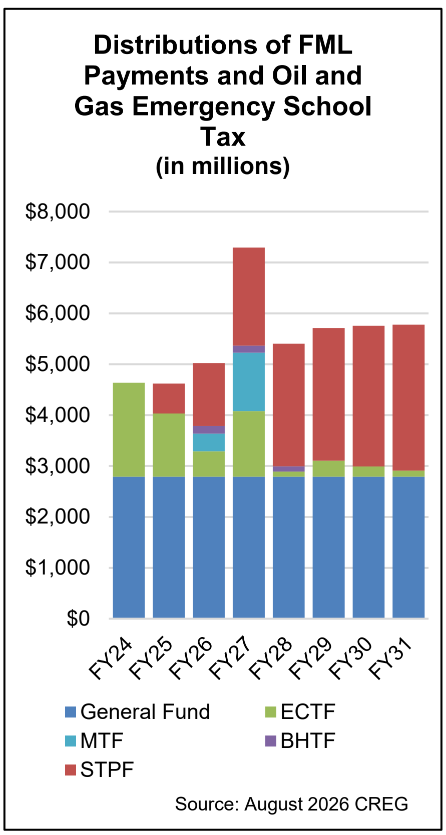


Source: LFC Files

Within the construction industry, activity in Dona Ana County was responsible for 72 percent of the growth, or $1.8 billion in MTGR activity. Excluding MTGR activity from the Dona Ana County construction industry, total MTGR growth would have been 1.7 percentage points lower. Dona Ana County contributed the most to overall growth among counties, beating Bernalillo County and Eddy and Lea counties. Valencia, Santa Fe, and San Juan also reported strong-year-over-year growth, while MTGR fell in Sandoval, Torrance, and Lincoln counties in FY26 compared with FY25.

Of the total MTGR activity in the state, nearly one third is oil and gas related. Driven by activity in the Permian Basin, GRT revenue is increasingly volatile; more than a billion dollars in general fund GRT revenue is related to the





industry. As GRT revenue from the industry grows, the risk of losses resulting from an oil and gas industry bust grows as well. Like the oil and gas forecast, the oil and gas production slowdown drags down GRT growth.

Gross receipts tax revenue in FY26 was 5.9 percent above FY25, in line with MTGR. Other GRT deductions passed in the last several legislative sessions further erode potential GRT growth. GRT revenue growth is expected to slow in FY27 as distributions passed in the last several legislative sessions erode growth, coming in at 1.7 percent in FY27 and 2.1 percent in FY28 before returning to around 4 percent in FY29 and beyond.

Severance Taxes and Federal Royalties

Severance tax collections—which include the oil and gas school tax, oil conservation tax, resources excise tax, and natural gas processors tax—are projected to total $2.33 billion in FY27, an increase of $224.7 million. Sharp increases in oil prices and modest upward revisions to production combine to significantly increase revenue expectations. While output in the Permian Basin remains strong by historical standards, state revenues are far more sensitive to price movements than to incremental changes in volume. Even small price declines reduce taxable value across the entire production base, while production gains tend to be gradual and capital-constrained.

Excess oil and gas school tax revenue and federal mineral leasing (FML) payments are distributed to trust funds and permanent funds before reaching the general fund. School tax revenues above FY24 levels will be split between the tax stabilization reserve (if reserves fall below 25 percent), the early childhood education and care trust fund (ECTF), the severance tax permanent fund (STPF), and—new for FY26 thorough FY28—the behavioral health trust fund (BHTF). The BHTF receives half of the amount that would have otherwise gone to the ECTF. These targeted distributions bolster the state's capacity to invest in early childhood programs and behavioral health services.

Similarly, gross federal mineral leasing revenue is projected to total $5.1 billion in FY27, a 67 percent increase compared with FY26. The increase is driven by a $4 billion Bureau of Land Management oil and gas lease sale, of which most parcels are in New Mexico. Senate Bill 88 (2025) created the Medicaid trust fund (MTF) and created a new distribution of half of the ECTF portion of excess FML revenue into that fund in FY26 through FY28. In FY27, an estimated $2.3 billion will be distributed to the ECTF and MTF ($1.15 billion to the ECTF and $1.15 billion to the MTF), and $1.2 billion will flow to the STPF, supporting both long-term fiscal sustainability and future Medicaid needs.

From FY26 to FY30, the new forecast anticipates $4.41 billion in mineral leasing and severance taxes will be deposited into the ECTF, BHTF, and MTF. In addition, over $13.8 billion will be directed to the STPF during the same period. These investments ensure that a significant share of volatile oil and gas revenue is used to strengthen the state's long-term fiscal position and expand the capacity of key public service programs. By prioritizing these dedicated transfers, New Mexico is advancing a more resilient fiscal structure—one that leverages current resource abundance to prepare for future obligations and invest in critical long-term priorities.

Investment Earnings

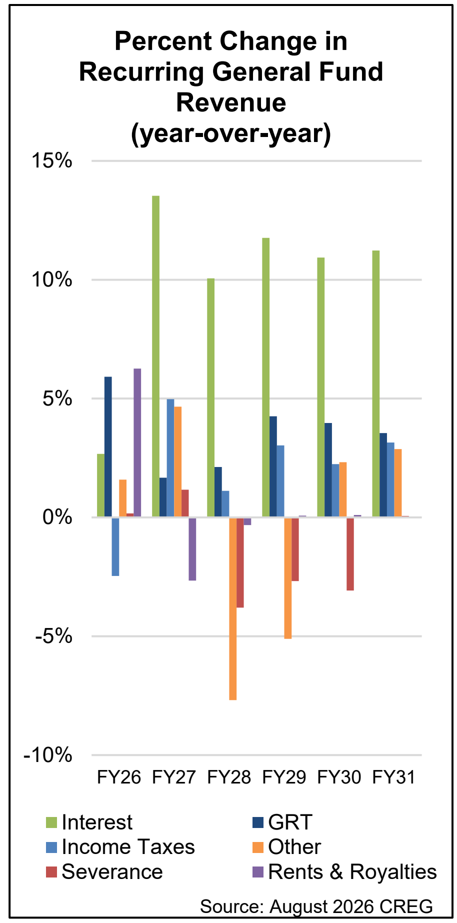
The record strength of oil and gas production and high prices resulted in contributions of $2.3 billion to the land grant permanent fund (LGPF) in 2024 and $2.4 billion in 2025. The fund, which receives royalty payments for oil and gas production on state lands, has also experienced strong investment earnings, helping the value of the LGPF to reach over $40.9 billion as of June 2026. The severance tax permanent fund (STPF) also grew from large severance tax contributions of $1.4 billion in 2025 and reached a balance of $13.5 billion in as of June 2026.

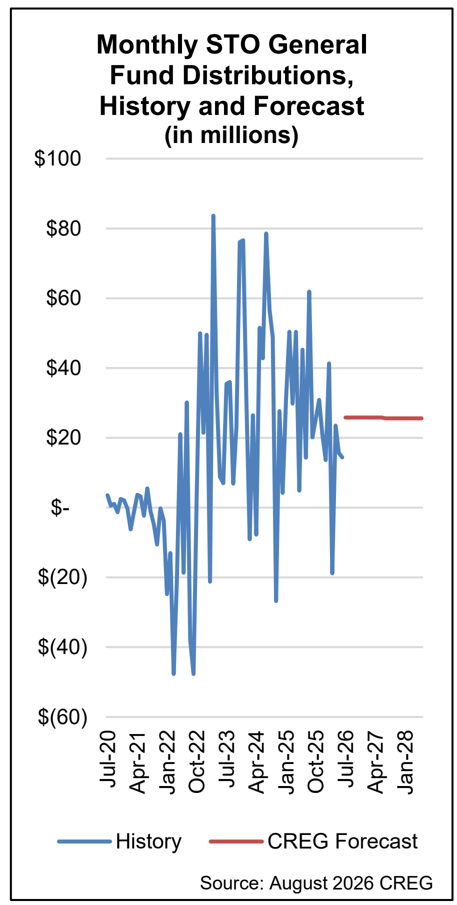
Although the permanent funds receive income from oil and gas production, distributions to the general fund are set as a percentage of the five-year average ending balance of the fund, mitigating the effects of energy or investment market booms and busts. Distributions to the general fund from both the LGPF and the STPF will grow by an average of $187.2 million a year and $91.2 million a year, respectively. From FY26 to FY30, the estimated average annual growth in the general fund for these sources is 11.5 percent, well over the long-term growth rates and the most stable revenue source in the general fund. For the first time, total investment earnings benefiting the general fund are expected to exceed personal income taxes to become the second largest source of revenue beginning in FY27.

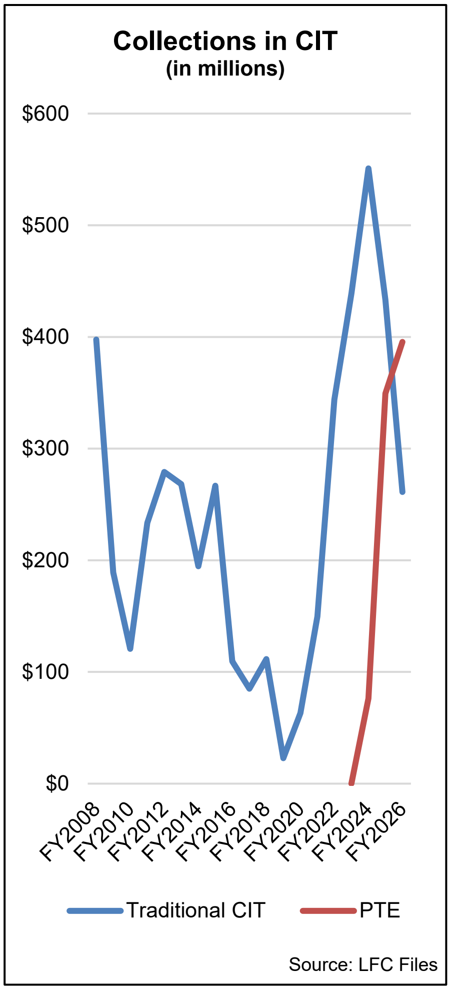
In the 2022 general election, voters approved a constitutional amendment to increase the distribution from the permanent school fund—the largest component of the LGPF—from 5 percent of the five-year average to 6.25 percent. The additional distribution will flow to the general fund, earmarked at 60 percent for early childhood education and 40 percent for public school initiatives and teacher salaries. The additional distribution is estimated at $299 million in FY26, $335 million in FY27, and $369 million in FY28.

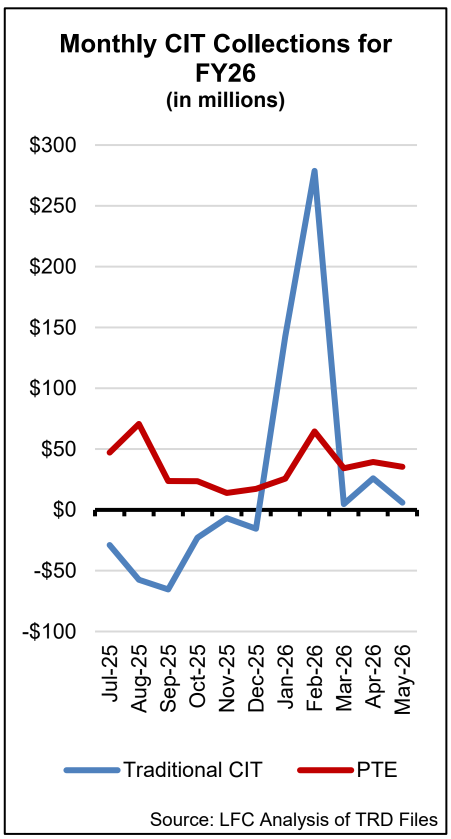
Further contributing to growing investment revenue has been growing distributions from the State Treasurer's Office (STO). Interest earnings in FY25 were a whopping $401.2 million. STO distributions decreased to $263.2 million in FY26. The fund returns were high due to large investment balances and high interest rates, further boosted by market anticipation of sinking interest rates. When interest rates decrease, the market value of existing fixed-rate bond holdings increases. When interest rates increase, existing asset holdings' values fall. STO interest earnings are estimated to be $309.8 million in FY27 and $307 million in FY28, though a shifting federal interest rate landscape could cause rapid changes with little notice.

Investments in the state general fund investment pool (SGFIP) have become a major source of volatility. According to LFC analysis from 2024, the previous decade showed earnings on general fund balances managed by the State Treasurer's Office (STO) have become the most volatile source of revenue in the general fund. As balances in that pool have risen to exceed $10 billion, interest rates have fluctuated dramatically, and investor expectations for interest rates have been more volatile, the market-valued holdings in the SGFIP have varied wildly. The value of the SGFIP holdings has grown or shrunk by over 1,000 percent on average, year-over-year, in the five-year period before FY25. This has led to inaccurate forecasts of this revenue historically and introduced extreme volatility to budget development.









Income Taxes

Total income tax revenues (the sum of personal and corporate income taxes) are expected to exceed CREG expectations in FY26 as extreme weakness in the first half of the fiscal year were more than made up for with a boom in corporate income tax revenues in the second half of the fiscal year. Still, income taxes are expected to be $2.85 billion in FY26, down 2.5 percent, or $72 million, compared with FY25, as federal tax changes greatly reduced corporate revenues. Income taxes are expected to return to growth in FY27, with CREG forecasting a nearly 15 percent year-over-year recovery in corporate income taxes driven in part by legislative changes to reverse federal corporate income tax changes.

Corporate Income Taxes (CIT). Early in FY26, CIT collections data showed an unprecedented retreat, prompting a large downward revision to the forecast: total CIT revenues through the first half of the fiscal year were negative for the first time on record. Following the legislative session, however, revenue reports showed a sharp rebound in collections, reversing the earlier trend, though the year still ended below FY25 levels.

Further review shows CIT strength is concentrating in a newer category of CIT revenue. Historically, CIT collections came only from traditional corporations. Since 2023, the state has also collected CIT from pass-through entities — partnerships and S-corporations that elect to pay tax at the entity level rather than passing income through to owners' personal returns, a structure created to let these businesses capture a federal tax benefit unavailable to individual filers. Collections from this pass-through entity category have grown rapidly and appear to be offsetting what would otherwise have been a much steeper decline in the traditional corporate tax base.

Several factors could be driving the growth in pass-through entity tax collections, and it is difficult to isolate how much each one contributes since all point in the same direction. The tax advantage itself may be encouraging more businesses to organize as pass-through entities, which raises overall collections because entity-level tax is assessed at the maximum state rate. National tax guidance has also been steering non-corporate oil and gas businesses toward this structure. At the same time, oil and gas profits rose sharply as oil prices climbed over the second half of the fiscal year, and a change to TRD's processing software may have delayed some transfers into the second half of the year, further concentrating collections there. Because these factors move collections in the same direction at the same time, current data do not allow us to separate their individual effects.

The decline in traditional CIT revenue has its own set of drivers. H.R.1 enacted substantial business tax relief targeted at capital-intensive industries, including oil and gas and manufacturing, which together account for roughly half of New Mexico's corporate tax base; because New Mexico conformed to federal taxable income in FY26, these federal changes flowed directly through to state revenue. Elevated U.S. tariff rates have also likely weighed on business profitability — S&P Global estimates the average import duty rate rose to 10.4 percent in August 2025, up from 2.4 percent a year earlier, with rates on steel and aluminum nearing 30 percent and, once exemptions are factored in, effective rates approaching 45 percent. More broadly, slowing business income may be contributing to lower liability as well.

Film tax credits, which reduce CIT, are expected to return to historical payout levels of about $122 million in FY26 and $138 million in FY27 — a sharp recovery from FY25, when payouts totaled just $34 million, well below expectations, which had the effect of boosting FY25 CIT revenue.

Personal Income Tax (PIT). Personal income tax (PIT) collections grew just 2.8 percent in FY26, extending the tepid growth seen in FY25. Labor markets nationally and in New Mexico are cooling, with employment declining in the second half of the fiscal year — a trend that is now working its way through wages and, in turn, personal income tax collections.

State tax changes enacted in 2026 are also expected to weigh on PIT revenues throughout the forecast period, pulling estimated growth down to 2.0 percent in FY27 and 1.2 percent in FY28, before collections recover to roughly 3 percent growth in the out-years.

State Land Office Revenues

Revenues from the State Land Office's (SLO) activity on rents and lease sales reached record high levels in FY26 due to several one-time factors temporarily expanding the supply of valuable leasable acreage and elevated bidding activity. Total SLO general fund revenues were $615 million in FY26, far surpassing the previous record of $184.4 million set in FY19 during the first fracking boom. Of the FY26 total, an estimated $404.3 million is nonrecurring.

The surge in FY26 collections is primarily attributable to three contributing factors that expanded the pool of available, high-value mining acreage. First, SLO withheld prime oil and gas parcels from auction for over a year with the intent to lease parcels upon enactment of higher maximum royalty rates passed in the 2025 session. Second, enhanced compliance enforcement expanded the pool of available acreage as SLO identified leases with insufficient activity or compliance violations, allowing the office to reclaim and re-offer those tracts for auction. Finally, SLO successfully resolved longstanding potash-related litigation that had prevented significant acreage from being offered for oil and gas development.

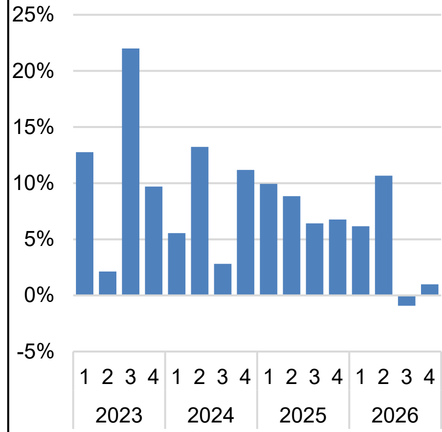
The coincidental timing, resolution, and release of these separately accumulated inventories at the start of the fiscal year has generated a substantial one-time increase in lease sale revenue. While this contributed to higher revenues in FY26, there are no more tracts withheld, companies are improving compliance practices, and no new litigation exists, there is very little likelihood that similar volumes of acreage will become available in future years. At the same time, bid values per acre have shown wide variability across auctions, complicating efforts to reliably forecast future lease sale revenues.

Forecast Risks

Oil and Natural Gas Market Dynamics

New Mexico's reliance on the oil and gas industry (see Attachment 4) continues to make commodity price volatility the largest potential risk to the general fund forecast. While strong production growth over the last several years supported large transfers to the early childhood trust fund, the behavioral

Year-over-Year Increase in Gross Wages by Fiscal Year Quarter



Source: TRD Wage and Nonwage Withholding

Effect of Changes in Oil and Gas Prices and Volumes

Based on projected FY27 direct oil and gas revenues (severance taxes and federal royalties):

- A $1 change in the annual average NM price of oil has about a $56.5 million impact;
- A 10-cent change in the annual average New Mexico price of natural gas has about a $31.2 million impact;
- Each additional million barrels of oil generates about $4.7 million in severance taxes and federal royalties; and
- Each additional 10 billion cubic feet of natural gas generates about $1.8 million in severance taxes and federal royalties.

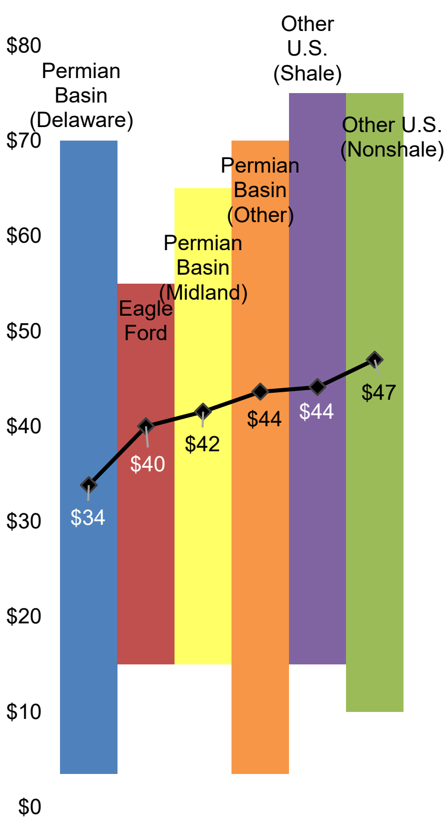
Because the consensus forecast projects large transfers to the early childhood trust fund, the behavioral health trust fund, the Medicaid trust fund, and the severance tax permanent fund in FY27, the impact of price and production changes would first affect those transfers before affecting the general fund.

These general rules do not consider indirect impacts of prices and production changes on the general fund, such as gross receipts tax revenue from drilling activity or income taxes from production employment.

health trust fund, the Medicaid trust fund, and severance tax permanent fund, downside risks remain acute—not only to severance and royalty revenues, but also to gross receipts and income tax collections.

Recent market analysis from Rystad Energy and others indicates that breakeven prices for New Mexico oil production have risen sharply due to inflation in labor, equipment, and service costs. The average breakeven price for existing wells has increased to roughly $44 per barrel in some parts of the Permian, up from a pre-pandemic average of $29.60 per barrel, and with even higher costs for new wells. These increased thresholds narrow the margin between profitability and loss, heightening the risk of production slowdowns if prices fall—particularly as producers confront natural decline rates and higher financing costs in a more constrained capital environment.

WTI Oil Price Needed to Cover Operating Expenses for Existing Wells (dollars per barrel)



March 11–19, 2026
Source: Federal Reserve Bank of Dallas.

Global production fell sharply after hostilities began in the U.S.-Iran conflict in late February, spiking prices. Significant uncertainty remains. The U.S. administration signed a memorandum of with the Iranian government on June 17. The memorandum produced a temporary ceasefire and partial reopening of the Strait of Hormuz. The memorandum proved unsustainable and hostilities resumed in the first half of July. By mid-August, both parties remained in a standoff, although both governments have refrained from significantly escalating the conflict.

A significant escalation might force large-scale and lasting supply cuts from the Middle East, pushing inventories dangerously low and prices higher. On the other hand, the incentives to avoid escalation are high, as Iran risks losing oil export revenues and the U.S. seeks to avoid the political fallout from higher oil prices. Oil-exporting countries in the Middle East may find ways to circumvent the strait or move tankers through it safely. Indeed, oil supply from the Gulf bottomed out in May and has since recovered gradually despite periods of escalation in the conflict. According to preliminary estimates from Moody's Analytics, supply from Saudi Arabia, Kuwait, Iran, Iraq, and the United Arab Emirates has risen by 3.7 million barrels per day since May.

Recession Risks

The most recent survey of business and academic economists conducted by the Wall Street Journal in July places the probability of a U.S. recession at 25 percent—down from April's 33 percent. The average recession probability has decreased steadily since April 2025.

The pessimistic scenario used in the sensitivity analysis incorporates a U.S. recession beginning in the third quarter of 2026 and lasting through the first quarter of 2027, driven by still-elevated oil prices, tariffs, retaliatory tariffs, rising inflation, deportations, and persistent political tensions. Under this scenario, recovery begins in the second quarter of 2026, but the economy does not return to full employment until the second quarter of 2031. A recession of this type would slow wage and salary growth, reduce consumer spending, and pose significant downside risks to both personal income tax and gross receipts tax collections.

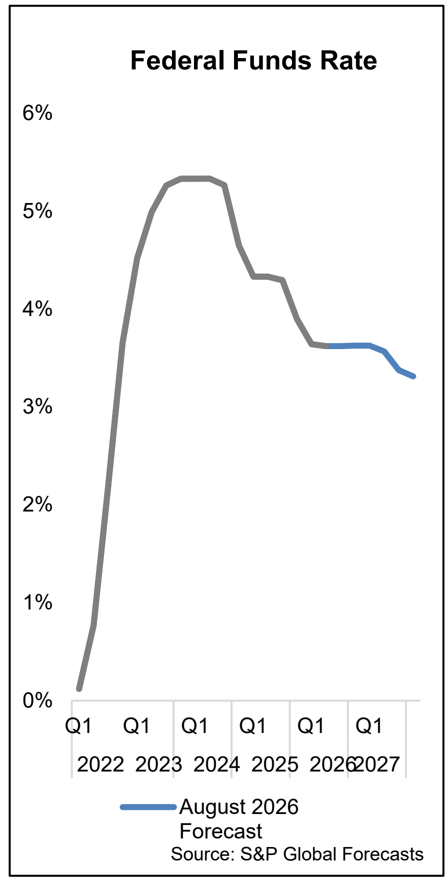
Inflation

Inflation remains a key source of uncertainty in the revenue forecast. Higher inflation can suppress real economic activity, reducing incomes and spending and creating downside risks for state revenues. At the same time, inflation can temporarily boost nominal tax collections, presenting an upside risk in the near term. The balance of these forces—and the federal policy response—will significantly influence revenue performance over the forecast horizon.

Yet, inflation has exceeded the central bank's target for five years. An extraordinary string of supply shocks is behind the persistently high inflation—most recently, broad-based tariffs, restrictive immigration policy, and the Iran conflict. Artificial intelligence is adding to inflation as data center investment soars. However, disinflationary forces are already present, including a soft labor market and moderating labor costs.

Revenue Impacts of Federal Policies

Federal policy changes continue to affect New Mexico's general fund revenues, primarily through the state's conformity to portions of the federal tax code, along with indirect effects that flow through CREG's underlying macroeconomic forecasts. CREG has incorporated both channels into the current estimate.



H.R. 1 (P.L. 119-21), enacted July 4, 2025, made substantial changes to federal personal and business income taxes. Because New Mexico conforms to federal taxable income in most respects, these changes flow through to state PIT and CIT revenue. The largest drivers are expanded bonus depreciation, immediate expensing of domestic research and experimental costs, a new deduction for qualified production property, and looser limits on business interest deductions, all of which reduce business taxable income; a separate provision raising the federal SALT deduction cap from $10,000 to $40,000 has also unwound much of the incentive for pass-through entities to elect New Mexico's PTE workaround.

The consensus group now estimates these federal business tax provisions will reduce general fund revenue by $153.4 million in FY26, $93.8 million in FY27, $47.4 million in FY28, $33.9 million in FY29, and $15.9 million in FY30. The SALT deduction limitation on individual filers is estimated separately to reduce revenue by $74.3 million in FY26, rising to $89.0 million by FY30 and $120 million by FY31.

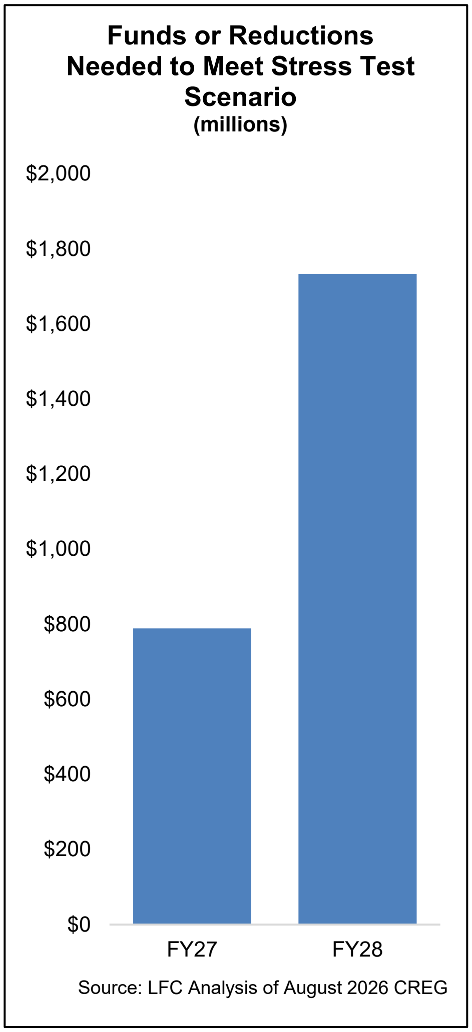
SB 151 Decoupling. During the 2026 regular session, the Legislature enacted SB 151, decoupling New Mexico's tax code from several of the H.R.1 business provisions described above, including bonus depreciation, R&E expensing, and the business interest limitation. That decoupling restores revenue CREG had previously assumed would be lost to conformity, adding back an estimated $55.7 million in FY27, $91.0 million in FY28, $90.5 million in FY29, and $90.0 million in FY30. As a result, the net H.R.1 revenue loss shrinks from roughly $170 million in FY27 before decoupling to about $114 million net, and continues falling to roughly $35 million in FY28, $23 million in FY29, and $15 million in FY30 as the decoupling benefit grows and federal costs shrink.

Other Provisions. H.R.1 also narrows Medicaid eligibility, which is expected to reduce enrollment, lower insurance premium tax collections, and, through new limits on state-directed hospital payments, reduce the gross receipts taxes generated from those payments. The law's broader shifts in federal spending — higher defense and border security appropriations offset by Medicaid cuts — are captured indirectly through the national macroeconomic forecasts from S&P Global and Moody's Analytics that underpin CREG's estimates.

Stress Testing the Revenue Estimate

While the revenue forecast inherently faces upside and downside risk, stress testing helps the Legislature prepare for these risks by looking at a range of alternative outcomes and contextualizing the current estimate with historical trends. These sensitivity and trend analyses can help determine target reserve levels and inform the recurring budget process.

Sensitivity Analysis

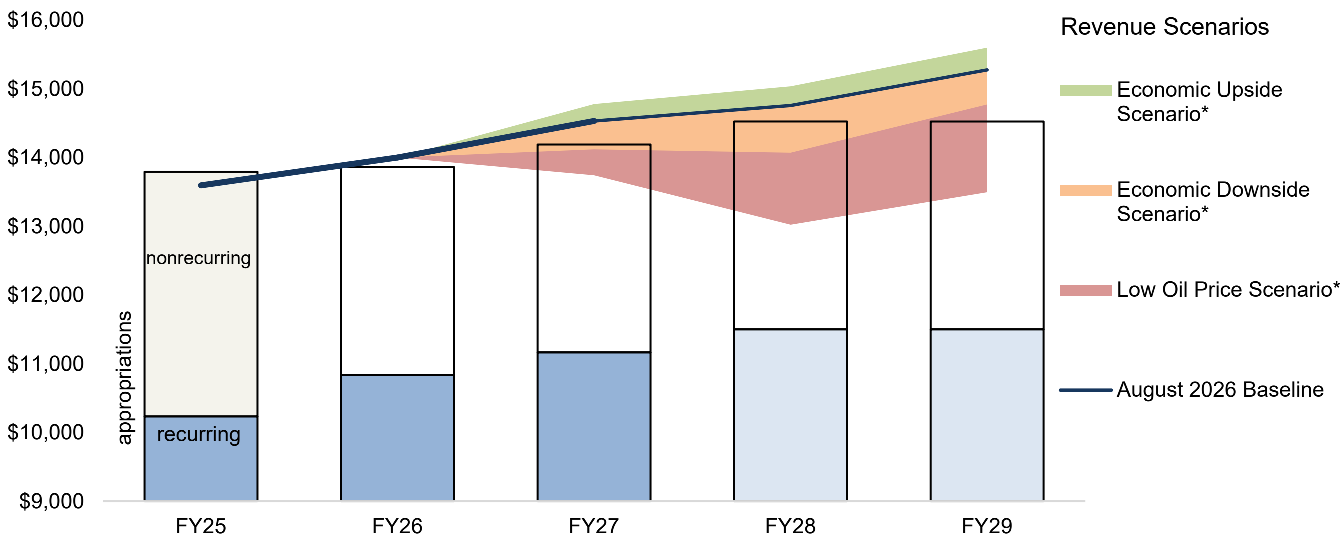


The sensitivity analysis uses alternative macroeconomic scenarios from Moody's Analytics—an economic upside (S1), economic downside (S3), and low-oil price scenario (S8). The CREG used these scenarios, as well as historical revenue responses to different economic conditions, to determine the sensitivity of the state's largest revenue sources—including severance taxes, federal mineral leasing payments, personal and corporate income taxes, and gross receipts taxes—to theoretical changes in the state's economic performance.

Mitigation from Distributions of Excess Oil and Gas Revenue. In the low oil price scenario, Moody's assumes oil prices would fall to $31/bbl beginning in FY28. Low prices would result in oil and gas production declines, losses in drilling-related GRT receipts, and related employment losses. Should this occur, severance tax and federal royalty collections would fall substantially below the baseline forecast. Some of the loss in these revenues would be first absorbed through reduced distributions to the early childhood trust fund, the behavioral health trust fund, the Medicaid trust fund, and severance tax permanent fund; however, the general fund would still see significant declines. The general fund would also experience losses in GRT on oil and gas drilling and completion activity and reduced income taxes from related profits losses, jobs losses, and oil and gas pass-through withholding.

Although the low oil price scenario results in tax collections that are $4.3 billion below the consensus forecast for FY28, about 60 percent of that impact would be to trust fund and severance tax distributions. Still, the scenario results in general fund revenues $789 million below the consensus forecast in FY27 and $1.73 billion below the forecast in FY28. In this scenario, the state would need $2.5 billion in reserves, or from other funds, with flat spending to avoid spending cuts through FY28. This scenario also assumes nonrecurring spending is reduced under the baseline scenario not to exceed total revenue collections estimated.

General Fund Revenue Sensitivity Analysis
(in millions)



*Scenarios are informed by Moody's Analytics' alternative scenarios published July 2026. The upside scenario is designed so that there is a 10% probability that the economy will perform better and a 90% probability that it will perform worse. The downside scenario is designed so that there is a 90% probability that the economy will perform better and a 10% probability that it will perform worse. The low oil price scenario is designed to reflect the impact on the economy under the assumption of lower oil prices. Recurring appropriations are grown 3% from current levels. Nonrecurring apprpriations are adjusted to stay below revenue.

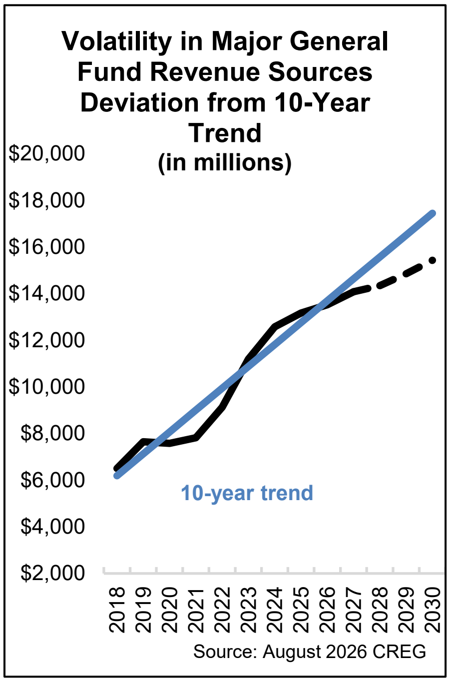
Source: August 2026 CREG

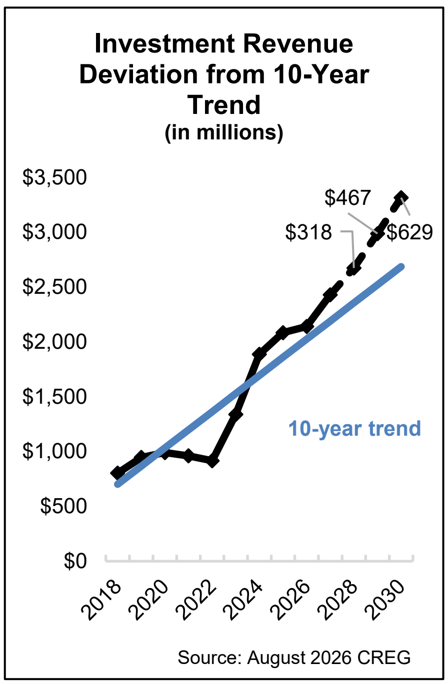
		S8: Low Oil Price			S3: Economic Downside			S1: Economic Upside			
	Scenario	**FY27**	**FY28**	**FY29**	**FY27**	**FY28**	**FY29**	**FY27**	**FY28**	**FY29**	
1	Severance Taxes to GF	-$61	-$377	-$270	-$23	-$28	-$11	-$1	$0	$1	1
2	Federal Mineral Leasing to GF	$0	-$250	-$281	$0	$0	$0	$0	$0	$0	2
3	Gross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

Note: in millions

Trend Analysis and Long-Term Outlook

In addition to the sensitivity analysis, the CREG calculated a 10-year trend for major revenue sources—gross receipts taxes, income taxes, severance taxes, investment income, and rents and royalty payments—and compared current revenue estimates to that trend to identify outliers. Using historical data from FY16 to FY25, the 10-year trend line is projected forward through FY30.





Revenue Forecast Returning to and Falling Below Trend. General fund revenues are projected to fall below the 10-year trend over the next three fiscal years, coming in $552 million below trend in FY27, $1.2 billion below in FY28, and $1.7 billion below in FY29. The trend is elevated by the boom years beginning in 2022, and revenues are expected to fall as the economy wobbles on difficult conditions, wage growth slows, and key drivers return to historical patterns.

General Fund Financial Summary

Used as a guide for policymakers, the financial summary conveys complex audit reports into a high-level overview of the state's general fund transactions. The summary is also useful to investors interested in the state's financial health and presents an accurate picture of the revenues, spending, and reserves.

Seven accounts make up the state's reserves: the operating reserve, appropriation contingency fund, state support reserve fund, government results and opportunity expendable trust, natural disaster revolving loan fund, the behavioral health trust fund, and the tax stabilization reserve. As reserves are intended to be liquid and ready to cover shortfalls in revenues, these accounts earn inferior investment returns compared to other investments made by the state and are often identified and used for nonrecurring spending. Only two funds, the operating reserve and the tax stabilization reserve, are true reserve funds in that their purpose is to backfill general fund revenues during downturns.

In addition to maintaining healthy total reserves, preserving an adequate balance in the operating reserve—the state's functional checking account—is critical for managing unexpected revenue declines, addressing emergencies, and supporting spending needs in future years. If balances are insufficient, modest revenue recissions can quickly create unconstitutional deficits and limit the state's ability to meet in-year obligations and constrain responses to unforeseen events.

August 26, 2026

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
Acting Secretary David Quintana, Department of Transportation
Director Charles Sallee, Legislative Finance Committee

SUBJECT: Consensus Revenue Estimating Group – August 2026 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.

August 2026 Consensus General Fund, **Recurring Revenue Outlook** (in millions)

FY26	FY27	FY28
$14,000.4	$14,532.0	$14,756.3

Total recurring revenues are expected to be $14.5 billion in FY27 and $14.8 billion in FY28. Grand total revenues, including nonrecurring revenues, are expected to be $14.5 billion in FY27 and $14.8 billion in FY28 as follows:

- General sales tax receipts: $4.7 billion in FY27 and $4.8 billion in FY28
- Income tax receipts: $3.0 billion in FY27 and $3.0 billion in FY28
- Severance tax receipts: $1.3 billion in FY27 and $1.3 billion in FY28
- Interest revenues: $2.4 billion in FY27 and $2.7 billion in FY28
- Revenues associated with rent and royalty receipts: $1.8 billion in FY27 and $1.8 billion in FY28
- All other recurring revenues: $1.3 billion in FY27 and $1.2 billion in FY28

General Fund Consensus Revenue Estimate - August 2026

Attachment 1

		FY26					FY27					FY28				
	Revenue Source	Dec 25 Est.	Aug 26 Est.	Change From Prior (Dec 25)	% Change from FY25	$ Change from FY25	Dec 25 Est.	Aug 26 Est.	Change From Prior (Dec 25)	% Change from FY26	$ Change from FY26	Dec 25 Est.	Aug 26 Est.	Change From Prior (Dec 25)	% Change from FY27	$ Change from FY27
1	*Base Gross Receipts Tax*	**4,559.3**	**4,650.0**	*90.7*	*5.4%*	*238.9*	**4,669.5**	**4,711.0**	*41.5*	*1.3%*	*61.0*	**4,797.3**	**4,825.0**	*27.6*	*2.4%*	*114.0*
2	*F&M Hold Harmless Payments*	**(107.7)**	**(116.3)**	*(8.6)*	*2.9%*	*(3.3)*	**(99.3)**	**(105.1)**	*(5.8)*	*-9.6%*	*11.2*	**(89.9)**	**(92.6)**	*(2.7)*	*-11.9%*	*12.5*
3	NET Gross Receipts Tax	**4,451.6**	**4,533.7**	*82.1*	*5.5%*	*235.6*	**4,570.1**	**4,605.8**	*35.7*	*1.6%*	*72.1*	**4,707.4**	**4,732.4**	*25.0*	*2.7%*	*126.5*
4	Compensating Tax	**88.4**	**109.1**	*20.7*	*27.7%*	*23.7*	**91.1**	**114.5**	*23.4*	*5.0%*	*5.4*	**94.1**	**88.0**	*(6.1)*	*-23.2%*	*(26.5)*
5	TOTAL GENERAL SALES	**4,539.9**	**4,642.8**	*102.9*	*5.9%*	*259.3*	**4,661.3**	**4,720.4**	*59.1*	*1.7%*	*77.6*	**4,801.5**	**4,820.4**	*18.9*	*2.1%*	*100.0*
6	Tobacco and Cigarette Taxes	**66.5**	**68.1**	*1.6*	*-2.4%*	*(1.7)*	**65.0**	**67.3**	*2.3*	*-1.2%*	*(0.8)*	**63.7**	**65.9**	*2.2*	*-2.1%*	*(1.4)*
7	Liquor Excise	**23.1**	**22.8**	*(0.3)*	*-4.4%*	*(1.0)*	**22.9**	**23.0**	*0.1*	*1.1%*	*0.3*	**22.9**	**23.0**	*0.1*	*-0.1%*	*(0.0)*
8	Cannabis Excise	**31.8**	**32.5**	*0.7*	*8.7%*	*2.6*	**32.8**	**35.0**	*2.2*	*7.7%*	*2.5*	**34.0**	**37.2**	*3.2*	*6.3%*	*2.2*
9	Insurance Taxes	**459.5**	**504.6**	*45.1*	*11.2%*	*50.6*	**462.4**	**561.9**	*99.5*	*11.4%*	*57.3*	**437.7**	**467.1**	*29.4*	*-16.9%*	*(94.8)*
10	Motor Vehicle Excise	**178.6**	**176.3**	*(2.3)*	*1.2%*	*2.2*	**185.7**	**181.0**	*(4.7)*	*2.7%*	*4.7*	**192.1**	**183.8**	*(8.3)*	*1.5%*	*2.8*
11	Gaming Excise	**53.4**	**62.9**	*9.5*	*-7.3%*	*(5.0)*	**57.2**	**64.7**	*7.5*	*2.9%*	*1.8*	**58.9**	**69.2**	*10.3*	*7.0%*	*4.5*
12	Leased Vehicle & Other	**6.2**	**8.4**	*2.1*	*20.0%*	*1.4*	**7.9**	**8.3**	*0.4*	*-1.1%*	*(0.1)*	**8.4**	**7.7**	*(0.6)*	*-6.8%*	*(0.6)*
13	TOTAL SELECTIVE SALES	**819.1**	**875.5**	*56.4*	*5.9%*	*49.1*	**833.9**	**941.2**	*107.3*	*7.5%*	*65.7*	**817.6**	**853.9**	*36.3*	*-9.3%*	*(87.3)*
14	Personal Income Tax	**2,175.0**	**2,202.6**	27.6	2.8%	59.5	**2,231.9**	**2,247.2**	15.3	2.0%	44.6	**2,293.7**	**2,274.9**	(18.8)	1.2%	27.7
15	*Gross Corporate Income Tax*	***435.0***	***772.9***	*337.9*	*-5.3%*	*(43.6)*	***554.4***	***886.4***	*332.0*	*14.7%*	*113.5*	***610.3***	***870.0***	*259.7*	*-1.9%*	*(16.4)*
17	*CIT Refundable Credits*	***(181.9)***	***(121.9)***	*60.0*	*258.5%*	*(87.9)*	***(170.3)***	***(138.0)***	*32.3*	*13.2%*	*(16.1)*	***(101.3)***	***(115.8)***	*(14.5)*	*-16.1%*	*22.2*
18	Total Corporate Income Tax	**253.0**	**651.0**	*398.0*	*-16.8%*	*(131.5)*	**384.1**	**748.4**	*364.3*	*15.0%*	*97.4*	**509.0**	**754.2**	*245.2*	*0.8%*	*5.8*
19	TOTAL INCOME TAXES	**2,428.0**	**2,853.6**	*425.6*	*-2.5%*	*(72.0)*	**2,616.0**	**2,995.6**	*379.6*	*5.0%*	*142.0*	**2,802.7**	**3,029.1**	*226.4*	*1.1%*	*33.5*
20	*Gross Oil and Gas School Tax*	**1,774.0**	**1,958.5**	*184.4*	*6.9%*	*125.9*	**1,939.6**	**2,168.1**	*228.5*	*10.7%*	*209.7*	**2,085.1**	**2,156.1**	*71.0*	*-0.6%*	*(12.0)*
21	*Excess to TSR, ECTF, or BHTF*	**(122.1)**	**(306.5)**	*(184.4)*	*-29.7%*	*129.7*	**(85.5)**	**(277.1)**	*(191.6)*	*-9.6%*	*29.4*	**(216.2)**	**(204.6)**	*11.5*	*-26.1%*	*72.5*
22	*Excess to STPF*	**(506.6)**	**(506.6)**	*0.0*	*101.8%*	*(255.6)*	**(708.8)**	**(745.7)**	*(36.9)*	*47.2%*	*(239.1)*	**(723.6)**	**(806.1)**	*(82.6)*	*8.1%*	*(60.5)*
23	NET Oil & Gas School Tax	**1,145.4**	**1,145.4**	*(0.0)*	*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*
24	Oil Conservation Tax	**90.7**	**113.0**	*22.3*	*9.8%*	*10.1*	**98.0**	**124.7**	*26.7*	*10.4%*	*11.7*	**105.4**	**76.3**	*(29.1)*	*-38.8%*	*(48.4)*
25	Resources Excise Tax	**8.4**	**9.8**	*1.4*	*16.2%*	*1.4*	**8.1**	**11.8**	*3.7*	*19.4%*	*1.9*	**7.9**	**11.7**	*3.8*	*-0.3%*	*(0.0)*
26	Natural Gas Processors Tax	**20.3**	**19.8**	*(0.5)*	*-31.8%*	*(9.2)*	**26.5**	**21.2**	*(5.3)*	*7.1%*	*1.4*	**39.1**	**20.2**	*(18.9)*	*-4.7%*	*(1.0)*
27	TOTAL SEVERANCE TAXES	**1,264.8**	**1,288.0**	*23.2*	*0.2%*	*2.2*	**1,278.0**	**1,303.0**	*25.1*	*1.2%*	*15.0*	**1,297.8**	**1,253.6**	*(44.2)*	*-3.8%*	*(49.4)*
28	LICENSE FEES	**60.0**	**68.3**	*8.2*	*-6.1%*	*(4.5)*	**72.9**	**74.1**	*1.1*	*8.5%*	*5.8*	**73.3**	**59.5**	*(13.8)*	*-19.6%*	*(14.5)*
29	LGPF Interest	**1,531.5**	**1,500.0**	*(31.5)*	*11.1%*	*150.2*	**1,696.2**	**1,679.3**	*(16.9)*	*12.0%*	*179.3*	**1,850.0**	**1,849.4**	*(0.6)*	*10.1%*	*170.1*
30	STO Interest	**322.0**	**263.2**	*(58.8)*	*-34.4%*	*(137.9)*	**299.5**	**309.8**	*10.3*	*17.7%*	*46.6*	**289.0**	**307.0**	*18.0*	*-0.9%*	*(2.8)*
31	STPF Interest	**375.4**	**376.3**	*0.9*	*13.1%*	*43.5*	**429.2**	**439.9**	*10.7*	*16.9%*	*63.6*	**492.4**	**516.9**	*24.5*	*17.5%*	*77.0*
32	TOTAL INTEREST	**2,228.9**	**2,139.5**	*(89.4)*	*2.7%*	*55.8*	**2,424.9**	**2,429.0**	*4.1*	*13.5%*	*289.5*	**2,631.3**	**2,673.3**	*42.0*	*10.1%*	*244.3*
33	*Gross Federal Mineral Leasing*	***2,543.2***	***3,065.7***	*522.5*	*10.0%*	*279.3*	***2,772.2***	***5,123.9***	*2,351.6*	*67.1%*	*2,058.2*	***2,958.6***	***3,245.9***	*287.4*	*-36.7%*	*(1,877.9)*
34	*Excess to ECTF or Medicaid TF*	***(168.9)***	***(691.4)***	*(522.5)*	*-14.2%*	*114.6*	***(51.6)***	***(2,298.7)***	*(2,247.1)*	*232.5%*	*(1,607.4)*	***(134.8)***	**-**	*134.8*	*-100.0%*	*2,298.7*
35	*Excess to STPF*	***(729.4)***	***(729.4)***	*0.0*	*117.4%*	*(393.9)*	***(1,075.8)***	***(1,180.3)***	*(104.5)*	*61.8%*	*(450.8)*	***(1,178.9)***	***(1,601.1)***	*(422.2)*	*35.7%*	*(420.8)*
36	NET Federal Mineral Leasing	**1,644.9**	**1,644.9**	*(0.0)*	*0.0%*	*(0.0)*	**1,644.9**	**1,644.9**	*0.0*	*0.0%*	*-*	**1,644.9**	**1,644.9**	*0.0*	*0.0%*	*-*
37	State Land Office	**149.3**	**210.7**	*61.4*	*107.8%*	*109.3*	**130.1**	**161.3**	*31.2*	*-23.4%*	*(49.4)*	**131.6**	**155.5**	*23.9*	*-3.6%*	*(5.8)*
38	TOTAL RENTS & ROYALTIES	**1,794.2**	**1,855.6**	*61.4*	*6.3%*	*109.3*	**1,775.0**	**1,806.2**	*31.2*	*-2.7%*	*(49.4)*	**1,776.5**	**1,800.4**	*23.9*	*-0.3%*	*(5.8)*
39	TRIBAL REVENUE SHARING	**87.5**	**88.9**	*1.4*	*4.2%*	*3.6*	**90.5**	**92.6**	*2.1*	*4.2%*	*3.7*	**91.0**	**93.1**	*2.1*	*0.5%*	*0.5*
40	MISCELLANEOUS RECEIPTS	**50.6**	**78.2**	*27.6*	*-0.9%*	*(0.7)*	**50.8**	**59.9**	*9.1*	*-23.4%*	*(18.3)*	**52.6**	**63.0**	*10.5*	*5.2%*	*3.1*
41	REVERSIONS[2]	**110.0**	**110.0**	*-*	*0.0%*	*-*	**110.0**	**110.0**	*-*	*0.0%*	*-*	**110.0**	**110.0**	*-*	*0.0%*	*-*
42	TOTAL RECURRING	**13,383.1**	**14,000.4**	*617.3*	*3.0%*	*402.1*	**13,913.2**	**14,532.0**	*618.7*	*3.8%*	*531.6*	**14,454.3**	**14,756.3**	*302.1*	*1.5%*	*224.4*
43	*Other Nonrecurring Revenue*	***362.6***	***404.3***	*41.7*	*1320.8%*	*375.8*					*(404.3)*					
44	TOTAL NONRECURRING	**362.6**	**404.3**	*41.7*	*1320.8%*	*375.8*					*(404.3)*					
45	**GRAND TOTAL General Fund**	**13,745.7**	**14,404.7**	*659.0*	*5.7%*	*778.0*	**13,913.2**	**14,532.0**	*618.7*	*0.9%*	*127.3*	**14,454.3**	**14,756.3**	*302.1*	*1.5%*	*224.4*

General Fund Consensus Revenue Estimate - August 2026

Attachment 1

#		FY29					FY30					FY31			#
	Revenue Source	**Dec 25 Est.**	**Aug 26 Est.**	Change From Prior (Dec 25)	% Change from FY28	$ Change from FY28	**Dec 25 Est.**	**Aug 26 Est.**	Change From Prior (Dec 25)	% Change from FY29	$ Change from FY29	**Aug 26 Est.**	% Change from FY30	$ Change from FY30	
1	*Base Gross Receipts Tax*	**4,959.9**	**5,013.2**	*53.3*	*3.9%*	*188.2*	**5,129.6**	**5,198.7**	*69.1*	*3.7%*	*185.5*	**5,382.4**	*3.5%*	*183.7*	1
2	*F&M Hold Harmless Payments*	**(80.0)**	**(78.9)**	*1.1*	*-14.8%*	*13.7*	**(69.9)**	**(68.3)**	*1.6*	*-13.5%*	*10.6*	**(69.8)**	*2.2%*	*(1.5)*	2
3	NET Gross Receipts Tax	**4,879.9**	**4,934.3**	*54.4*	*4.3%*	*201.9*	**5,059.7**	**5,130.5**	*70.7*	*4.0%*	*196.2*	**5,312.7**	*3.6%*	*182.2*	3
4	Compensating Tax	**97.0**	**91.1**	*(5.9)*	*3.5%*	*3.1*	**100.3**	**94.4**	*(5.9)*	*3.7%*	*3.3*	**97.6**	*3.4%*	*3.2*	4
5	TOTAL GENERAL SALES	**4,976.9**	**5,025.4**	*48.5*	*4.3%*	*205.0*	**5,160.0**	**5,224.9**	*64.9*	*4.0%*	*199.5*	**5,410.3**	*3.5%*	*185.4*	5
6	Tobacco and Cigarette Taxes	**62.4**	**65.3**	*2.9*	*-0.9%*	*(0.6)*	**61.2**	**63.4**	*2.2*	*-2.9%*	*(1.9)*	**62.2**	*-1.9%*	*(1.2)*	6
7	Liquor Excise	**22.8**	**23.0**	*0.2*	*-0.2%*	*(0.0)*	**22.7**	**22.8**	*0.1*	*-0.7%*	*(0.2)*	**22.8**	*-0.3%*	*(0.1)*	7
8	Cannabis Excise	**35.3**	**38.7**	*3.4*	*4.0%*	*1.5*	**37.7**	**40.5**	*2.8*	*4.7%*	*1.8*	**41.6**	*2.7%*	*1.1*	8
9	Insurance Taxes	**435.0**	**387.8**	*(47.2)*	*-17.0%*	*(79.3)*	**437.3**	**404.3**	*(33.0)*	*4.3%*	*16.5*	**424.9**	*5.1%*	*20.6*	9
10	Motor Vehicle Excise	**200.5**	**188.5**	*(12.0)*	*2.6%*	*4.8*	**208.3**	**193.8**	*(14.5)*	*2.8%*	*5.2*	**198.3**	*2.3%*	*4.5*	10
11	Gaming Excise	**62.3**	**77.0**	*14.7*	*11.3%*	*7.8*	**63.8**	**76.8**	*13.0*	*-0.3%*	*(0.2)*	**76.6**	*-0.3%*	*(0.2)*	11
12	Leased Vehicle & Other	**7.6**	**6.8**	*(0.8)*	*-11.5%*	*(0.9)*	**7.8**	**7.8**	*0.0*	*14.2%*	*1.0*	**7.7**	*-1.2%*	*(0.1)*	12
13	TOTAL SELECTIVE SALES	**825.9**	**787.2**	*(38.8)*	*-7.8%*	*(66.7)*	**838.8**	**809.4**	*(29.4)*	*2.8%*	*22.3*	**834.0**	*3.0%*	*24.6*	13
14	Personal Income Tax	**2,354.7**	**2,345.2**	(9.5)	3.1%	70.3	**2,439.8**	**2,414.8**	(25.0)	3.0%	69.6	**2,484.5**	2.9%	69.7	14
15	*Gross Corporate Income Tax*	***650.7***	***900.1***	*249.4*	*3.5%*	*30.1*	***697.5***	***899.5***	*202.0*	*-0.1%*	*(0.6)*	***932.0***	*3.6%*	*32.5*	15
17	*CIT Refundable Credits*	***(143.2)***	***(124.5)***	*18.7*	*7.5%*	*(8.7)*	***(146.9)***	***(123.6)***	*23.3*	*-0.7%*	*0.9*	***(125.3)***	*1.4%*	*(1.7)*	17
18	Total Corporate Income Tax	**507.5**	**775.6**	*268.1*	*2.8%*	*21.4*	**550.6**	**775.9**	*225.3*	*0.0%*	*0.3*	**806.7**	*4.0%*	*30.8*	18
19	TOTAL INCOME TAXES	**2,862.2**	**3,120.8**	*258.6*	*3.0%*	*91.7*	**2,990.4**	**3,190.7**	*200.3*	*2.2%*	*69.9*	**3,291.2**	*3.1%*	*100.5*	19
20	*Gross Oil and Gas School Tax*	**2,094.1**	**2,268.1**	*174.0*	*5.2%*	*112.0*	**2,135.7**	**2,277.0**	*141.3*	*0.4%*	*8.9*	**2,284.4**	*0.3%*	*7.4*	20
21	*Excess to TSR, ECTF, or BHTF*	**(205.8)**	**(283.0)**	*(77.2)*	*38.3%*	*(78.3)*	**(190.6)**	**(200.3)**	*(9.7)*	*-29.2%*	*82.6*	**(118.8)**	*-40.7%*	*81.5*	21
22	*Excess to STPF*	**(743.0)**	**(839.8)**	*(96.8)*	*4.2%*	*(33.7)*	**(799.7)**	**(931.3)**	*(131.6)*	*10.9%*	*(91.5)*	**(1,020.2)**	*9.5%*	*(88.9)*	22
23	NET Oil & Gas School Tax	**1,145.4**	**1,145.4**	*0.0*	*0.0%*	*(0.0)*	**1,145.4**	**1,145.4**	*(0.0)*	*0.0%*	*(0.0)*	**1,145.4**	*0.0%*	*0.0*	23
24	Oil Conservation Tax	**106.1**	**40.0**	*(66.1)*	*-47.6%*	*(36.3)*	**108.7**	**0.1**	*(108.6)*	*-99.8%*	*(39.9)*	**0.1**	*0.0%*	*-*	24
25	Resources Excise Tax	**7.7**	**11.7**	*4.0*	*0.2%*	*0.0*	**7.5**	**11.7**	*4.2*	*-0.3%*	*(0.0)*	**11.8**	*0.9%*	*0.1*	25
26	Natural Gas Processors Tax	**40.1**	**22.9**	*(17.2)*	*13.4%*	*2.7*	**40.9**	**25.3**	*(15.6)*	*10.5%*	*2.4*	**25.9**	*2.4%*	*0.6*	26
27	TOTAL SEVERANCE TAXES	**1,299.3**	**1,220.0**	*(79.3)*	*-2.7%*	*(33.6)*	**1,302.5**	**1,182.5**	*(120.0)*	*-3.1%*	*(37.5)*	**1,183.2**	*0.1%*	*0.7*	27
28	LICENSE FEES	**74.7**	**61.1**	*(13.6)*	*2.7%*	*1.6*	**73.1**	**60.0**	*(13.1)*	*-1.8%*	*(1.1)*	**58.8**	*-1.9%*	*(1.2)*	28
29	LGPF Interest	**2,042.3**	**2,058.3**	*16.0*	*11.3%*	*208.9*	**2,230.4**	**2,262.9**	*32.5*	*9.9%*	*204.6*	**2,473.3**	*9.3%*	*210.4*	29
30	STO Interest	**312.7**	**314.9**	*2.2*	*2.6%*	*7.9*	**321.0**	**320.8**	*(0.2)*	*1.9%*	*5.9*	**333.3**	*3.9%*	*12.5*	30
31	STPF Interest	**570.9**	**614.5**	*43.6*	*18.9%*	*97.6*	**660.1**	**730.6**	*70.5*	*18.9%*	*116.1*	**879.8**	*20.4%*	*149.2*	31
32	TOTAL INTEREST	**2,926.0**	**2,987.7**	*61.7*	*11.8%*	*314.4*	**3,211.5**	**3,314.3**	*102.8*	*10.9%*	*326.6*	**3,686.4**	*11.2%*	*372.1*	32
33	*Gross Federal Mineral Leasing*	***3,075.4***	***3,441.6***	*366.2*	*6.0%*	*195.6*	***3,133.8***	***3,479.3***	*345.5*	*1.1%*	*37.7*	***3,493.5***	*0.4%*	*14.2*	33
34	*Excess to ECTF or Medicaid TF*	***(298.4)***	***(32.3)***	*266.1*	*-*	*(32.3)*	***(306.6)***	***-***	*306.6*	*-100.0%*	*32.3*	***-***	*-*	*-*	34
35	*Excess to STPF*	***(1,132.1)***	***(1,764.4)***	*(632.3)*	*10.2%*	*(163.4)*	***(1,182.3)***	***(1,834.4)***	*(652.1)*	*4.0%*	*(70.0)*	***(1,848.6)***	*0.8%*	*(14.2)*	35
36	NET Federal Mineral Leasing	**1,644.9**	**1,644.9**	*(0.0)*	*0.0%*	*(0.0)*	**1,644.9**	**1,644.9**	*(0.0)*	*0.0%*	*0.0*	**1,644.9**	*0.0%*	*-*	36
37	State Land Office	**133.1**	**156.9**	*23.8*	*0.9%*	*1.4*	**134.6**	**158.8**	*24.2*	*1.2%*	*1.8*	**158.8**	*0.0%*	*0.0*	37
38	TOTAL RENTS & ROYALTIES	**1,778.0**	**1,801.8**	*23.8*	*0.1%*	*1.4*	**1,779.5**	**1,803.6**	*24.2*	*0.1%*	*1.9*	**1,803.7**	*0.0%*	*0.0*	38
39	TRIBAL REVENUE SHARING	**92.2**	**94.6**	*2.4*	*1.6%*	*1.5*	**94.1**	**97.3**	*3.2*	*2.9%*	*2.7*	**107.5**	*10.5%*	*10.2*	39
40	MISCELLANEOUS RECEIPTS	**54.4**	**66.4**	*12.0*	*5.4%*	*3.4*	**52.4**	**68.6**	*16.2*	*3.2%*	*2.2*	**67.9**	*-1.1%*	*(0.7)*	40
41	REVERSIONS[2]	**110.0**	**110.0**	*-*	*0.0%*	*-*	**110.0**	**110.0**	*-*	*0.0%*	*-*	**110.0**	*0.0%*	*-*	41
42	TOTAL RECURRING	**14,999.6**	**15,275.0**	*275.3*	*3.5%*	*518.6*	**15,612.3**	**15,861.3**	*249.0*	*3.8%*	*586.3*	**16,552.9**	*4.4%*	*691.6*	42
43	*Other Nonrecurring Revenue*														43
44	TOTAL NONRECURRING														44
45	**GRAND TOTAL General Fund**	**14,999.6**	**15,275.0**	*275.3*	*3.5%*	*518.6*	**15,612.3**	**15,861.3**	*249.0*	*3.8%*	*586.3*	**16,552.9**	*4.4%*	*691.6*	45

General Fund Financial Summary
August 2026 Consensus Estimate

(millions of dollars)

August 20, 2026
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	Estimate FY2026	Estimate FY2027	Estimate FY2028
APPROPRIATION ACCOUNT			
REVENUE			
August 2026 Consensus Revenue Estimate	$ 14,000.4	$ 14,532.0	$ 14,756.3
Total Recurring Revenue	$ 14,000.4	$ 14,532.0	$ 14,756.3
Percent Change in Recurring Revenue	*3.0%*	*3.8%*	*1.5%*
Nonrecurring Revenue			
August 2026 Consensus Revenue Estimate	$ 404.3		
Total Nonrecurring Revenue	$ 404.3	$ -	$ -
TOTAL REVENUE	**$ 14,404.7**	**$ 14,532.0**	**$ 14,756.3**
APPROPRIATIONS			
Recurring Appropriations			
2024 Regular Session Recurring Legislation & Feed Bill			
2025 Regular Session Recurring Legislation & Feed Bill	$ 10,826.3		
2026 Regular Session Recurring Spending	$ 10.8	$ 11,165.8	
Total Recurring Appropriations	$ 10,837.1	$ 11,165.8	
Nonrecurring Appropriations			
Allotment to the Election Fund	$ 30.0	$ 15.0	
2025 Regular Session Nonrecurring Legislation	$ 2,806.6		
2025 1st Special Session Nonrecurring Legislation	$ 144.5		
2025 2nd Special Session Nonrecurring Legislation	$ 0.1		
2026 Session Nonrecurring Spending	$ 42.6	$ 2,651.3	
Total Nonrecurring Appropriations	$ 3,023.8	$ 2,666.3	
Subtotal Recurring and Nonrecurring Appropriations	$ 13,860.9	$ 13,832.2	
Audit Adjustments			
TOTAL APPROPRIATIONS	**$ 13,860.9**	**$ 13,832.2**	
TOTAL REVENUE LESS TOTAL APPROPRIATIONS	$ 543.8	$ 699.8	
GENERAL FUND RESERVES			
Beginning Balances	$ 3,181.4	$ 4,375.1	
Transfers from (to) Appropriations Account	$ 543.8	$ 699.8	
Revenue and Reversions	$ 944.3	$ 346.1	
Appropriations, Expenditures and Transfers Out	$ (294.5)	$ (1,518.0)	
Ending Balances	**$ 4,375.1**	**$ 3,903.0**	
Reserves as a Percent of Recurring Appropriations	*40.4%*	*35.0%*	

FY28 Total Revenue Less Total FY27 Approps.: $924.2 million, or 6.7 percent

Notes:
* Note: totals may not foot due to rounding

General Fund Financial Summary
August 2026 Consensus Estimate
RESERVE DETAIL
(millions of dollars)

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	Estimate FY2026	Estimate FY2027	Estimate FY2028
OPERATING RESERVE			
Beginning Balance	$ 246.5	$ 818.8	$ 867.0
BOF Emergency Appropriations/Reversions	$ (4.0)	$ (6.0)	$ (6.0)
Transfers from (to) Appropriation Account	$ 543.8	$ 699.8	$ -
Transfers to Tax Stabilization Reserve or Gov. Results and Opportunity Fund	$ (122.6)	$ (499.8)	$ -
Disaster Allotments	$ (72.0)	$ (145.8)	$ (155.0)
Transfers from tax stabilization reserve to restore balance to 1 percent	$ -	$ -	$ -
Appropriations - 2025 2nd Special Session	$ (25.5)	$ -	$ -
Reversions in from HSD, DOH, HCA - 2025 2nd Special Session	$ 162.5	$ -	$ -
Transfer from (to) ACF/Other Appropriations	$ 90.0	$ -	$ -
Ending Balance	$ 818.8	$ 867.0	$ 706.0
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	$ 68.4	$ 9.2	$ -
Disaster Allotments	$ (34.3)	$ (9.2)	$ -
Transfers In/(Out)	$ 30.0	$ -	$ -
Appropriations In/(Out)	$ (55.0)	$ -	$ -
Ending Balance	$ 9.2	$ -	$ -
STATE SUPPORT FUND			
Beginning Balance	$ 0.4	$ 0.4	$ 0.4
Revenues	$ -	$ -	$ -
Appropriations	$ -	$ -	$ -
Ending Balance	$ 0.4	$ 0.4	$ 0.4
NATURAL DISASTER REVOLVING LOAN FUND			
Beginning Balance	$ -	$ 46.0	$ 50.0
Transfers In/Out	$ 44.7	$ -	$ (4.0)
Gains	$ 1.3	$ 4.0	$ 4.0
Ending Balance	$ 46.0	$ 50.0	$ 50.0
GOVERNMENT RESULTS AND OPPORTUNITY EXPENDABLE TRUST (GRO)			
Beginning Balance	$ 530.8		
Revenues/Gains	$ 17.3		
Transfers from the Operating Reserve	$ 122.6		
Appropriations to (from) the GRO	$ 265.3		
Reversions	$ 6.1		
Expenditures	$ (132.7)		
Ending Balance	$ 809.3		
BEHAVIORAL HEALTH TRUST FUND			
Beginning Balance	$ -	$ 262.8	
Gains	$ 9.5	$ 13.7	
Revenues	$ 153.2	$ 138.6	
Appropriations to (from) BHTF	$ 100.0	$ 50.0	
Distributions	$ -	$ (5.1)	
Ending Balance	$ 262.8	$ 459.8	
TAX STABILIZATION RESERVE (RAINY DAY FUND)			
Beginning Balance	$ 2,335.3	$ 2,428.7	$ 2,525.8
Revenues from Excess Oil and Gas Emergency School Tax	$ 61.0	$ 42.7	$ 54.5
Gains(Losses)	$ 93.4	$ 97.1	$ 101.0
Transfers In (From Operating Reserve)	$ -	$ -	$ -
Transfer Out to Operating Reserve	$ -	$ -	$ -
Transfer Out to Early Childhood Trust Fund	$ (61.0)	$ (42.7)	$ (54.5)
Ending Balance	$ 2,428.7	$ 2,525.8	$ 2,626.9
Percent of Recurring Appropriations	*22.4%*	*22.6%*	
TOTAL GENERAL FUND ENDING BALANCES	**$ 4,375.1**	**$ 3,903.0**	**$ 3,333.2**
Percent of Recurring Appropriations	*40.4%*	*35.0%*	

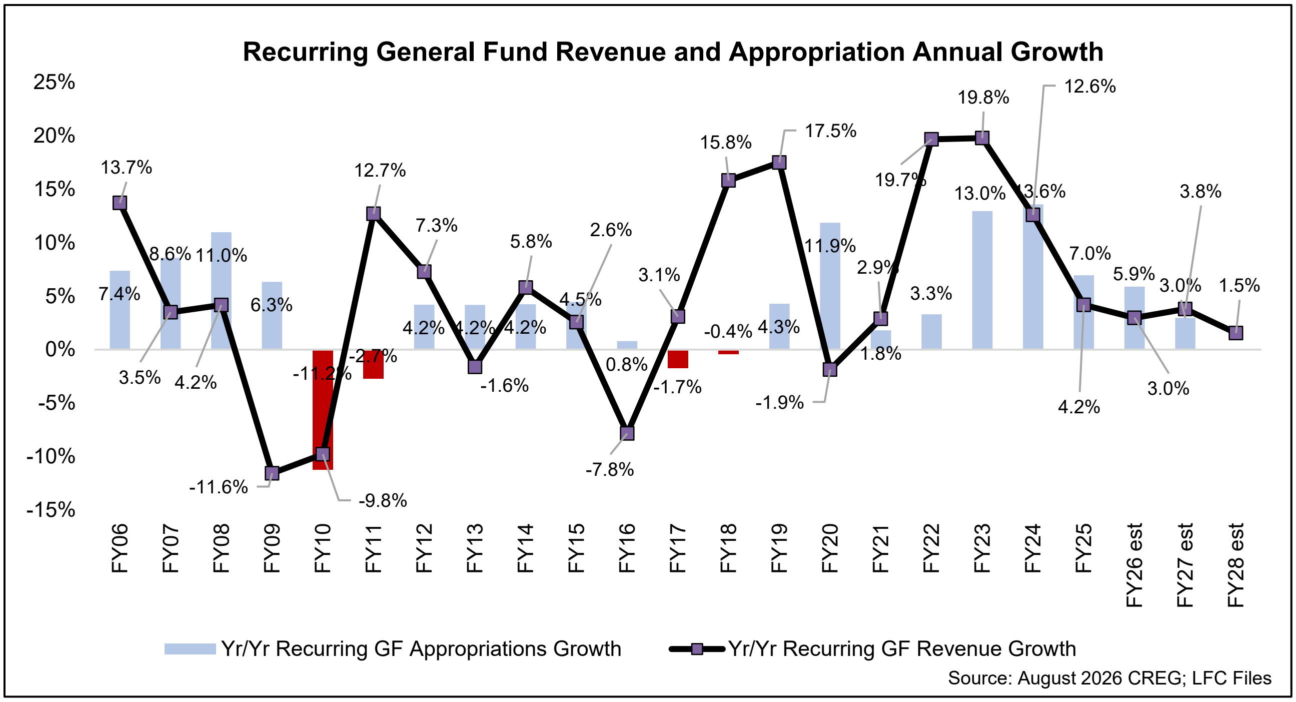
* Note: totals may not foot due to rounding

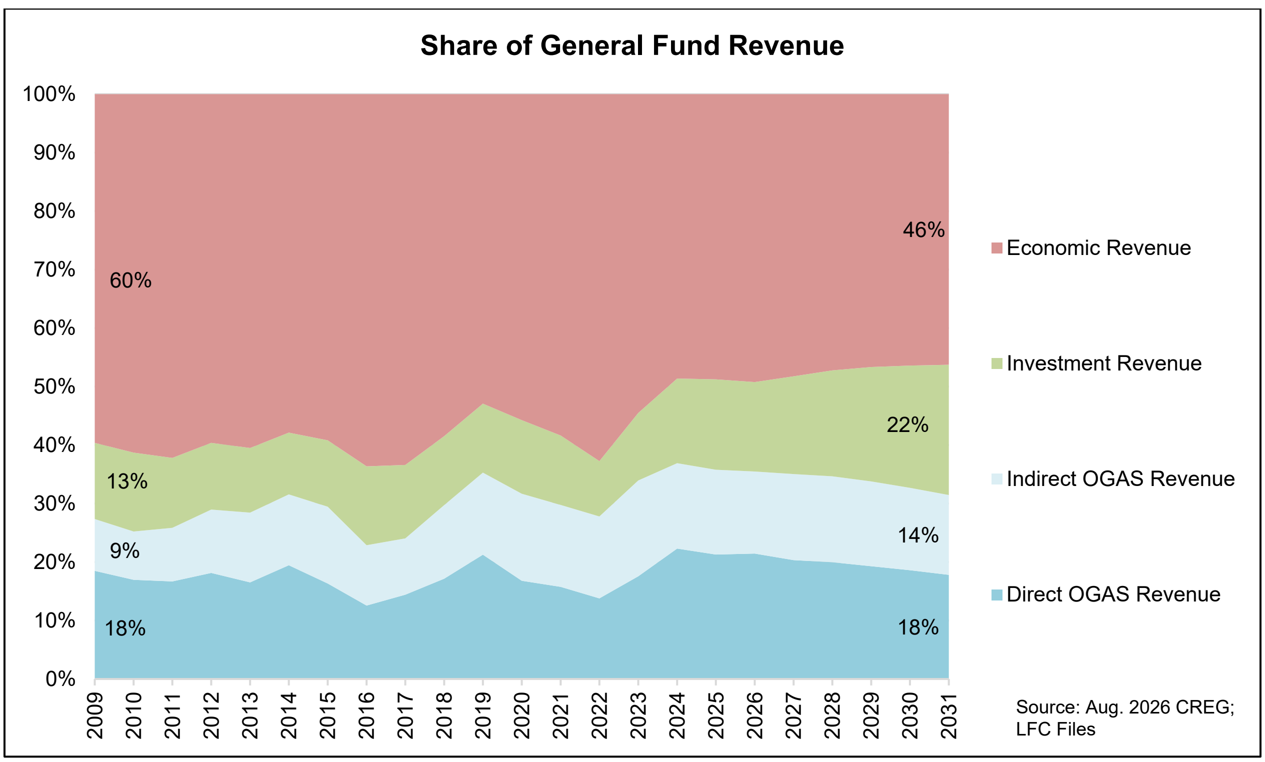
U.S. and New Mexico Economic Indicators

		FY26		FY27		FY28		FY29		FY30		FY31	
		Dec 25 Forecast	Aug 26 Forecast	Dec 25 Forecast	Aug 26 Forecast	Dec 25 Forecast	Aug 26 Forecast	Dec 25 Forecast	Aug 26 Forecast	Dec 25 Forecast	Aug 26 Forecast	Dec 25 Forecast	Aug 26 Forecast
	National Economic Indicators												
S&P Global	US Real GDP Growth (annual avg.,% YOY)*	**2.0**	**2.1**	**2.2**	**2.1**	**1.8**	**2.2**	**1.6**	**2.4**	**1.8**	**2.0**	**1.7**	**2.0**
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	**2.0**	**2.3**	**1.9**	**2.0**	**1.9**	**1.9**	**2.3**	**2.3**	**2.6**	**2.7**	**2.7**	**2.7**
S&P Global	US Inflation Rate (CPI-U, annual avg., % YOY)**	**3.1**	**3.9**	**2.5**	**2.1**	**2.5**	**2.3**	**2.0**	**2.3**	**2.2**	**2.0**	**2.2**	**2.2**
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	**3.1**	**3.1**	**3.0**	**3.6**	**2.3**	**2.7**	**1.9**	**2.0**	**1.7**	**1.8**	**1.8**	**1.9**
S&P Global	Federal Funds Rate (%)	**4.3**	**3.9**	**3.5**	**3.6**	**2.9**	**3.2**	**2.9**	**3.1**	**3.1**	**3.1**	**3.1**	**3.1**
Moody's	Federal Funds Rate (%)	**3.8**	**3.9**	**2.9**	**3.6**	**2.9**	**3.6**	**3.0**	**3.6**	**2.8**	**3.6**	**2.7**	**3.6**
	New Mexico Labor Market and Income Data												
BBER	NM Non-Agricultural Employment Growth (%)	**0.5**	**0.1**	**0.6**	**0.1**	**0.4**	**0.2**	**0.3**	**0.4**	**0.4**	**0.4**		**0.5**
Moody's	NM Non-Agricultural Employment Growth (%)	**1.2**	**0.1**	**0.0**	**0.6**	**0.1**	**0.2**	**0.3**	**0.3**	**0.5**	**0.4**	**0.6**	**0.4**
BBER	NM Nominal Personal Income Growth (%)***	**4.4**	**5.1**	**5.5**	**4.0**	**5.1**	**5.5**	**4.7**	**5.3**	**4.5**	**4.7**		**4.7**
Moody's	NM Nominal Personal Income Growth (%)***	**4.7**	**5.3**	**4.6**	**5.1**	**3.9**	**4.6**	**3.6**	**4.1**	**3.8**	**4.2**	**3.9**	**4.3**
BBER	NM Total Wages & Salaries Growth (%)	**3.8**	**3.7**	**4.7**	**3.8**	**4.6**	**4.6**	**4.5**	**4.9**	**4.2**	**4.9**		**4.6**
Moody's	NM Total Wages & Salaries Growth (%)	**4.1**	**4.0**	**3.9**	**4.8**	**3.1**	**3.2**	**2.9**	**3.1**	**3.4**	**3.5**	**3.8**	**3.6**
BBER	NM Private Wages & Salaries Growth (%)	**3.8**	**3.9**	**4.7**	**4.3**	**4.6**	**4.8**	**4.5**	**5.3**	**4.2**	**5.2**		**4.9**
BBER	NM Real Gross State Product (% YOY)	**1.7**	**1.9**	**2.0**	**2.0**	**1.7**	**2.0**	**1.8**	**2.1**	**1.7**	**1.9**		**1.8**
Moody's	NM Real Gross State Product (% YOY)	**1.6**	**1.9**	**1.4**	**1.5**	**1.4**	**1.3**	**1.7**	**1.7**	**2.0**	**2.0**	**2.1**	**2.1**
CREG	NM Gross Oil Price ($/barrel)	**$58.00**	**$72.00**	**$57.50**	**$75.50**	**$61.00**	**$71.00**	**$62.00**	**$74.00**	**$64.50**	**$74.00**		**$73.50**
CREG	NM Net Oil Price ($/barrel)*****	**$50.77**	**$62.90**	**$50.31**	**$65.96**	**$53.38**	**$62.03**	**$54.25**	**$64.65**	**$56.44**	**$64.65**		**$64.21**
BBER	Oil Volumes (million barrels)	**792.2**	**826.2**	**789.6**	**820.1**	**794.2**	**826.6**	**798.8**	**831.8**	**797.3**	**834.6**		**837.4**
CREG	NM Taxable Oil Volumes (million barrels)	**820**	**835**	**840**	**875**	**855**	**895**	**860**	**895**	**865**	**900**		**900**
	NM Taxable Oil Volumes (%YOY growth)	**5.1%**	**7.1%**	**2.4%**	**4.8%**	**1.8%**	**2.3%**	**0.6%**	**0.0%**	**0.6%**	**0.6%**		**0.0%**
CREG	NM Gross Gas Price ($ per thousand cubic feet)****	**$3.74**	**$2.70**	**$4.58**	**$2.80**	**$4.62**	**$3.10**	**$4.34**	**$3.30**	**$4.09**	**$3.25**		**$3.30**
CREG	NM Net Gas Price ($ per thousand cubic feet)*****	**$2.57**	**$1.65**	**$3.27**	**$1.80**	**$3.30**	**$2.01**	**$3.06**	**$2.15**	**$2.85**	**$2.12**		**$2.16**
BBER	Gas Volumes (billion cubic feet)	**4145.7**	**4450.4**	**4146.9**	**4144.8**	**4164.5**	**4150.3**	**4171.2**	**4158.6**	**4153.3**	**4169.7**		**4176.5**
CREG	NM Taxable Gas Volumes (billion cubic feet)	**4,490**	**4,555**	**4,640**	**4,820**	**4,885**	**5,010**	**5,080**	**5,145**	**5,225**	**5,195**		**5,325**
	NM Taxable Gas Volumes (%YOY growth)	**12.3%**	**13.9%**	**3.3%**	**5.8%**	**5.3%**	**3.9%**	**4.0%**	**2.7%**	**2.9%**	**1.0%**		**2.5%**

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 -July 2026 FOR-UNM baseline. S&P Global Insight - July 2026 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 Moodys 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 baseline


Recurring General Fund Revenue and Appropriation Annual Growth
Yr/Yr Recurring GF Appropriations Growth
Yr/Yr Recurring GF Revenue Growth
Source: August 2026 CREG; LFC Files

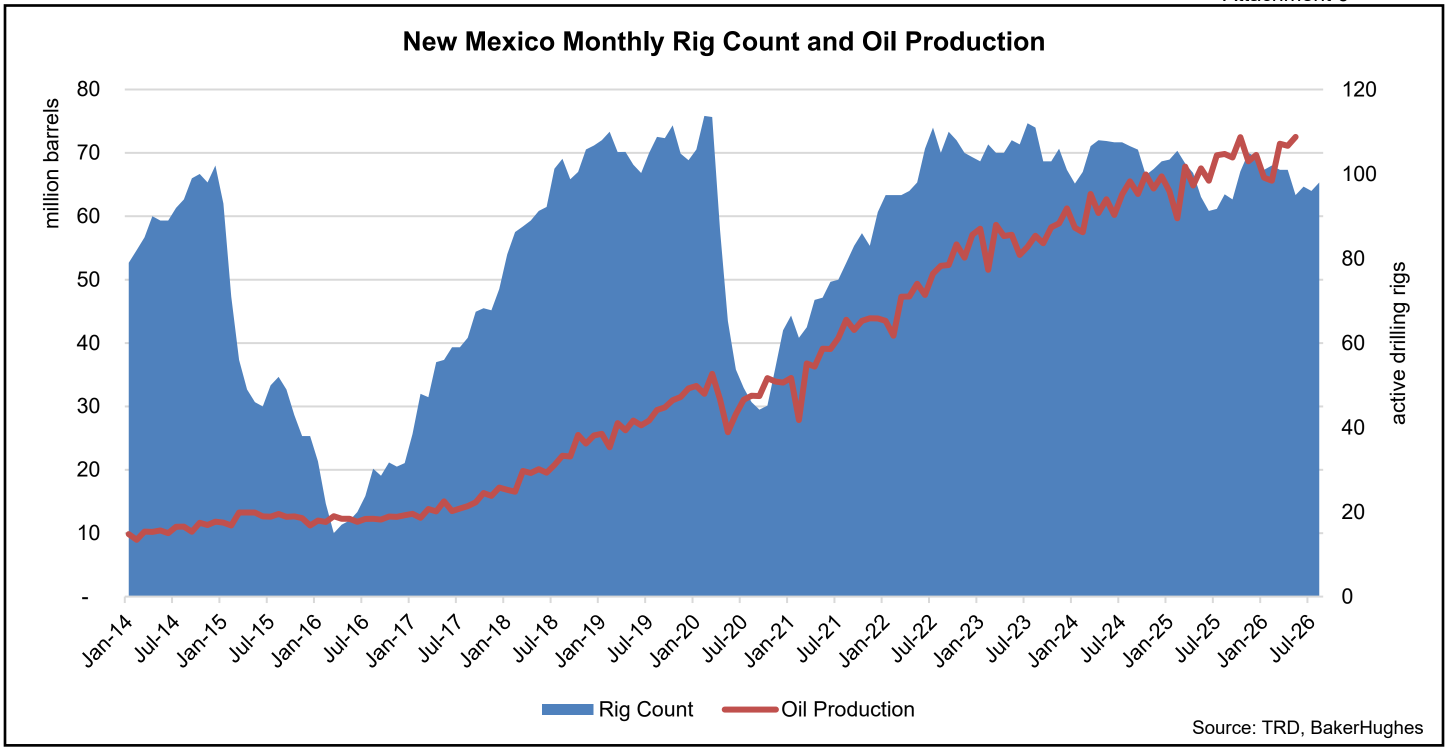

Share of General Fund Revenue
Economic Revenue
Investment Revenue
Indirect OGAS Revenue
Direct OGAS Revenue
60%
46%
13%
22%
9%
14%
18%
18%
Source: Aug. 2026 CREG; LFC Files

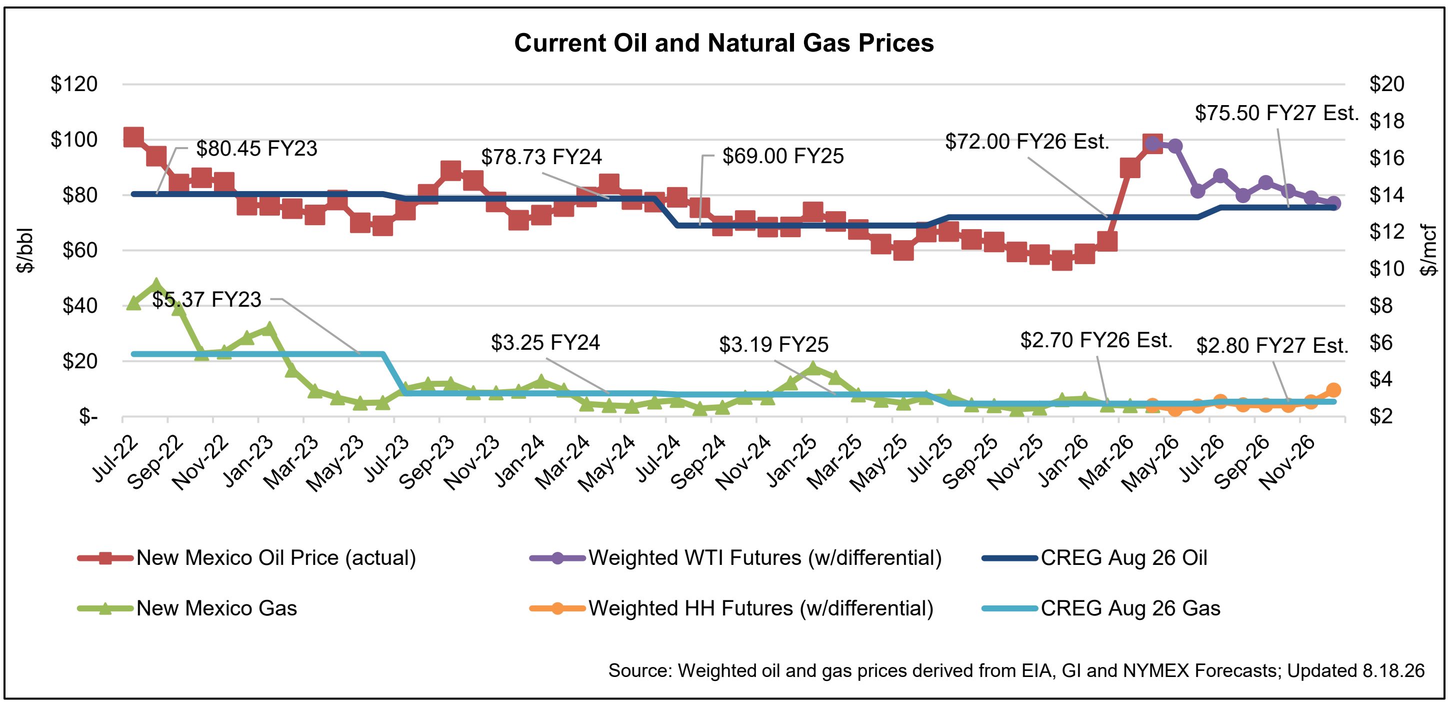
Early Childhood Trust Fund Forecast - August 2026
(in millions)

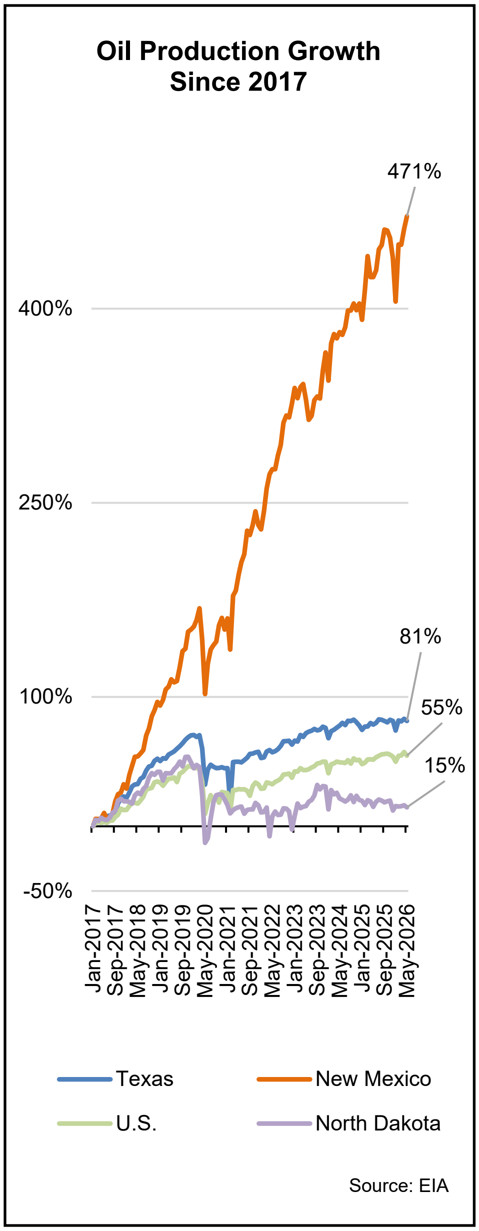
Calendar Year	2021	2022	2023	2024	2025	*2026*	*2027*	*2028*	*2029*	*2030*	*2031*
	Actual	Actual	Actual	Actual	Actual	*Estimated*	*Estimated*	*Estimated*	*Estimated*	*Estimated*	*Estimated*
Beginning Balance	$300.0	$314.1	$3,462.0	$5,721.2	$9,015.8	$10,992.7	$12,099.6	$13,202.5	$13,313.0	$13,850.6	$14,278.4
Gains & Losses	$34.1	($6.4)	$336.1	$549.7	$1,234.8	$1,107.9	$805.1	$858.2	$865.9	$900.3	$928.1
Excess Federal Mineral Leasing	$0.0	$1,501.5	$2,073.0	$1,179.8	$805.9	$345.7	$1,149.4	$0.0	$32.3	$0.0	$0.0
Excess OGAS School Tax*	$0.0	$1,682.80	$0.0	$665.2	$436.2	$153.3	$138.6	$102.3	$283.0	$200.3	$118.8
Distribution to ECE Program Fund	($20.0)	($30.0)	($150.0)	($250.0)	($500.0)	($500.0)	($535.1)	($604.9)	($643.6)	($672.8)	($690.7)
Nonrecurring Distribution to ECECD							($455.0)	($245.0)			
Ending Balance	**$314.1**	**$3,462.0**	**$5,721.2**	**$9,015.8**	**$10,992.7**	**$12,099.6**	**$13,202.5**	**$13,313.0**	**$13,850.6**	**$14,278.4**	**$14,634.6**

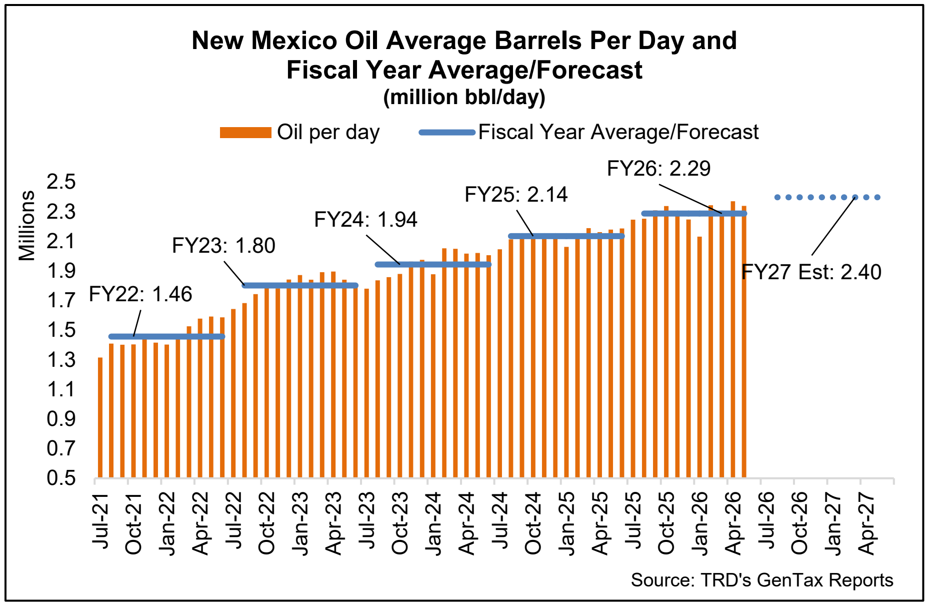
Note: Investment return assumed at 5% and distributions occur on July 1, based on previous calendar year-ending balance.

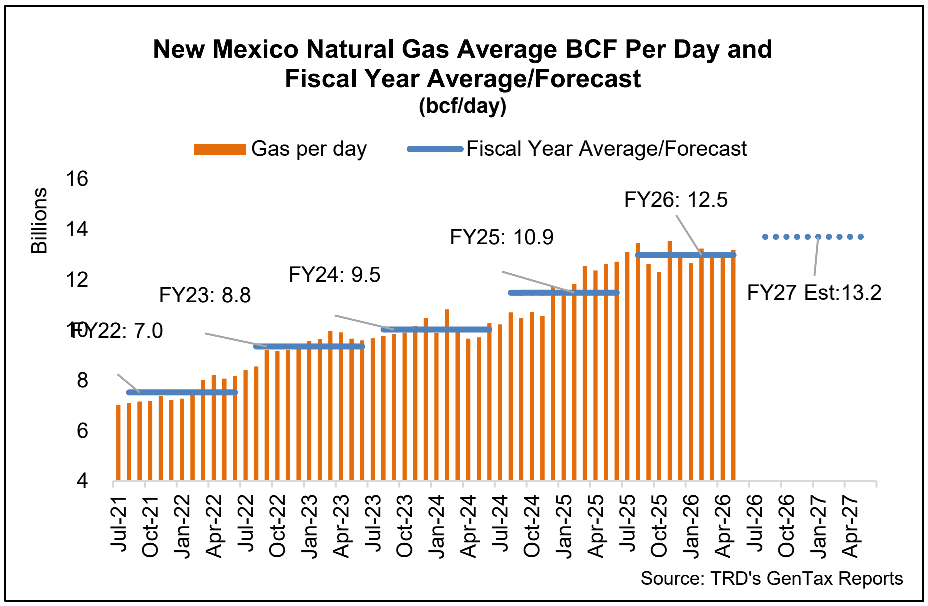
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Rec. Distribution to ECE Program Fund	$0.0	$20.0	$30.0	$150.0	$250.0	$500.0	$500.0	$535.1	$604.9	$643.6	$672.8
Nonrecurring Distribution to ECECD	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$220.0	$235.0	$245.0	$0.0	$0.0
Total for Early Childhood	**$0.0**	**$20.0**	**$30.0**	**$150.0**	**$250.0**	**$500.0**	**$720.0**	**$770.1**	**$849.9**	**$643.6**	**$672.8**

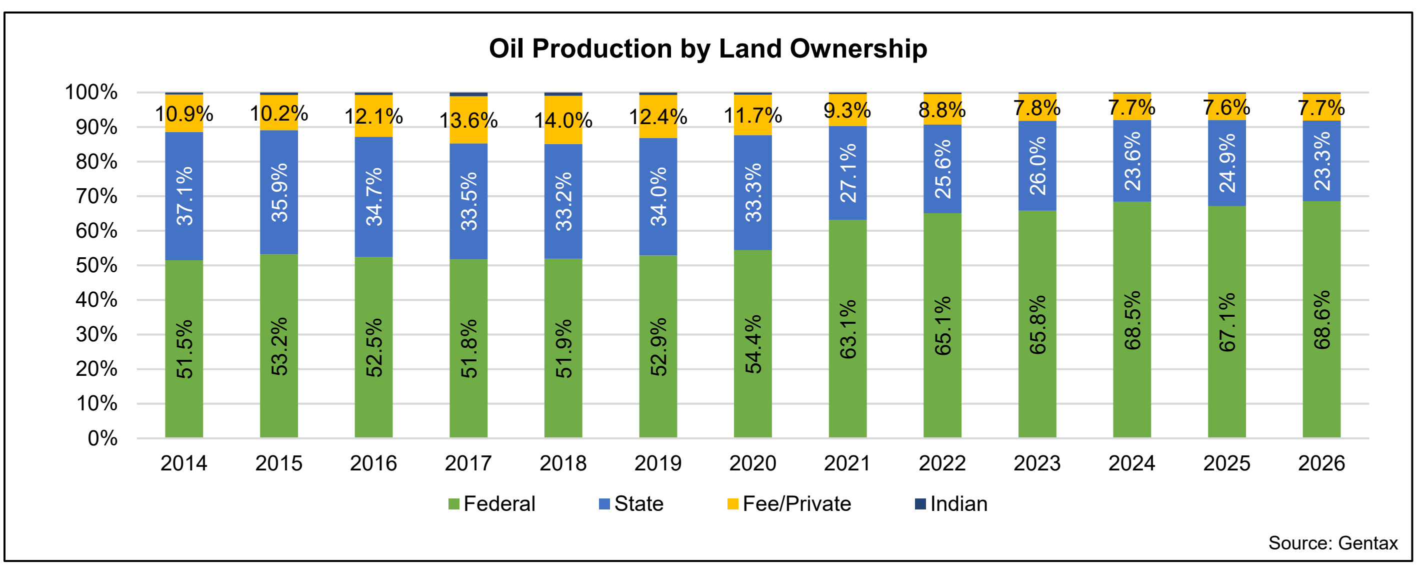

New Mexico Monthly Rig Count and Oil Production
million barrels
active drilling rigs
80
70
60
50
40
30
20
10
-
120
100
80
60
40
20
0
Jan-14
Jul-14
Jan-15
Jul-15
Jan-16
Jul-16
Jan-17
Jul-17
Jan-18
Jul-18
Jan-19
Jul-19
Jan-20
Jul-20
Jan-21
Jul-21
Jan-22
Jul-22
Jan-23
Jul-23
Jan-24
Jul-24
Jan-25
Jul-25
Jan-26
Jul-26
Rig Count
Oil Production
Source: TRD, BakerHughes

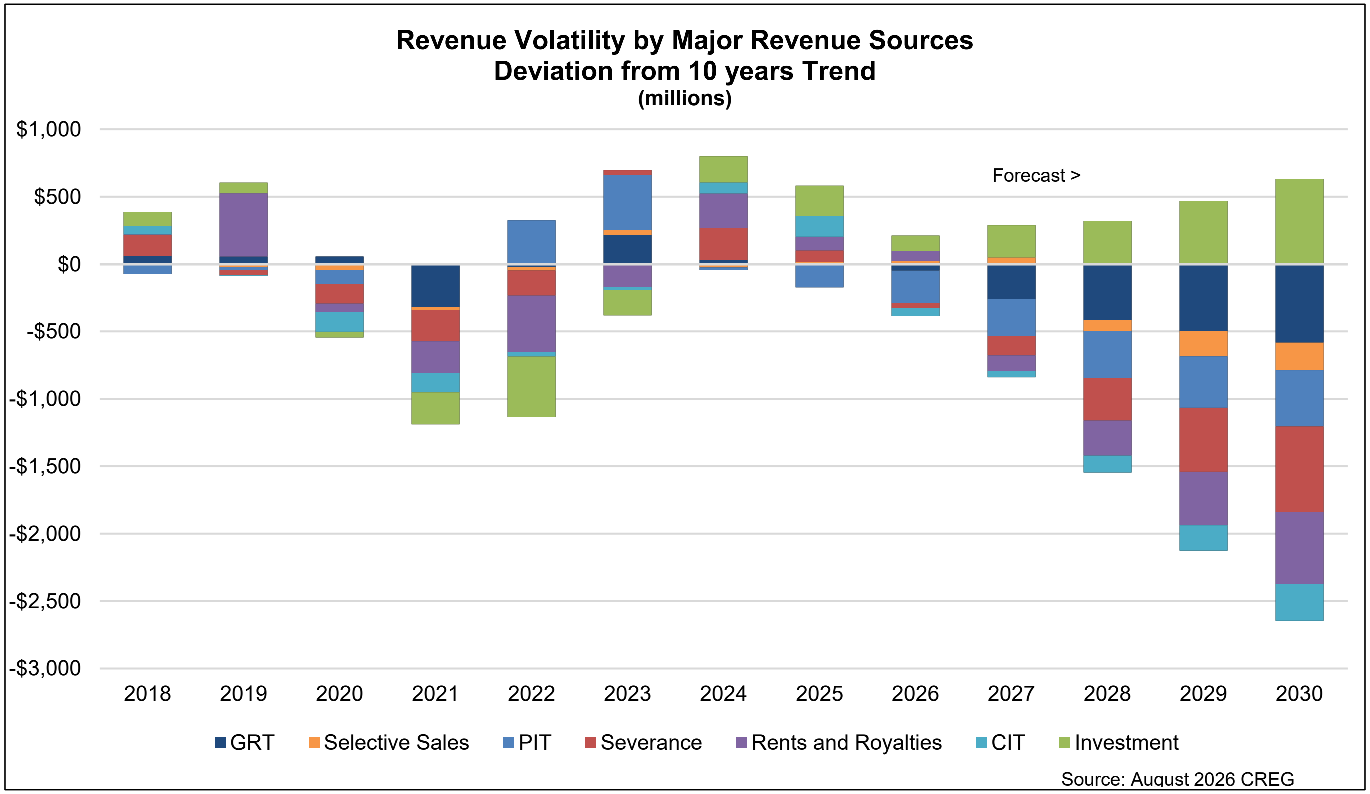

Current Oil and Natural Gas Prices
$/bbl
$/mcf
$120
$100
$80
$60
$40
$20
$-
$20
$18
$16
$14
$12
$10
$8
$6
$4
$2
$80.45 FY23
$78.73 FY24
$69.00 FY25
$72.00 FY26 Est.
$75.50 FY27 Est.
$5.37 FY23
$3.25 FY24
$3.19 FY25
$2.70 FY26 Est.
$2.80 FY27 Est.
Jul-22
Sep-22
Nov-22
Jan-23
Mar-23
May-23
Jul-23
Sep-23
Nov-23
Jan-24
Mar-24
May-24
Jul-24
Sep-24
Nov-24
Jan-25
Mar-25
May-25
Jul-25
Sep-25
Nov-25
Jan-26
Mar-26
May-26
Jul-26
Sep-26
Nov-26
New Mexico Oil Price (actual)
Weighted WTI Futures (w/differential)
CREG Aug 26 Oil
New Mexico Gas
Weighted HH Futures (w/differential)
CREG Aug 26 Gas
Source: Weighted oil and gas prices derived from EIA, GI and NYMEX Forecasts; Updated 8.18.26


Oil Production Growth
Since 2017
471%
400%
250%
81%
100%
55%
15%
-50%
Jan-2017
Sep-2017
May-2018
Jan-2019
Sep-2019
May-2020
Jan-2021
Sep-2021
May-2022
Jan-2023
Sep-2023
May-2024
Jan-2025
Sep-2025
May-2026
Texas
New Mexico
U.S.
North Dakota
Source: EIA

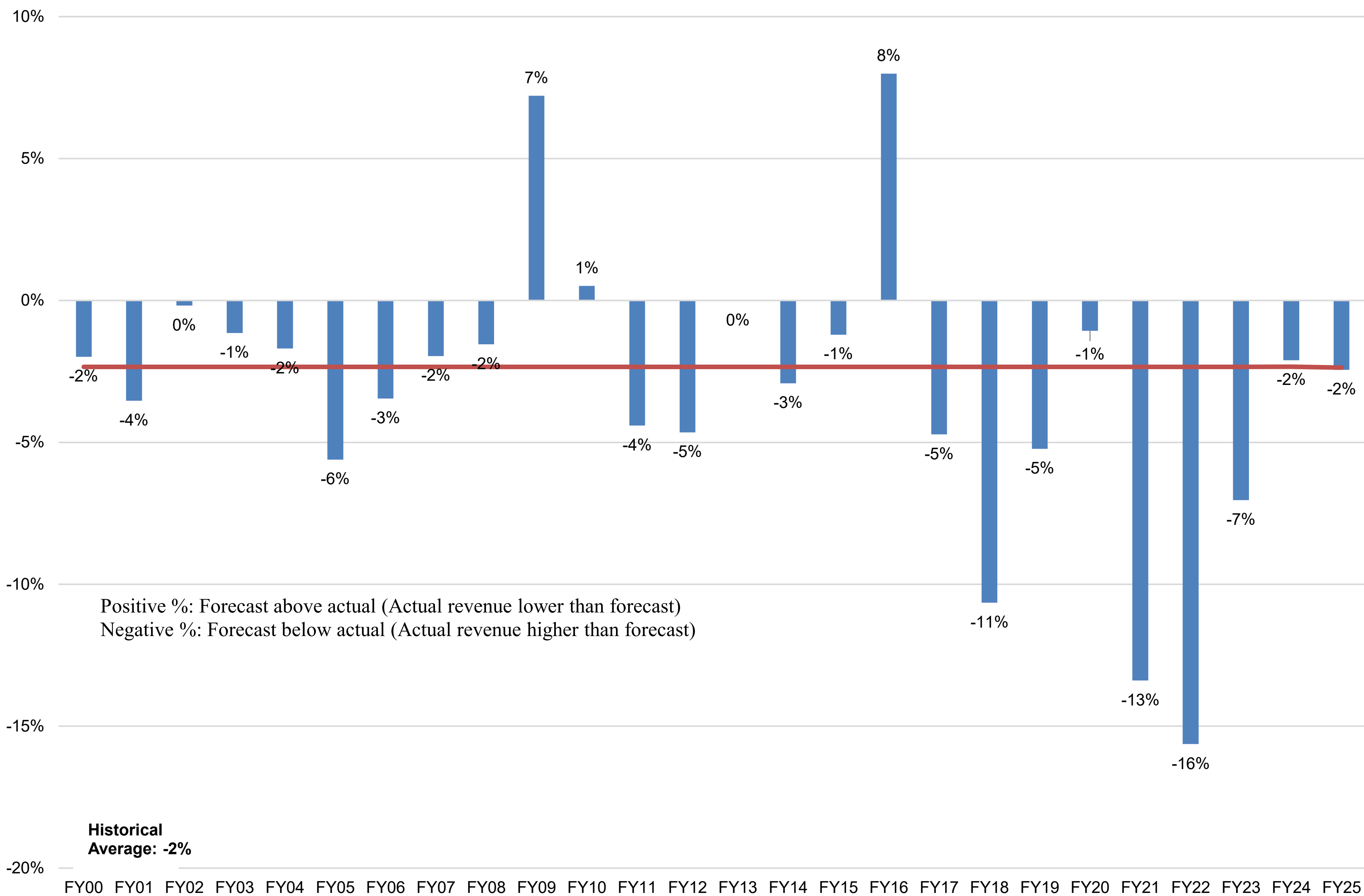

New Mexico Oil Average Barrels Per Day and
Fiscal Year Average/Forecast
(million bbl/day)
Oil per day
Fiscal Year Average/Forecast
Millions
2.5
2.3
2.1
1.9
1.7
1.5
1.3
1.1
0.9
0.7
0.5
FY22: 1.46
FY23: 1.80
FY24: 1.94
FY25: 2.14
FY26: 2.29
FY27 Est: 2.40
Jul-21
Oct-21
Jan-22
Apr-22
Jul-22
Oct-22
Jan-23
Apr-23
Jul-23
Oct-23
Jan-24
Apr-24
Jul-24
Oct-24
Jan-25
Apr-25
Jul-25
Oct-25
Jan-26
Apr-26
Jul-26
Oct-26
Jan-27
Apr-27
Source: TRD's GenTax Reports


New Mexico Natural Gas Average BCF Per Day and
Fiscal Year Average/Forecast
(bcf/day)
Gas per day
Fiscal Year Average/Forecast
Billions
16
14
12
10
8
6
4
FY22: 7.0
FY23: 8.8
FY24: 9.5
FY25: 10.9
FY26: 12.5
FY27 Est:13.2
Jul-21
Oct-21
Jan-22
Apr-22
Jul-22
Oct-22
Jan-23
Apr-23
Jul-23
Oct-23
Jan-24
Apr-24
Jul-24
Oct-24
Jan-25
Apr-25
Jul-25
Oct-25
Jan-26
Apr-26
Jul-26
Oct-26
Jan-27
Apr-27
Source: TRD's GenTax Reports


Oil Production by Land Ownership
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2014: 51.5% 37.1% 10.9%
2015: 53.2% 35.9% 10.2%
2016: 52.5% 34.7% 12.1%
2017: 51.8% 33.5% 13.6%
2018: 51.9% 33.2% 14.0%
2019: 52.9% 34.0% 12.4%
2020: 54.4% 33.3% 11.7%
2021: 63.1% 27.1% 9.3%
2022: 65.1% 25.6% 8.8%
2023: 65.8% 26.0% 7.8%
2024: 68.5% 23.6% 7.7%
2025: 67.1% 24.9% 7.6%
2026: 68.6% 23.3% 7.7%
Federal
State
Fee/Private
Indian
Source: Gentax


Revenue Volatility by Major Revenue Sources
Deviation from 10 years Trend
(millions)
$1,000
$500
$0
-$500
-$1,000
-$1,500
-$2,000
-$2,500
-$3,000
Forecast >
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
GRT
Selective Sales
PIT
Severance
Rents and Royalties
CIT
Investment
Source: August 2026 CREG

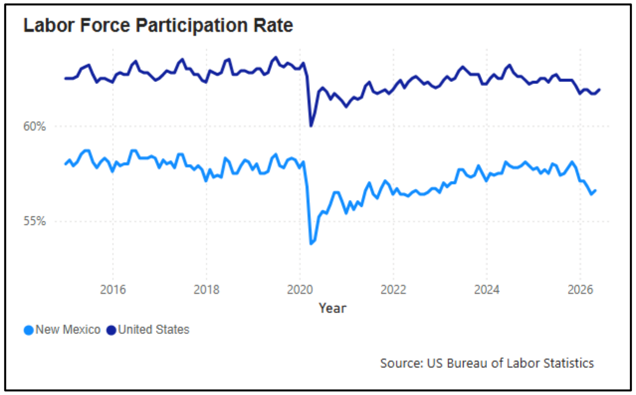
Consensus Revenue Estimate
6-Month Recurring Revenue Difference/Error

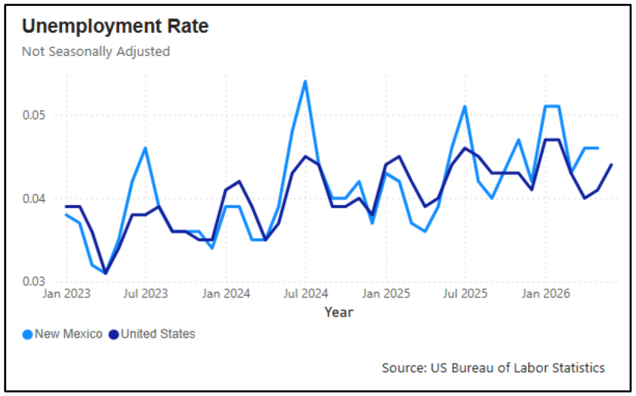


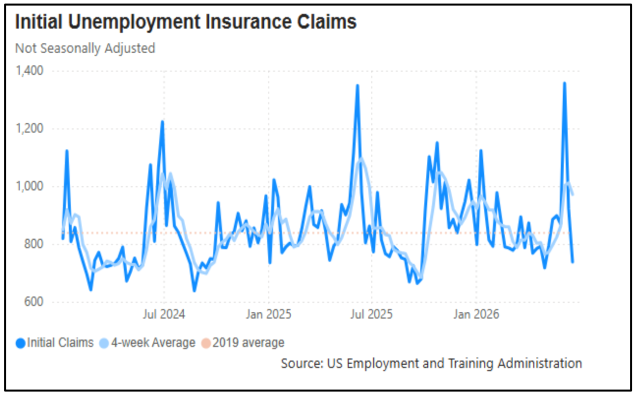
Source: LFC Files

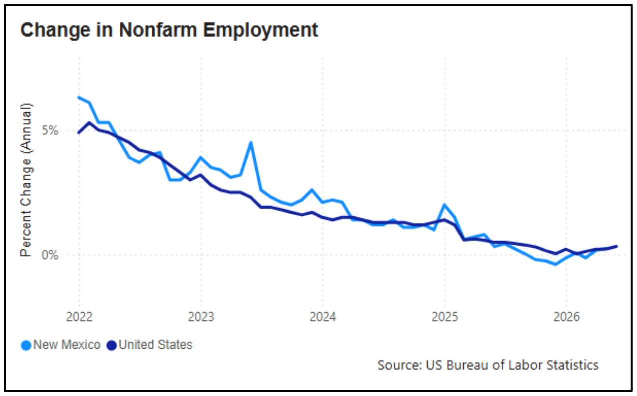
Tax Changes over $5 million: Legislative Sessions 2019-2026
(in millions)

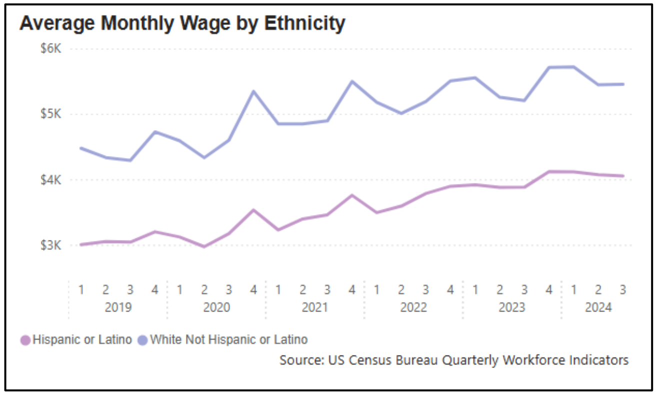
		FY25 Recurring	FY25 Non-Recurring	FY26 Recurring	FY26 Non-Recurring	FY27 Recurring	FY27 Non-Recurring	FY28 Recurring	FY28 Non-Recurring	FY29 Recurring	FY29 Non-Recurring
Gross Receipts and Compensating Tax	**2026 Regular Session**										
	SB 151 Tax Package										
	Construction GRT Deduction							$ (6.4)		$ (6.6)	
	High-Wage Jobs Credit					$ (5.1)		$ (5.4)		$ (5.6)	
	2025 Regular Session										
	SB 481 State Fairgrounds District Act					$ (9.0)		$ (9.0)		$ (9.0)	
	2024 Regular Session										
	HB 252 Tax Package										
	Dyed Agriculture Diesel Fuel Deduction	$ (6.0)		$ (6.0)		$ (6.0)		$ (6.0)		$ (6.0)	
	SB 17 Health Care Delivery & Access Act			$ 25.8		$ 26.3		$ 26.8		$ 26.8	
	SB 108 Distribution to Election Fund	$ (15.0)		$ (15.0)		$ (15.0)		$ (15.0)		$ (15.0)	
	SB 148 Tax and Admin Fees					$ (22.1)		$ (45.5)		$ (45.5)	
	2023 Regular Session										
	HB 353 South Campus TIDD	$ (5.5)		$ (5.5)		$ (5.5)		$ (5.5)		$ (5.5)	
	HB 547 Omnibus Tax Package										
	Healthcare Practitioner Copay/Deductible Ded	$ (38.9)		$ (38.6)		$ (38.5)		$ (38.5)		$ (38.5)	
	2022 Regular Session										
	HB 163 Tax Changes										
	Food and Medical Hold Harmless	$ (5.0)		$ (7.1)		$ (7.1)		$ (7.1)		$ (7.1)	
	GRT Rate Cut	$ (199.9)		$ (206.2)		$ (206.2)		$ (206.2)		$ (206.2)	
	B to B Manufacturers	$ (6.0)		$ (6.2)		$ (6.2)		$ (6.2)		$ (6.2)	
	2021 First Special Session										
	HB 2 Cannabis Regulation Act										
	Medical Cannabis GRT Deduction	$ (13.9)		$ (13.9)		$ (13.9)		$ (13.9)		$ (13.9)	
	GRT Revenue	$ 15.4		$ 15.4		$ 15.4		$ 15.4		$ 15.4	
	2019 Regular Session										
	HB6 Tax Changes										
	Hospital Tax Reform	$ 100.0		$ 100.0		$ 100.0		$ 100.0		$ 100.0	
	Remote Sales	$ 46.0		$ 46.0		$ 46.0		$ 46.0		$ 46.0	
	Remote Sales: State loss from local sharing	$ (22.0)		$ (22.0)		$ (22.0)		$ (22.0)		$ (22.0)	
	Remote sales: State loss from DBS out-of-sta	$ (42.0)		$ (42.0)		$ (42.0)		$ (42.0)		$ (42.0)	
	HB 165 Modifying High Wage Jobs Tax Credit	$ (10.0)		$ (10.0)		$ (10.0)		$ (10.0)		$ (10.0)	
	TOTAL GRT	**$ (236.9)**	**$ -**	**$ (219.0)**	**$ 0.0**	**$ (254.9)**	**$ -**	**$ (284.6)**	**$ -**	**$ (285.0)**	**$ -**
Personal and Corporate Income Tax	**2026 Regular Session**										
	SB 151 Tax Package										
	CIT Decoupling					$ 55.8		$ 111.5		$ 111.5	
	Physician Credit							$ (34.3)		$ (34.8)	
	2024 Regular Session										
	HB 252 Tax Package										
	PIT Brackets	$ (79.5)		$ (159.0)		$ (170.0)		$ (176.0)		$ (176.0)	
	Rural Healthcare Practitioner Credit	$ (11.6)		$ (11.6)		$ (11.6)		$ (11.6)		$ (11.6)	
	Capital Gains Deduction			$ 61.0		$ 63.0		$ 65.0		$ 65.0	
	CIT Rate			$ 16.1		$ 16.4		$ 17.0		$ 17.0	
	Geothermal Heat Pump Credit	$ (8.0)		$ (8.0)		$ (8.0)		$ (8.0)		$ (8.0)	
	Clean Car Credits	$ (30.0)		$ (45.0)		$ (50.0)		$ (56.0)		$ (56.0)	
	Electric Generation Tax Sunset			$ (5.0)		$ (5.0)		$ (10.0)		$ (10.0)	
	Armed Service Retirement Pay Exemption	$ (1.0)		$ (1.0)		$ (1.0)		$ (12.1)		$ (12.1)	
	Geothermal Electricty Generation Credit	$ (3.9)		$ (5.1)		$ (6.2)		$ (7.4)		$ (7.4)	
	Advanced Energy Equipment Credit			$ (25.0)		$ (25.0)		$ (25.0)		$ (25.0)	
	Solar Market Development Credits	$ (32.1)		$ (18.0)		$ (18.0)		$ (18.0)		$ (18.0)	
	2023 Regular Session										
	HB 547 Omnibus Tax Package										
	Child Income Tax Credit	$ (106.6)		$ (108.9)		$ (111.1)		$ (111.1)		$ (111.1)	
	Film Tax Credits	$ (61.5)		$ (75.9)		$ (87.3)		$ (87.3)		$ (87.3)	
	2022 Regular Session										
	HB 163 Tax Changes										
	Child Credit	$ (74.7)		$ (75.4)		$ (75.4)		$ (75.4)		$ (75.4)	
	Military Pension Exemption	$ (11.6)		$ (12.1)		$ (12.1)		$ (12.1)		$ (12.1)	
	Social Security Exemption	$ (80.2)		$ (84.6)		$ (84.6)		$ (84.6)		$ (84.6)	
	2021 Regular Session										
	HB 291 Tax Changes (LICTR and WFTC)	$ (63.2)		$ (63.2)		$ (63.2)		$ (63.2)		$ (63.2)	
	Low Income Comprehensive Tax Rebate										
	Working Families Tax Credit										
	2019 Regular Session										
	SB 2 Film Tax Credit Changes	$ (95.9)		$ (95.9)		$ (95.9)		$ (95.9)		$ (95.9)	
	HB6 Tax Changes										
	New PIT Brackets	$ 41.0		$ 41.0		$ 41.0		$ 41.0		$ 41.0	
	Increase WFTC to 17%	$ (41.0)		$ (41.0)		$ (41.0)		$ (41.0)		$ (41.0)	
	Dependent Deduction	$ (28.0)		$ (28.0)		$ (28.0)		$ (28.0)		$ (28.0)	
	Change PIT Deduction for Capital Gains	$ 10.0		$ 10.0		$ 10.0		$ 10.0		$ 10.0	
	TOTAL PIT/CIT	**$ (696.6)**	**$ -**	**$ (754.5)**	**$ -**	**$ (729.7)**	**$ -**	**$ (740.0)**	**$ -**	**$ (740.5)**	**$ -**
Other Taxes	**2026 Regular Session**										
	HB 4 Health Care Affordability Fund Distribution							$ (91.5)		$ (162.2)	
	HB 70 PRC Support Agency							$ (19.7)		$ (19.9)	
	HB 80 OGAS Conservation Tax Act Changes							$ (46.5)		$ (76.5)	
	2024 Regular Session										
	HB 7 Health Care Affordability Fund Distribution			$ (83.2)		$ (85.7)		$ (88.3)		$ (88.3)	
	SB 17 Health Care Delivery & Access Act			$ 86.4		$ 88.1		$ 89.9		$ 89.9	
	SB 151 Premium Tax to Emergency Services Fund	$ (2.9)		$ (11.0)		$ (11.2)		$ (11.6)		$ (11.6)	
	2023 Regular Session										
	SB 26 Excess Oil & Gas Funds to Severance Tax Fu	$ (587.6)		$ (1,204.0)		$ (1,681.7)		$ (1,681.7)		$ (1,681.7)	
	SB 491 Health Premium Tax for Law Enforcement	$ (21.8)		$ (22.2)		$ (22.6)		$ (22.6)		$ (22.6)	
	2021 Regular Session										
	SB 3 Small Business Recovery Act	$ (16.1)		$ (22.2)		$ (22.2)		$ (22.2)		$ (22.2)	
	2021 First Special Session										
	HB 2 Cannabis Regulation Act	$ 31.6		$ 31.6		$ 31.6		$ 31.6		$ 31.6	
	2020 First Special Session										
	SB3 Small Business Recovery Loan Act	$ (17.8)		$ (22.6)		$ (22.6)		$ (22.6)		$ (22.6)	
	2019 Regular Session										
	HB6 Tax Changes										
	MVEX GF Distribution	$ (28.0)		$ (28.0)		$ (28.0)		$ (28.0)		$ (28.0)	
	Tax E-Cigs and Increase Cig tax	$ 14.0		$ 14.0		$ 14.0		$ 14.0		$ 14.0	
	TOTAL OTHER	**$ (634.3)**	**$ -**	**$ (1,266.8)**	**$ (3.2)**	**$ (1,743.1)**	**$ (3.2)**	**$ (1,902.0)**	**$ -**	**$ (2,002.9)**	**$ -**
TOTAL CHANGES		**$ (1,567.9)**	**$ -**	**$ (2,240.4)**	**$ (3.2)**	**$ (2,727.6)**	**$ (3.2)**	**$ (2,926.6)**	**$ -**	**$ (3,028.3)**	**$ -**


Labor Force Participation Rate
60%
55%
2016
2018
2020
2022
2024
2026
Year
New Mexico
United States
Source: US Bureau of Labor Statistics


Unemployment Rate
Not Seasonally Adjusted
0.05
0.04
0.03
Jan 2023
Jul 2023
Jan 2024
Jul 2024
Jan 2025
Jul 2025
Jan 2026
Year
New Mexico
United States
Source: US Bureau of Labor Statistics


Initial Unemployment Insurance Claims
Not Seasonally Adjusted
1,400
1,200
1,000
800
600
Jul 2024
Jan 2025
Jul 2025
Jan 2026
Initial Claims
4-week Average
2019 average
Source: US Employment and Training Administration


Change in Nonfarm Employment
Percent Change (Annual)
5%
0%
2022
2023
2024
2025
2026
New Mexico
United States
Source: US Bureau of Labor Statistics


Average Monthly Wage by Ethnicity
$6K
$5K
$4K
$3K
1 2 3 4
2019
1 2 3 4
2020
1 2 3 4
2021
1 2 3 4
2022
1 2 3 4
2023
1 2 3
2024
Hispanic or Latino
White Not Hispanic or Latino
Source: US Census Bureau Quarterly Workforce Indicators

Conservation Legacy Permanent Fund - August 2026

(in millions)

Calendar Year	2023 Actual	2024 Actual	2025 Actual	2026 Estimated	2027 Estimated	2028 Estimated	2029 Estimated	2030 Estimated	2031 Estimated
Beginning Balance		$52.1	$368.5	$384.8	$465.0	$476.3	$486.6	$495.9	$505.3
Transfers in	$50.0	$299.9		$55.0					
Gains & Losses	$2.1	$16.6	$49.5	$44.0	$31.6	$32.4	$33.1	$33.7	$34.4
Distribution to Land of Enchantment Legacy Fund			($33.2)	($18.8)	($20.3)	($22.1)	($23.8)	($24.3)	($24.8)
Ending Balance	**$52.1**	**$368.5**	**$384.8**	**$465.0**	**$476.3**	**$486.6**	**$495.9**	**$505.3**	**$514.9**

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Distribution to Land of Enchantment Legacy Fund	$0.0	$0.0	$33.2	$18.8	$20.3	$22.1	$23.8	$24.3

Share	**Distributions to Agencies**	**FY25**	**FY26**	**FY27 Est.**	**FY28 Est.**	**FY29 Est.**	**FY30 Est.**	**FY31 Est.**
22.5%	EMNRD: 50% to the Forestry Division	$ 1.42	$ 1.41	$ 2.12	$ 2.28	$ 2.49	$ 2.68	$ 2.74
	EMNRD: 50% for the National Heritage Conservation Act	$ 1.42	$ 1.41	$ 2.12	$ 2.28	$ 2.49	$ 2.68	$ 2.74
22.5%	NMDA: Noxious Weed Mgt, Healthy Soil Act, and Soil/Water Conservation District	$ 2.84	$ 2.81	$ 4.24	$ 4.57	$ 4.97	$ 5.35	$ 5.47
22.0%	DGF: Projects and programs for the propogation and protection of game and fish	$ 2.77	$ 2.75	$ 4.14	$ 4.47	$ 4.86	$ 5.24	$ 5.35
15.0%	EDD: 75% for outdoor recreation division special projects and infrastructure	$ 1.42	$ 1.41	$ 2.12	$ 2.28	$ 2.49	$ 2.68	$ 2.74
	EDD: 25% for the outdoor equity grant program	$ 0.47	$ 0.47	$ 0.71	$ 0.76	$ 0.83	$ 0.89	$ 0.91
10.0%	NMED: Water quality and river habitat projects	$ 1.26	$ 1.25	$ 1.88	$ 2.03	$ 2.21	$ 2.38	$ 2.43
8.0%	DCA: For the Cultural Properties Protection Act	$ 1.01	$ 1.00	$ 1.51	$ 1.62	$ 1.77	$ 1.90	$ 1.95
100.0%	TOTAL Distributions	$ 12.60	$ 12.50	$ 18.83	$ 20.31	$ 22.10	$ 23.80	$ 24.31

Insurance Premium Tax Distributions Forecast

(in millions)

Agency	**Fund Name**	**FY24**	**FY25**	**FY26 Est.**	**FY27 Est.**	**FY28 Est.**	**FY29 Est.**	**FY30 Est.**	**FY31 Est.**
HCAF	Health Care Affordability Fund	$ 174.9	$ 97.8	$ 219.6	$ 279.0	$ 437.3	$ 550.7	$ 572.2	$ 597.6
DFA	Law Enforcement Protection Fund	$ 24.8	$ 25.2	$ 35.1	$ 37.6	$ 40.2	$ 43.5	$ 45.7	$ 48.2
DHSEM	Fire Protection Fund	$ 118.8	$ 128.5	$ 140.5	$ 144.1	$ 151.5	$ 159.9	$ 165.9	$ 171.3
DOH	Emergency Medical Services Fund	$ -	$ 1.2	$ 13.5	$ 15.5	$ 16.9	$ 18.3	$ 19.3	$ 20.5

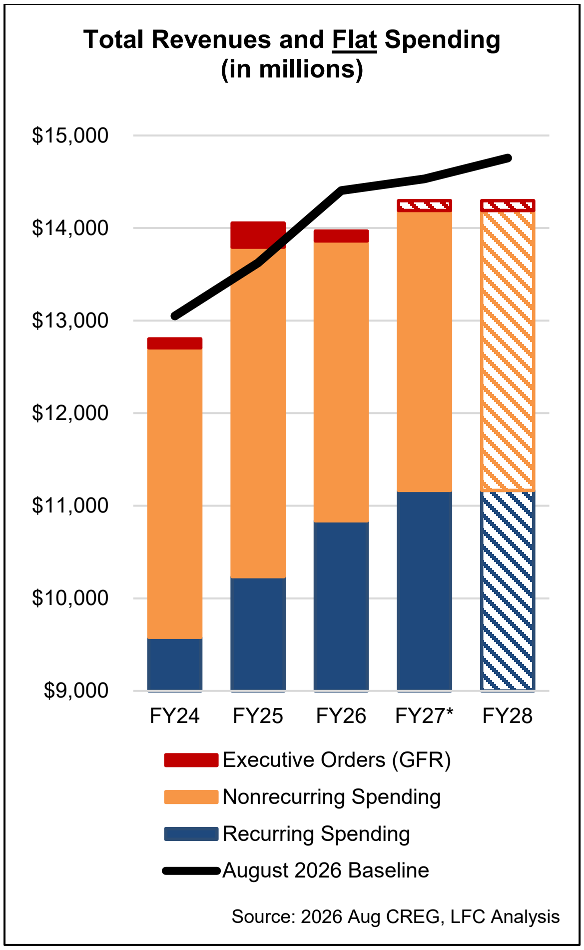
Behavioral Health Trust Fund Forecast
(in millions)

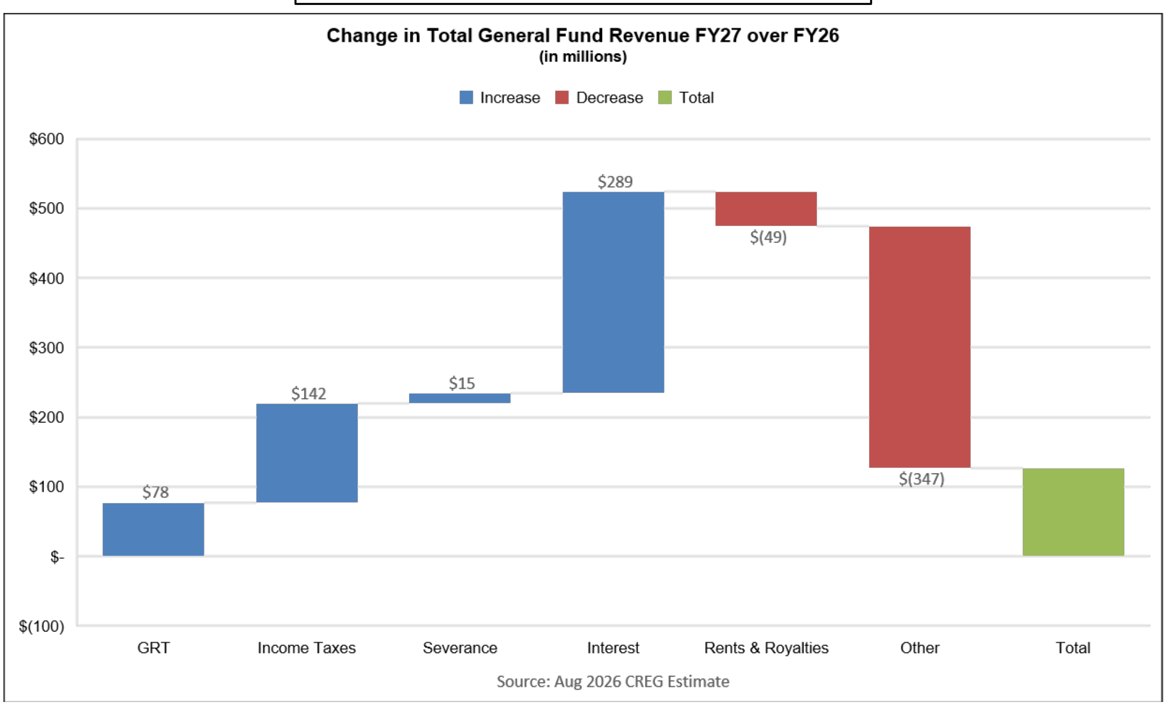
Calendar Year	2025	2026	2027	2028	2029	2030	2031
Beginning Balance	$0.0	$102.8	$316.2	$465.7	$585.0	$601.9	$615.3
Appropriations in/(out)	$100.0	$50.0	$0.0	$0.0	$0.0	$0.0	$0.0
Contributions	$0.0	$153.3	$138.6	$102.3	0	$0.0	$0.0
Distributions	$0.0	($5.1)	($10.5)	($14.7)	($22.8)	($27.5)	($30.0)
Gains/(Losses)	$2.8	$15.3	$21.5	$31.7	$39.8	$40.9	$41.8
Ending Balance	$102.8	$316.2	$465.7	$585.0	$601.9	$615.3	$627.1
	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Distribution to Behavioral Health Program Fund	$0.0	$0.0	$5.1	$10.5	$14.7	$22.8	$27.5

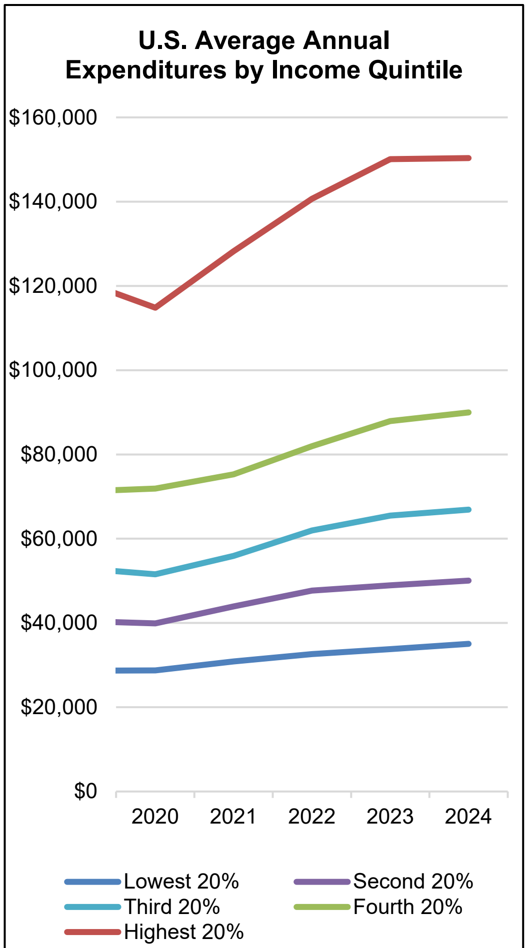
Medicaid Trust Fund Forecast
(in millions)

Calendar Year	2025	2026	2027	2028	2029	2030	2031
Beginning Balance	$0.0	$43.1	$429.8	$1,622.9	$1,721.9	$1,764.0	$1,786.4
Appropriations in/(out)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Overflow from Reversions	$43.1	$25.5	$0.0	$0.0	$0.0	$0.0	$0.0
Contributions from FML	$0.0	$345.7	$1,149.4	$0.0	$0.0	$0.0	$0.0
Distributions	$0.0	$0.0	$0.0	$0.0	($62.9)	($85.1)	($87.9)
Gains/(Losses)	$0.0	$15.5	$43.7	$99.0	$105.0	$107.6	$109.0
Ending Balance	$43.1	$429.8	$1,622.9	$1,721.9	$1,764.0	$1,786.4	$1,807.5
	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Distribution to State-Supported Medicaid Fund	$0.0	$0.0	$0.0	$0.0	$0.0	$62.9	$85.1

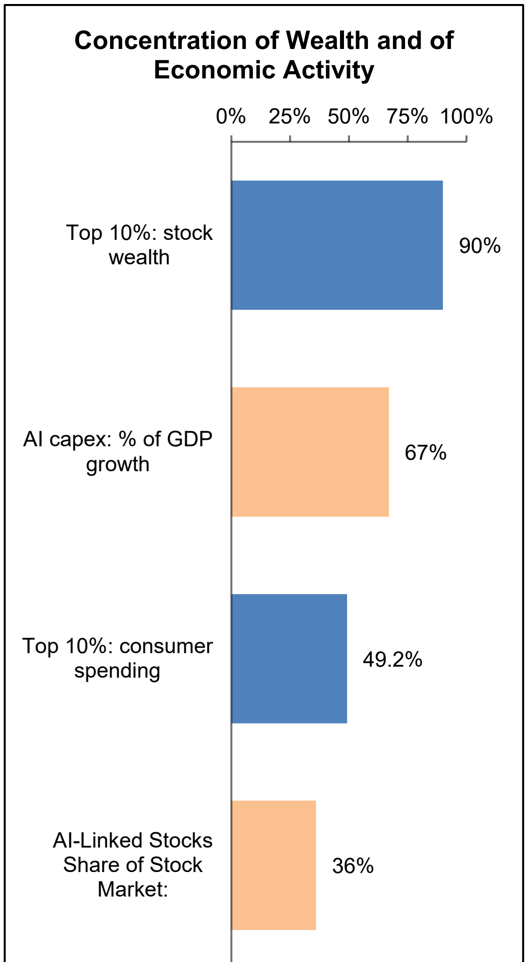
Source: LFC Analysis


Total Revenues and Flat Spending
(in millions)
$15,000
$14,000
$13,000
$12,000
$11,000
$10,000
$9,000
FY24
FY25
FY26
FY27*
FY28
Executive Orders (GFR)
Nonrecurring Spending
Recurring Spending
August 2026 Baseline
Source: 2026 Aug CREG, LFC Analysis

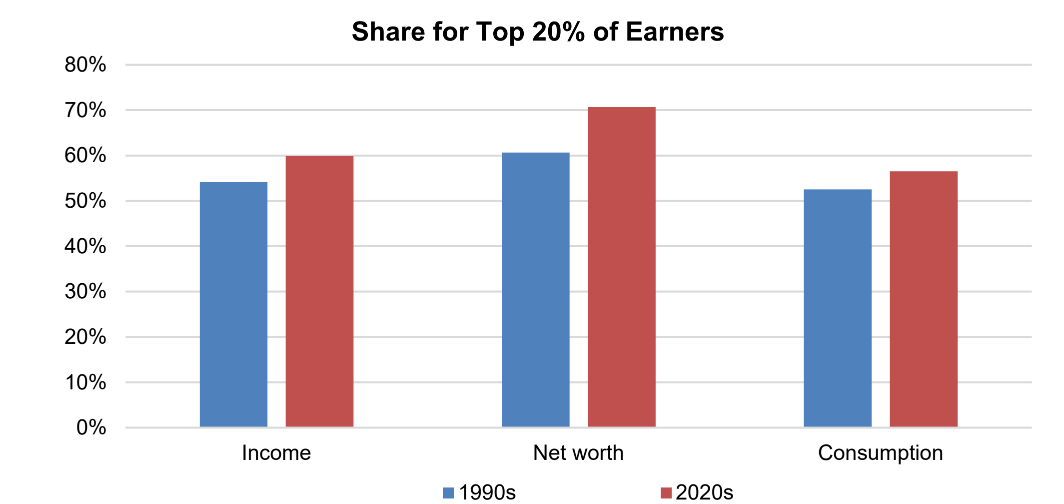

Change in Total General Fund Revenue FY27 over FY26
(in millions)
Increase
Decrease
Total
$600
$500
$400
$300
$200
$100
$-
$(100)
$78
$142
$15
$289
$(49)
$(347)
GRT
Income Taxes
Severance
Interest
Rents & Royalties
Other
Total
Source: Aug 2026 CREG Estimate



Source: Federal Reserve Bank of St. Louis

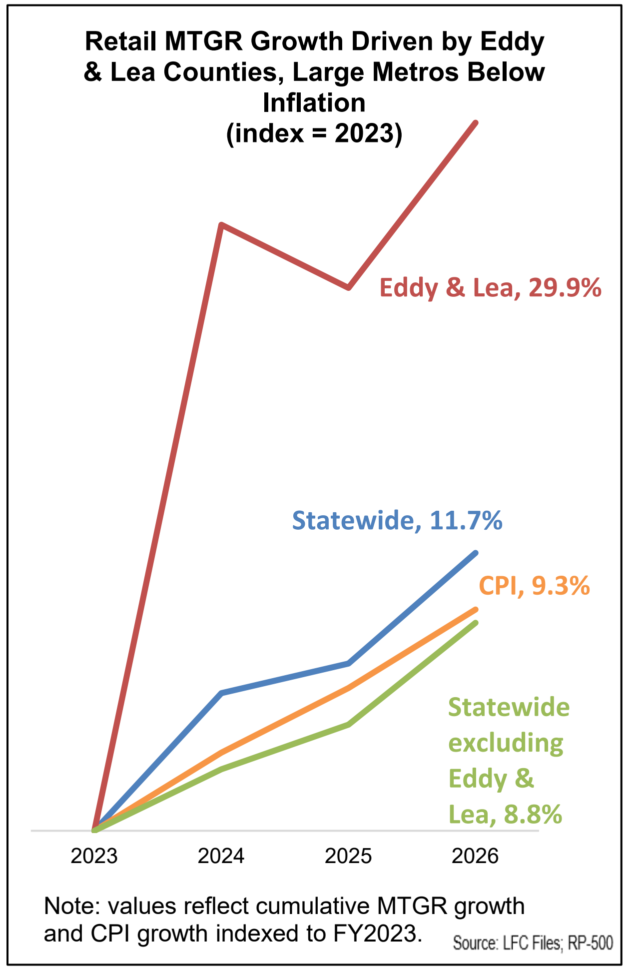


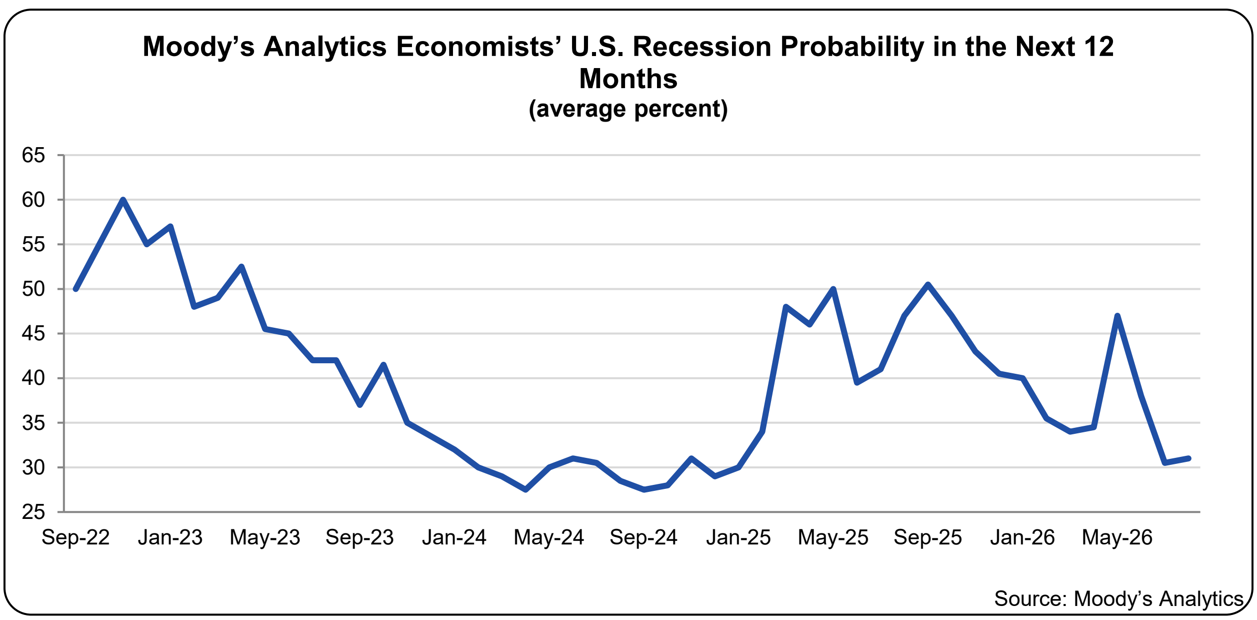
Sources: S&P Global; Moody's Analytics; Federal Reserve Board

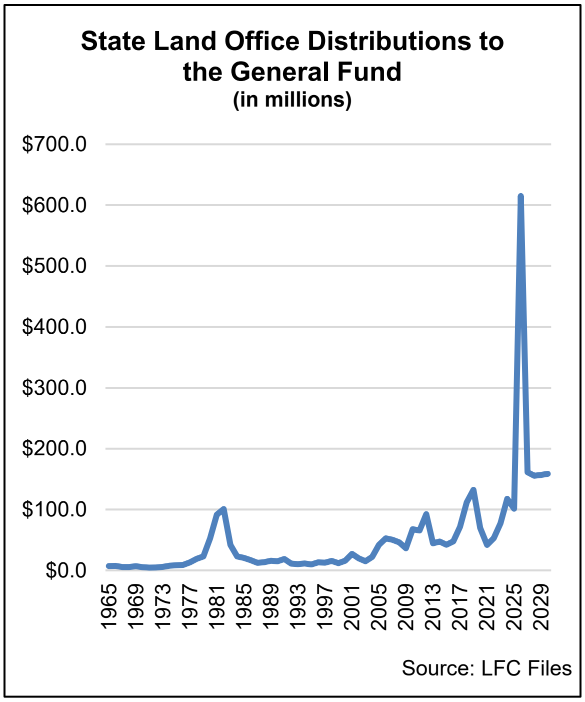


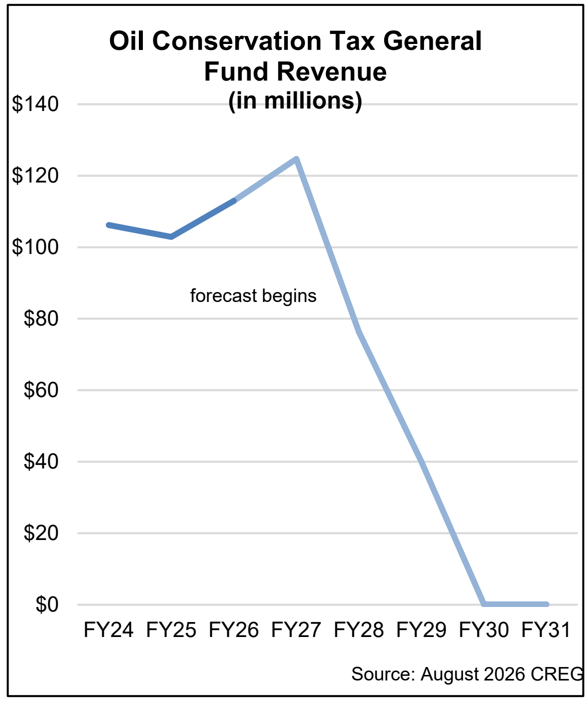
Source: Federal Reserve Bank of Dallas

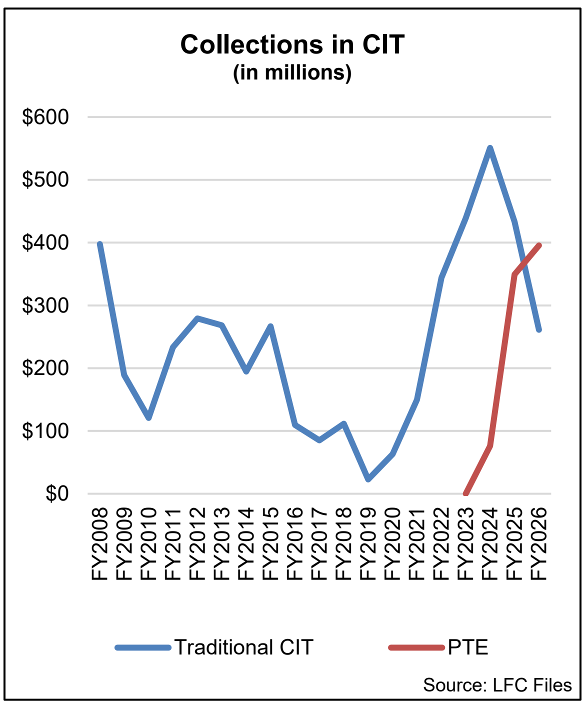

MTGR Growth: Construction vs All Other Industries
(in millions)
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
$3,848
$968
$3,992
$2,559
FY24 vs FY25
FY25 vs FY26
Construction
All other industries
Source: LFC Files; RP-500

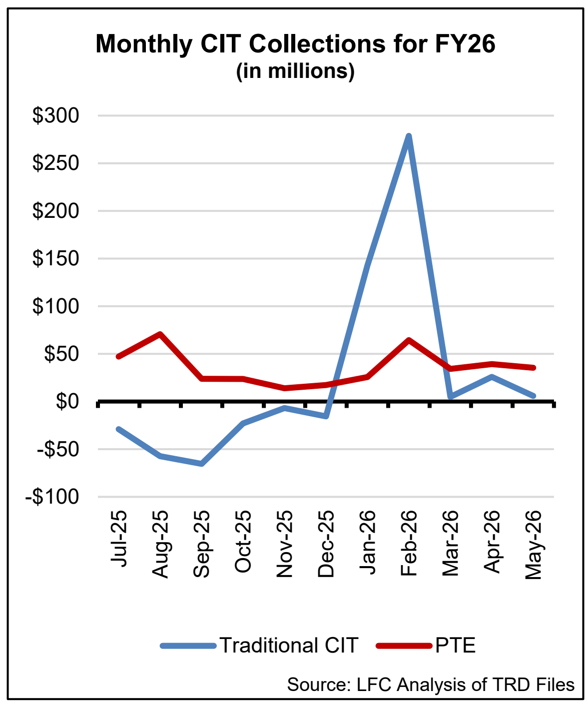

Retail MTGR Growth Driven by Eddy & Lea Counties, Large Metros Below Inflation
(index = 2023)
Eddy & Lea, 29.9%
Statewide, 11.7%
CPI, 9.3%
Statewide excluding Eddy & Lea, 8.8%
2023
2024
2025
2026
Note: values reflect cumulative MTGR growth and CPI growth indexed to FY2023.
Source: LFC Files; RP-500

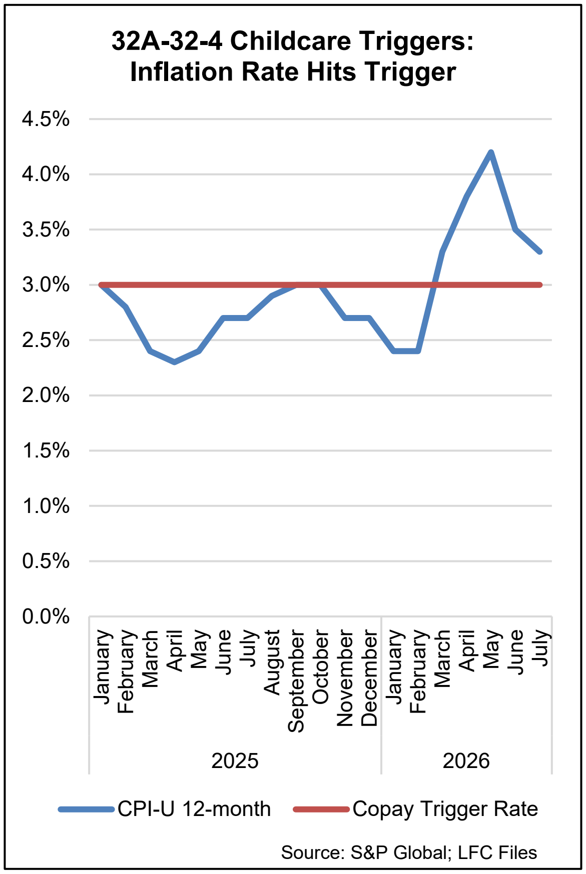

Moody's Analytics Economists' U.S. Recession Probability in the Next 12 Months
(average percent)
65
60
55
50
45
40
35
30
25
Sep-22
Jan-23
May-23
Sep-23
Jan-24
May-24
Sep-24
Jan-25
May-25
Sep-25
Jan-26
May-26
Source: Moody's Analytics


State Land Office Distributions to the General Fund
(in millions)
$700.0
$600.0
$500.0
$400.0
$300.0
$200.0
$100.0
$0.0
1965
1969
1973
1977
1981
1985
1989
1993
1997
2001
2005
2009
2013
2017
2021
2025
2029
Source: LFC Files

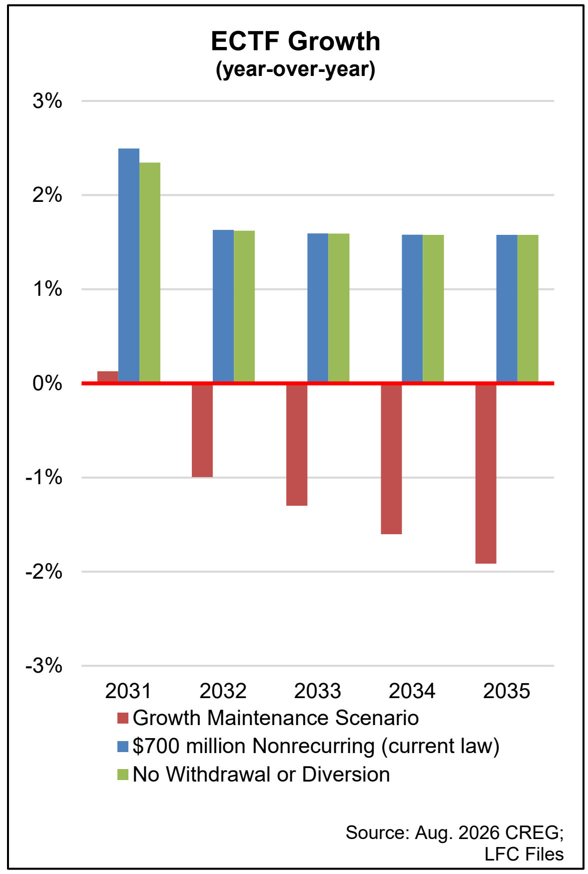

Oil Conservation Tax General Fund Revenue
(in millions)
$140
$120
$100
$80
$60
$40
$20
$0
forecast begins
FY24
FY25
FY26
FY27
FY28
FY29
FY30
FY31
Source: August 2026 CREG


Collections in CIT
(in millions)
$600
$500
$400
$300
$200
$100
$0
FY2008
FY2009
FY2010
FY2011
FY2012
FY2013
FY2014
FY2015
FY2016
FY2017
FY2018
FY2019
FY2020
FY2021
FY2022
FY2023
FY2024
FY2025
FY2026
Traditional CIT
PTE
Source: LFC Files

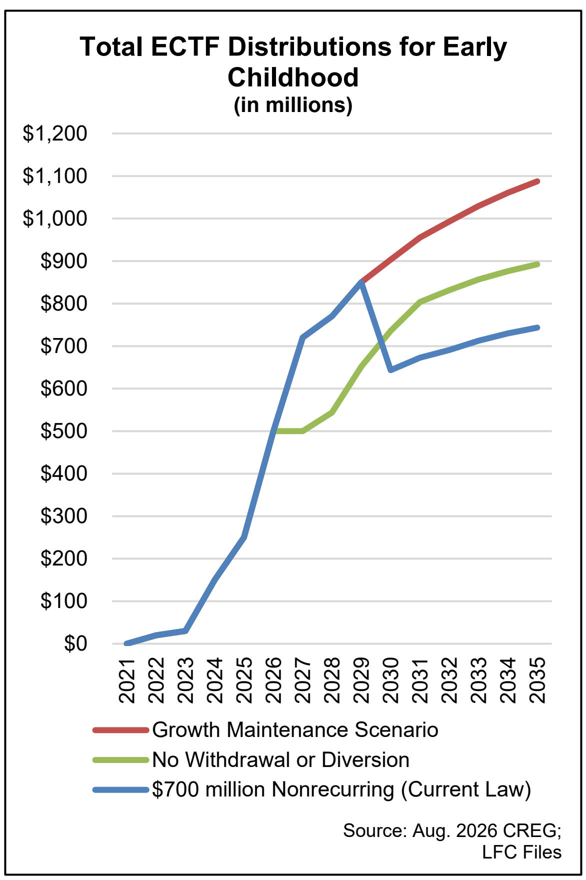

Monthly CIT Collections for FY26
(in millions)
$300
$250
$200
$150
$100
$50
$0
-$50
-$100
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Traditional CIT
PTE
Source: LFC Analysis of TRD Files



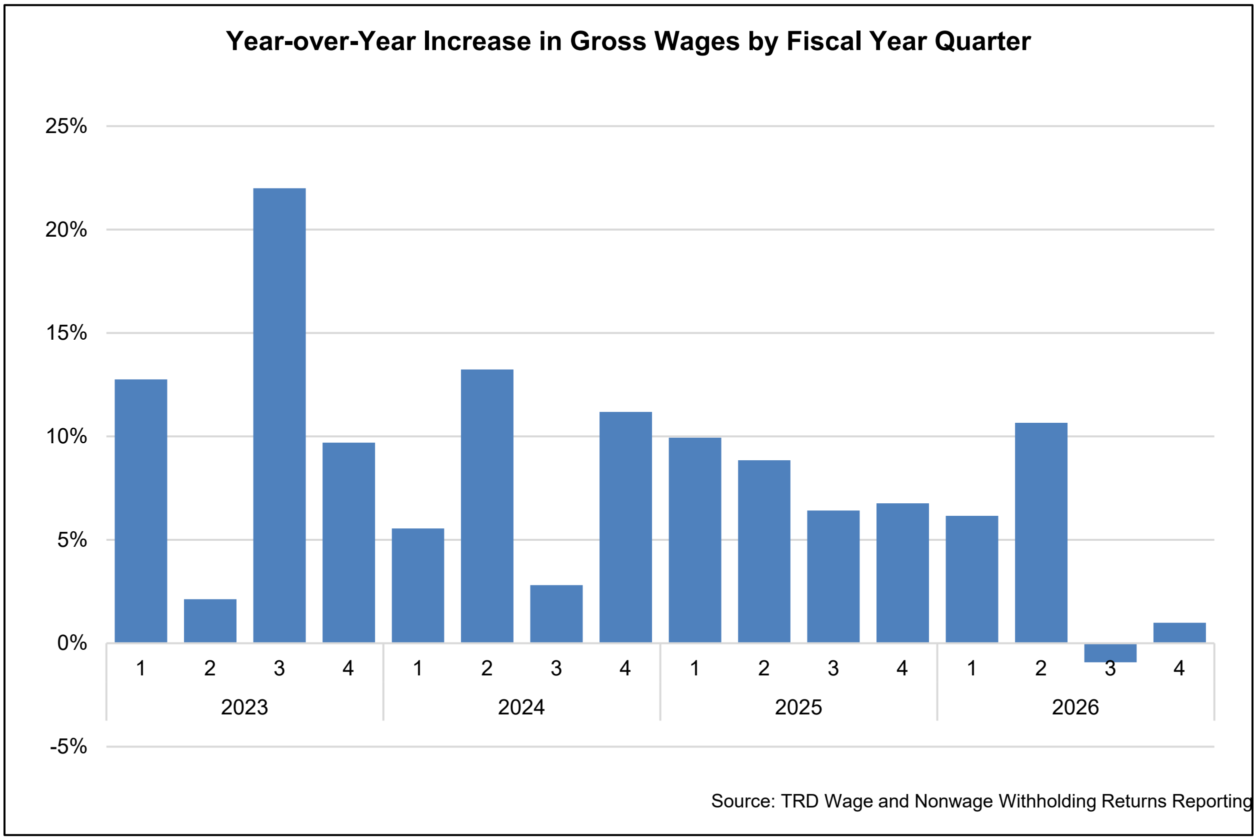
32A-32-4 Childcare Triggers:
Inflation Rate Hits Trigger
4.5%
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
January
February
March
April
May
June
July
August
September
October
November
December
January
February
March
April
May
June
July
2025
2026
CPI-U 12-month
Copay Trigger Rate
Source: S&P Global; LFC Files

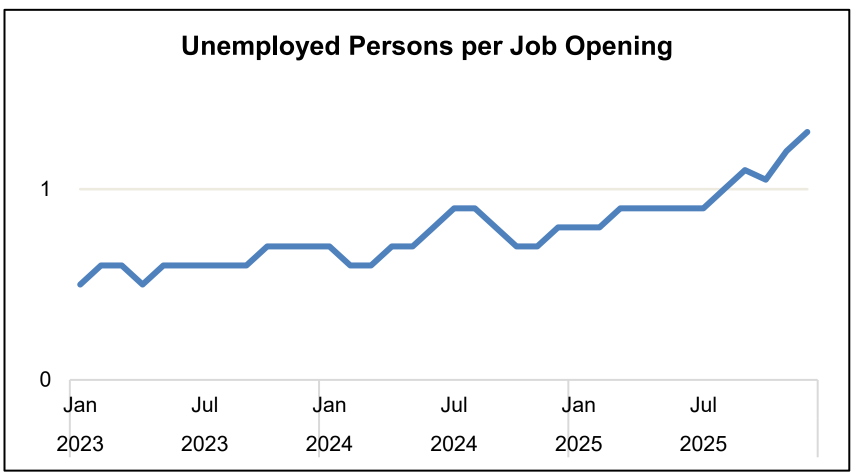


ECTF Growth
(year-over-year)
3%
2%
1%
0%
-1%
-2%
-3%
2031
2032
2033
2034
2035
Growth Maintenance Scenario
$700 million Nonrecurring (current law)
No Withdrawal or Diversion
Source: Aug. 2026 CREG;
LFC Files



Total ECTF Distributions for Early
Childhood
(in millions)
$1,200
$1,100
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
Growth Maintenance Scenario
No Withdrawal or Diversion
$700 million Nonrecurring (Current Law)
Source: Aug. 2026 CREG;
LFC Files


Year-over-Year Increase in Gross Wages by Fiscal Year Quarter
25%
20%
15%
10%
5%
0%
-5%
1
2
3
4
2023
2024
2025
2026
Source: TRD Wage and Nonwage Withholding Returns Reporting


Unemployed Persons per Job Opening
1
0
Jan 2023
Jul 2023
Jan 2024
Jul 2024
Jan 2025
Jul 2025

Sources and Uses of Bonding Capacity Available for Authorization and Severance Tax Permanent Fund Transfer (in millions) August 2026

Sources of Funds	FY27	FY28	FY29	FY30	FY31	5-Year
General Obligation Bonds		**$413.3**		**$413.3**		**$826.6**
Senior STBs	**$1,206.2**	**$1,307.1**	**$1,276.3**	**$1,316.5**	**$1,276.0**	**$6,382.1**
Severance Tax Bonds Issued[1]	$385.0	$385.0	$385.0	$385.0	$385.0	$1,925.0
Severance Tax Notes	$821.2	$922.1	$891.3	$931.5	$891.0	$4,457.1
Supplemental STBs	**$835.5**	**$940.0**	**$940.0**	**$997.0**	**$1,001.3**	**$4,713.8**
Supplemental Severance Tax Bonds	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Supplemental Severance Tax Notes	$835.5	$940.0	$940.0	$997.0	$1,001.3	$4,713.8
TOTAL Sources of STB Funds	**$2,041.8**	**$2,247.1**	**$2,216.3**	**$2,313.5**	**$2,277.3**	**$11,095.9**

Uses of Funds	FY27	FY28	FY29	FY30	FY31	5-Year
General Obligation Bonds		**$413.3**		**$413.3**		**$826.6**
Senior Severance Tax Bonds	**$1,206.2**	**$2,247.1**	**$2,216.3**	**$2,313.5**	**$2,277.3**	**$10,260.3**
Authorized but Unissued STB Projects	$9.3	$0.0	$0.0	$0.0	$0.0	$9.3
Earmark Programs						
9.0% of Senior STB for Water Projects	$198.6	$207.7	$204.9	$208.5	$204.9	$1,024.7
4.5% of Senior STB for Colonias Projects	$99.3	$103.9	$102.5	$104.3	$102.5	$512.4
4.5% of Senior STB for Tribal Projects	$99.3	$103.9	$102.5	$104.3	$102.5	$512.4
2.5% Housing Trust Fund Projects	$55.2	$57.7	$56.9	$57.9	$56.9	$284.6
Capital Development Reserve & Program Funds[2]						
Capital Dev. & Reserve Fund Contribution	$318.0	$438.9	$559.8	$680.7	$801.6	$2,799.1
New Senior STB Statewide Capital Projects	$426.5	$395.1	$249.7	$160.7	$7.6	$1,239.7
Supplemental STBs (PSCOC & Other)[3]	**$835.5**	**$940.0**	**$940.0**	**$997.0**	**$1,001.3**	**$4,713.8**
TOTAL STB Uses of Funds	**$2,041.8**	**$2,247.1**	**$2,216.3**	**$2,313.5**	**$2,277.3**	**$11,095.9**

Estimated Transfer to Severance Tax Permanent Fund & Capital Development Program Fund Disbursement

	FY27	FY28	FY29	FY30	FY31	5-Year
Severance Tax Permanent Fund Transfer	**$1,057.7**	**$555.7**	**$775.9**	**$763.3**	**$889.4**	**$4,042.0**
Capital Dev. Program Fund Disbursement	**$30.9**	**$41.8**	**$58.6**	**$82.0**	**$112.0**	**$325.2**

[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 $1,385.7 million, and the issuance amount of $385 million per HB253, average annual debt service savings are estimated to total $120.91 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.

[3] Funding uses primarily flow through the Public School Capital Outlay Council for public school facilities. SB 240 (2026) authorized up to $280 million for the University of New Mexico School of Medicine between FY26 and FY29. The State Board of Finance issued $186,516,879.87 in June 2026 under this authorization, leaving $93,483,120.13 of authorization.