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Taxation & Revenue Releases 2023 Tax Expenditure Report
Direct benefits to citizens make up the largest share of tax expenditures

SANTA FE — The special rebates sent this summer to New Mexicans based on 2021 Personal Income Tax returns reduced state revenue by \$694,320,000 in Fiscal Year 2023 (FY23), making them the largest tax expenditure in the Department’s newly released 2023 Tax Expenditure Report.

The report will be presented to the Legislature’s Revenue Stabilization and Tax Policy Committee on Monday, November 20, 2023,

Tax expenditures include credits, deductions, exemptions and other mechanisms that reduce the amount of revenue that would otherwise flow into state or local coffers. The report can be found in the “Publications” folder on the [Forms & Publications page](#) at tax.newmexico.gov.

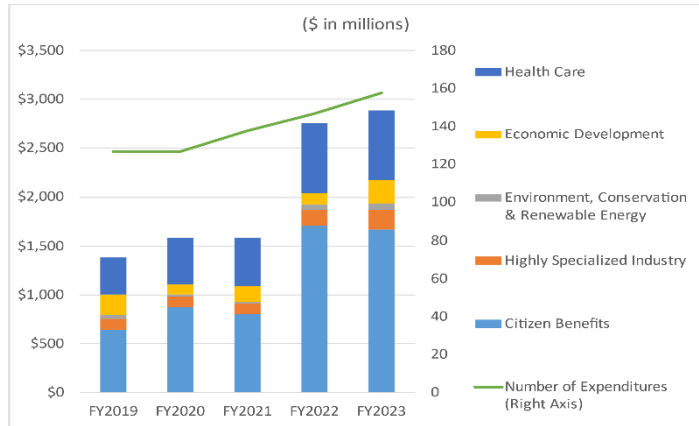
The Gross Receipts Tax (GRT) deduction for groceries, together with “hold harmless” distributions to municipalities and counties, was the next largest expenditure at \$443,918,000.

“This year’s report shows we are continuing to make progress improving our tax code, especially for middle class New Mexicans and our most vulnerable residents,” said Taxation and Revenue Secretary Stephanie Schardin Clarke.

Other top expenditures include the GRT deduction for prescription drugs, oxygen and medical cannabis, valued at \$392.5 million in FY23; the 60% GRT deduction for Department of Health licensed hospitals, valued at \$196,111,000; the Personal Income Tax capital gains deduction at \$114,533,000; the Film and Television Credit at \$100,240,000 and the Working Families Tax Credit at \$93,802,000.

The new Personal Income Tax exemption of Social Security benefits for most recipients reduced revenue by \$71,480,000 in FY23.

Direct benefits to New Mexico citizens, such as the one-time rebates and the GRT groceries deduction, were again the largest category of tax expenditures in FY23, according to the report. The second-largest category was health care tax expenditures.



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The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

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