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New Mexico forecasts conservative revenue growth for FY27

SANTA FE — The Consensus Revenue Estimating Group presented its forecast to the Legislative Finance Committee Monday, estimating total FY27 General Fund revenue of \$13.9 billion, with \$105.7 million in total “new money.”

In addition to the new money total for recurring spending, lawmakers will have roughly \$2.8 billion in one-time funding available for the 2026 legislative session.

“My administration has worked diligently to ensure New Mexico is in a sound financial position, and we’re seeing those results with continued record-breaking revenues,” said **Governor Michelle Lujan Grisham**. “This momentum comes despite the constant failures at the federal level that are hurting our state. But New Mexico refuses to abandon its people, something that can’t be said of the Trump administration.”

The Consensus Revenue Estimating Group projects that the federal budget bill enacted in July (H.R.1) will reduce New Mexico corporate income tax revenue – which flows to the General Fund – by \$204.7 million in FY26 and \$211.4 million in FY27. The federal legislation expanded several deductions corporations use to reduce taxable income, and those reductions flow through to New Mexico taxable income.

Additionally, corporate income tax projections were revised down by \$321.8 million in FY26 and by \$202.8 million in FY27. Of those downward revisions, about \$92 million per year is due directly to new estimates of impacts from H.R.1. Other factors leading to

downward revisions include a weakening national and global economy, weaker global demand for oil, and a reduction in federal employment.

“Federal tax changes, federal layoffs, and global tariffs have weakened the national and global economy, impacting New Mexico revenue in many ways. Despite that, New Mexico remains in an incredibly strong position to weather this storm,” said **Taxation and Revenue Department Secretary Stephanie Schardin Clarke**.

Downward revisions to some revenues are partially offset by historic revenues from the State Land Office, which is expected to collect \$362.6 million more than its typical amount for FY26.

General Fund reserves for FY26 still sit at a healthy 31.2 percent of recurring appropriations, totaling \$3.37 billion.

“This forecast shows that our investments are generating strong returns for the state and helping offset federal funding shortfall,” said **Department of Finance and Administration Secretary Wayne Propst**. “By maintaining responsible spending, we can keep New Mexico on a stable, sustainable path for the future.

The state’s Consensus Revenue Estimating Group includes economists from the Departments of Finance and Administration, Taxation and Revenue, and Transportation, and the Legislative Finance Committee.

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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 38 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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