TAXATION & REVENUE
NEW MEXICO

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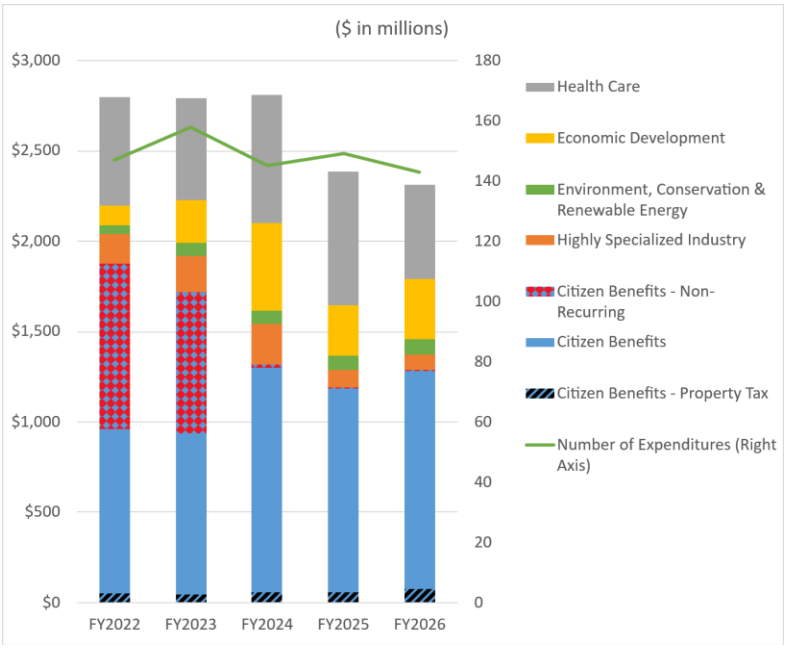
Tax & Rev releases 2026 Tax Expenditure Report

Tax code delivered $1.2 billion in citizen benefits in most recent year

SANTA FE — New Mexico families directly benefited from $1.2 billion in tax relief in Fiscal Year 2026, according to the New Mexico Taxation and Revenue Department's newly released 2026 Tax Expenditure Report.

The annual report measures revenue the state forgoes through tax credits, deductions and exemptions. This year's report evaluates 143 tax expenditures.

Citizen benefits, which are tax expenditures that benefit all taxpayers or reduce burdens on specific populations, totaled $1.2 billion in FY26, accounting for 54% of all tax expenditures. Last year, citizen benefits totaled $1.1 billion, representing 48% of expenditures.



Tax expenditures by category

"New Mexico does more than any other state to support residents and families through its tax code," said **Taxation and Revenue Secretary Stephanie Schardin Clarke**. "These direct citizen benefits — the majority of our tax expenditures — are how we support working families and help lift New Mexicans out of poverty."

The largest tax expenditure remained the gross receipts tax deduction for food, totaling $508 million in FY26, up from $397 million the previous year—meaning that New

Mexico's taxpayers collectively saved $508 million that would otherwise be taxed on food purchases.

The next largest expenditure was a 60% GRT deduction for licensed hospitals, which reduces the cost of health care in New Mexico. Hospitals paid $238 million less gross receipts tax in FY26 as a result of this deduction.

Next largest were the Child Income Tax Credit and the Working Families Tax Credit, both proven methods of reducing poverty. Child Tax Credit claims have increased over the past three fiscal years as taxpayer awareness has improved and totaled $147 million in FY26. Claims for the Working Families Tax Credit totaled $141 million.

Utilization of the Film and Television Tax Credit increased significantly in FY26, totaling $122 million compared with $34 million in FY25. The lower FY25 figure was largely attributed to film industry strikes that delayed productions and credit claims.

The report notes that two new tax expenditures were newly created, eight tax expenditures were repealed since last year, and 12 others are scheduled to sunset within the next five years.

To view the full report, visit Taxation and Revenue's online Forms & Publications page. The report can be found by selecting the "Publications" folder, then selecting the "Tax Expenditure Reports" folder, then selecting "2026 NM Tax & Rev Tax Expenditure Report."

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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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