

FOR IMMEDIATE RELEASE

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General Fund revenues expected to remain strong

Latest consensus forecast is for 11.3% growth

SANTA FE - State General Fund revenues in FY22 grew by 19.7% to \$9.7 billion and are expected to grow to \$10.7 billion (11.4% growth) in FY23 and \$12 billion (11.3%) in FY24, according to the latest forecast from the state's Consensus Revenue Estimating Group.

The FY 22 actuals ended at \$3.23 billion – 43.3% of recurring appropriations. The forecast estimates General Fund reserves at more than \$5 billion for the current fiscal year – 60.5% of current spending – not accounting any FY 23 appropriations that may be made in the upcoming legislative session.

“New Mexico today has the opportunity to reach never-before-seen heights through our continued and responsible investments in key areas like housing, healthcare, education and public safety,” said Gov. Michelle Lujan Grisham. “Our fiscal success will enable us to double down on the investments we know are working and explore innovative new strategies that move the needle and move New Mexico up in the rankings.”

All the major revenue sources are expected to remain strong. Working with the Legislature, Gov. Michelle Lujan Grisham's administration this year cut the Gross Receipts Tax rate by 1/8 cent with another 1/8 cent reduction scheduled for July 2023.

As a result of the efforts of the Lujan Grisham administration, most retirees on Social Security will no longer pay state income tax on their benefits, military retirees will receive a partial exemption on their benefits, a new child tax credit will be available to families in the 2023 tax year and the value of the Working Families Tax Credit will continue to increase.

The Lujan Grisham administration this summer also distributed more than \$1 billion to New Mexicans in the form of one-time personal income tax rebates and economic relief to low-income residents.

“The December forecast indicates New Mexico is still in a solid position fiscally. The strong revenues we've seen over the past couple of years allowed us to deliver significant tax relief to New Mexicans and still maintain historically high reserves to protect against unforeseen shocks,” said Taxation and Revenue Secretary Stephanie Schardin Clarke.

“The latest forecast reflects the state's responsible fiscal management,” said Finance and Administration Secretary Debbie Romero. “We continue pushing forward as a state to ensure we deliver valuable services to New Mexicans, all while ensuring a healthy economic climate.”

Oil and gas activity is expected to remain the main driver in revenue growth, despite the recent drop in prices. Severance taxes for the General Fund are projected to grow from \$1 billion this fiscal year to \$1.3 billion in FY 24. Rents and royalties for the General Fund are expected to climb from \$1 billion this fiscal year to \$1.3 billion in FY 24.

However, the revenue report notes significant risks to the forecast, including the war in Ukraine and other geopolitical factors that could affect the world oil market and the possibility of a recession next year.

The forecast estimates that the amount transferred from the Land Grant Permanent Fund to the General Fund will increase from \$875.4 million to \$1.17 billion in FY '24. The growth in the distribution from the LGPF was bolstered by the increased rate which contributed a \$226.7 million to the change. A result of the recently approved a Constitutional Amendment to increase the amount drawn from the funds to pay for early childhood education and enhanced public school spending.

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About Taxation and Revenue Department: *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. Connect with us on tax.newmexico.gov, LinkedIn, YouTube and Twitter @NM_MVD*

About Department of Finance & Administration: *The New Mexico Department of Finance and Administration (DFA) serves New Mexico through fiscal management support for state agencies, local governments, and community-based programs to achieve responsible and quality fiscal services for all New Mexicans. DFA received a clean audit for FY21 and remains committed to the continued improvement of the state's financial reporting. DFA was also an instrumental part in the accurate count of the 2020 Census, ensuring the promise of additional federal funding for the state.*