

**MINUTES
of the
FIRST MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**May 31, 2024
State Capitol, Room 307
Santa Fe**

The first meeting of the Revenue Stabilization and Tax Policy Committee for the 2024 interim was called to order by Representative Derrick J. Lente, chair, on Friday, May 31, 2024, at 8:08 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Derrick J. Lente, Chair
Sen. Benny Shendo, Jr., Vice Chair
Sen. Craig W. Brandt
Rep. Micaela Lara Cadena
Sen. Pete Campos
Rep. Christine Chandler
Rep. Mark Duncan
Rep. Doreen Y. Gallegos
Sen. Ron Griggs
Rep. Jason C. Harper
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics
Sen. Peter Wirth

Designees

Sen. Gerald Ortiz y Pino

Absent

Sen. William F. Burt
Rep. Susan K. Herrera
Sen. George K. Muñoz
Sen. Harold Pope
Rep. Larry R. Scott

Rep. Ambrose Castellano
Sen. Katy M. Duhigg
Rep. Joanne J. Ferrary
Rep. Yanira Gurrola
Sen. Antonio Maestas
Rep. Alan T. Martinez
Rep. Rod Montoya
Rep. Kristina Ortez
Sen. Shannon D. Pinto
Sen. Antoinette Sedillo Lopez
Sen. William E. Sharer

Special Advisory Members

Rep. Cynthia Borrego

Guest Legislator

Rep. Cristina Parajón

Staff

Martin Fischer, Staff Attorney, Legislative Council Service (LCS)

Pam Stokes, Senior Staff Attorney, LCS

Rebecca Griego, Records Officer, LCS

Clinton Turner, Research and Fiscal Policy Analyst, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Friday, May 31**Welcome and Introductions (8:08 a.m.)**

Representative Lente welcomed members, staff, presenters and those attending in person and on the webcast. Members and staff of the committee introduced themselves.

Post-Session Fiscal Review (8:15 a.m.)

Ismael Torres, chief economist, Legislative Finance Committee (LFC), discussed the fiscal outlook for the state following the recent legislative session. Mr. Torres began by discussing how, due to a record-high revenue forecast in December 2023, lawmakers increased recurring budgets by 6.8% to \$10.2 billion, which includes more than \$2.4 billion in recurring appropriations. He noted that the 2023 tax package is expected to reduce recurring revenue by \$266.5 million by fiscal year 2028 and that the tax changes passed in the last six sessions will reduce recurring revenue by \$919 million. The state's over 200 tax expenditures cost more than \$1.8 billion each year, but this amount does not include more than 100 other tax deviations whose costs have not been estimated. As for state revenues, Mr. Torres explained there is still significant volatility that is likely to continue due to the state's reliance on revenue from oil production, but that oil prices continue to track at near-record levels. And while oil production is expected to peak in the state in the 2030s, which would have caused a loss of revenue to the general fund, new distributions of excess revenue from the extractive industry to the severance tax permanent fund will significantly increase distributions from that fund to the general fund and reverse that loss. The presentation can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=5/31/2024&ItemNumber=1>.

Discussion of Work Plan and Meeting Schedule (9:15 a.m.)

Members of the committee discussed the proposed work plan and meeting schedule for the 2024 interim. The committee voted to add certain specifics to the work plan and discussed the possibility of having a joint meeting with the Legislative Health and Human Services Committee. The proposed work plan and meeting schedule, as amended, were adopted by the committee.

Adjournment

There being no further business before the committee, the meeting adjourned at 9:35 a.m.