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## **Taxation and Revenue releases 2024 Tax Expenditure Report** *Citizen benefits, health care make up largest share of tax expenditures*

SANTA FE—The gross receipts tax deductions for groceries and prescription drugs were New Mexico’s largest tax expenditures in Fiscal Year 2024, according to the newly released 2024 Tax Expenditure Report.

The gross receipts tax deduction for prescription drugs, oxygen, durable medical equipment and medical cannabis accounted for \$303.9 million in foregone State revenue and an additional \$202.6 million in foregone local government revenue.

The gross receipts tax deduction for groceries and the related partial hold harmless distributions to local governments amounted to \$404.1 million foregone by the state. An additional \$62.8 million was foregone by local governments.

The report can be found in the “Publications” folder on the [Forms & Publications page](#) at [tax.newmexico.gov](http://tax.newmexico.gov). It will also be presented to the Legislature’s Revenue Stabilization and Tax Policy Committee at its December meeting.

Tax expenditures include credits, deductions, exemptions and other mechanisms that reduce the amount of revenue that would otherwise flow into state or local coffers.

New Mexico’s new Child Tax Credit saved New Mexico families \$131.6 million on their Tax Year 2023 returns, according to the report, while the Working Families Tax Credit saved families \$122.6 million in that year. Those were the largest Personal Income Tax expenditures in Tax Year 2023.

“New Mexico policymakers have taken significant action in the past six years to make New Mexico’s tax code more equitable and progressive. The tax expenditure report provides transparency into those efforts, demonstrating our state’s commitment to fighting poverty and supporting prosperity for all New Mexicans,” said Taxation and Revenue Department Secretary Stephanie Schardin Clarke.

Other top expenditures included the gross receipts tax deductions for licensed hospitals at \$259.3 million and for professional services sold to manufacturers at \$140.2 million.

Tax expenditures providing direct citizen benefits made up the largest share of expenditures in FY 24 at more than \$1 billion, followed closely by health care tax expenditures at nearly \$1 billion.

This year's tax expenditure report also highlights recent census data indicating that New Mexico has dramatically reduced poverty, especially child poverty, through its tax code as well as expansion of critical government services to meet constituent needs.

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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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