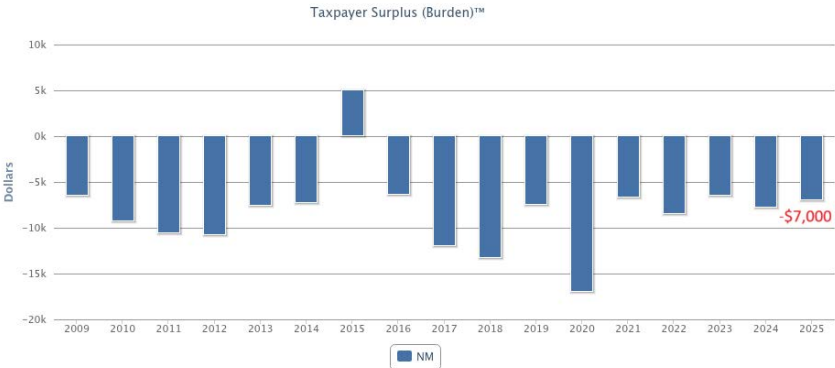


NEW MEXICO'S FINANCIAL BREAKDOWN

Money Needed to Pay Bills	\$4.5 billion	Ranking (Out of 50)	37
Taxpayer Burden™	\$7,000	Financial Grade	D

In 2025, New Mexico's financial situation improved, but it still didn't have enough money to pay all of its bills and needed \$4.5 billion to fill the gap. That means each taxpayer would have to contribute \$7,000 to help pay off the state's debt. As a result, New Mexico earned a "D" grade from Truth in Accounting.

New Mexico improved its money needed to pay bills by \$556 million, primarily due to an increase in revenues driven by income taxes and investment income. Strong retirement fund investment returns of 9.69 percent, combined with an 11.71percent increase in contributions, further reduced the state's unfunded retiree health care obligations. Despite strong investment returns, the unfunded pension liability saw little to no change primarily due to higher-than-expected salary increases in the plans and recognition of investment losses from prior years.



New Mexico received approximately \$12.7 billion in federal grants, which represented 29 percent of its revenue. The federal government mandates that entities receiving significant federal funds undergo a Single Audit. These audits are intended to be the taxpayers' first line of defense against potential fraud and abuse. The audit found repeated problems with financial management and oversight, largely due to management turnover. Missing documentation, late financial reports, and inadequate reviews increased the risk of reporting errors, failure to follow requirements, and weaker accountability for state and federal funds.

The data in this report is derived from New Mexico's audited 2025 Annual Comprehensive Financial Report and its retirement systems' reports. To explore prior years or compare financial, demographic, and economic data across other states and cities, visit Data-Z.org.

NEW MEXICO'S FINANCIAL FACTS

- FACT #1:**
New Mexico had \$18.1 billion available to pay \$22.6 billion worth of bills.
- FACT #2:**
The outcome was a \$4.5 billion shortfall, which breaks down to a burden of \$7,000 per taxpayer.
- FACT #3:**
New Mexico received 29 percent of its revenue from federal grants and was required to undergo a Single Audit, which identified potential fraud and abuse.

THE STATE'S BILLS EXCEEDED ITS ASSETS

\$109,627,189,000	→	Total Assets
- \$13,322,236,000	→	Minus: Capital Assets
- -\$78,196,628,000	→	Minus: Restricted Assets
= \$18,108,325,000	→	Assets Available to Pay Bills
- \$22,638,458,000	→	Minus: Total Bills*
= \$4,530,133,000	→	Money Needed to Pay Bills
/ Divide by the estimated number of taxpayers		
= \$7,000	→	Each Taxpayer's Share of This Burden

*BREAKDOWN OF TOTAL BILLS

\$7,289,584,000	→	Bonds
+ \$10,078,048,000	→	Other Liabilities
- \$2,379,209,000	→	Minus: Debt Related to Capital Assets
+ \$6,961,568,000	→	Unfunded Pension Benefits
+ \$688,467,000	→	Unfunded Retiree Health Care Benefits
= \$22,638,458,000	→	Total Bills



Bottom line:
New Mexico would need \$7,000 from each of its taxpayers to pay all of its outstanding bills and received a "D" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a "D" grade.