



Economic Outlook: Headwinds, Tailwinds and Competitiveness

New Mexico – June 2026



U.S. Chamber of Commerce

Economic Report – Top lines

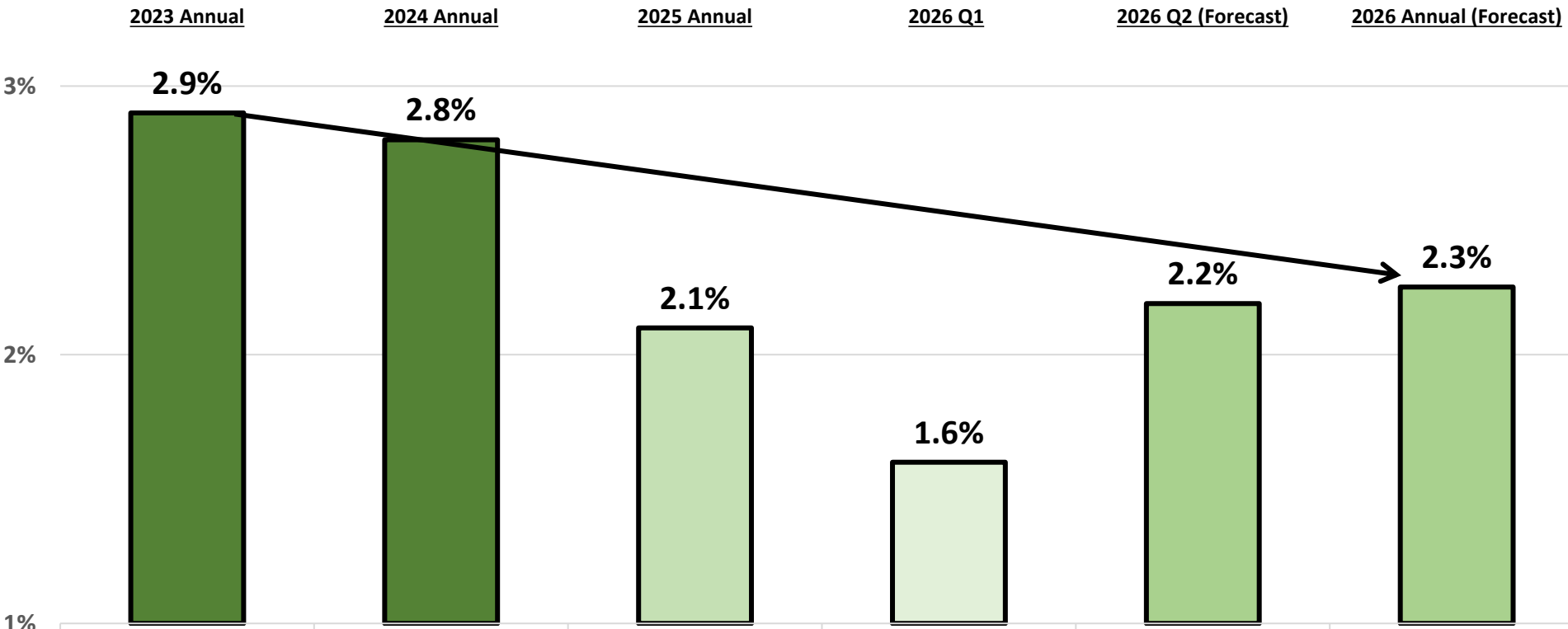
- Economy uncertain; “wobbly”
- Growth numbers steady
- Tariffs, immigration, and war limit growth
- Consumer sentiment down



Growth is Steady, but Slower than in 2023 and 2024

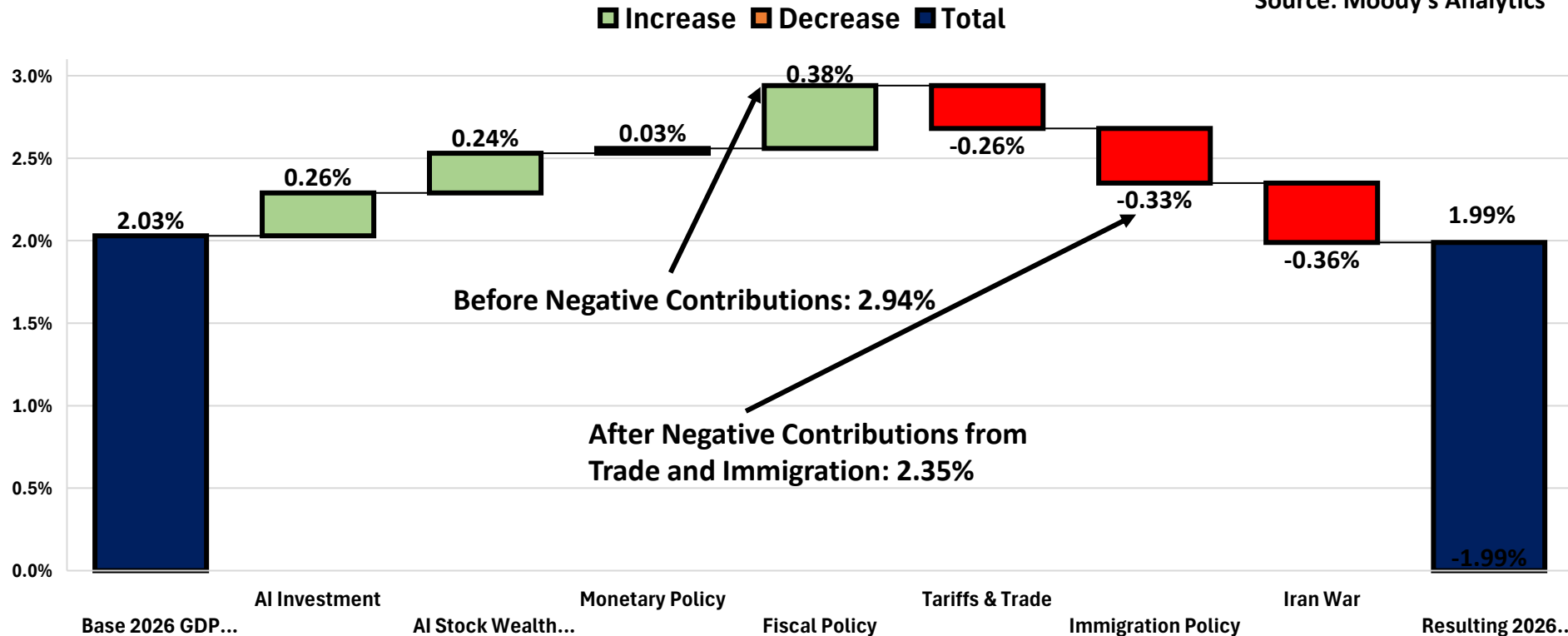


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Forecast Sources of Change in 2026 Real GDP Growth

Source: Moody's Analytics

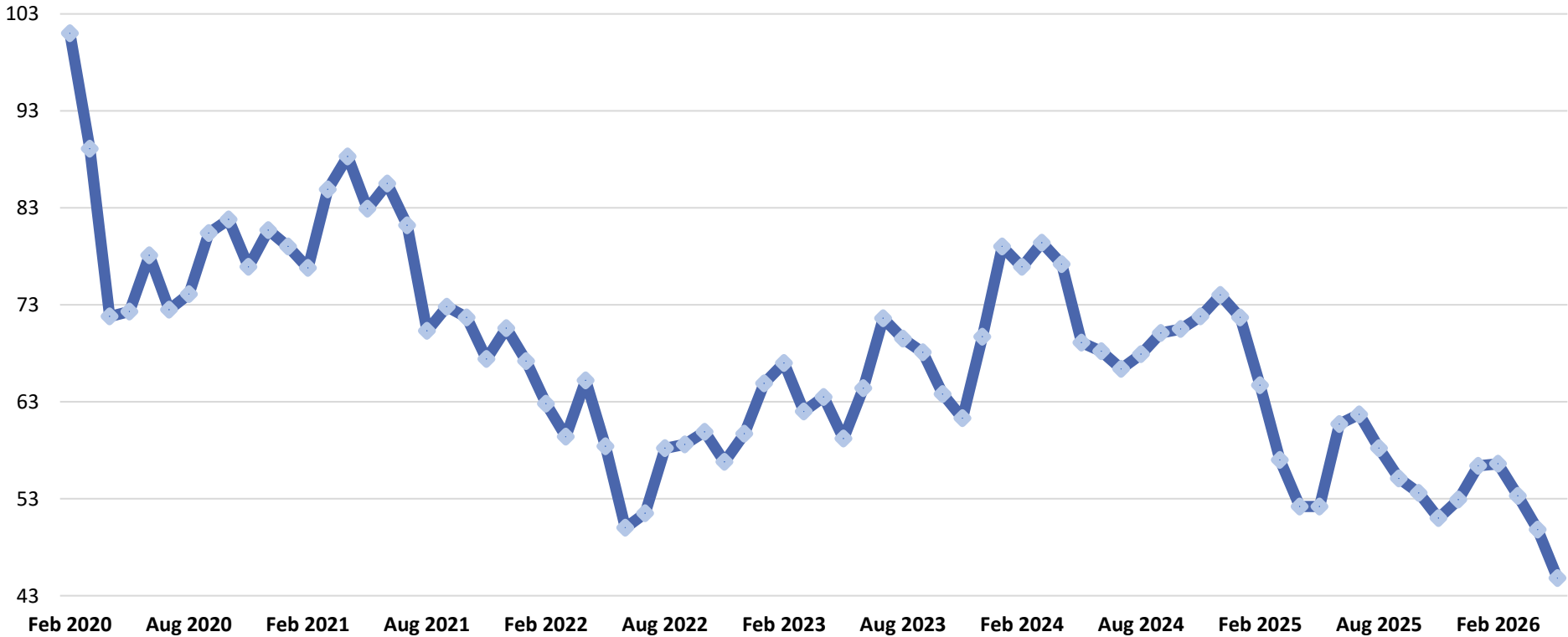


Consumer Sentiment Down Again in

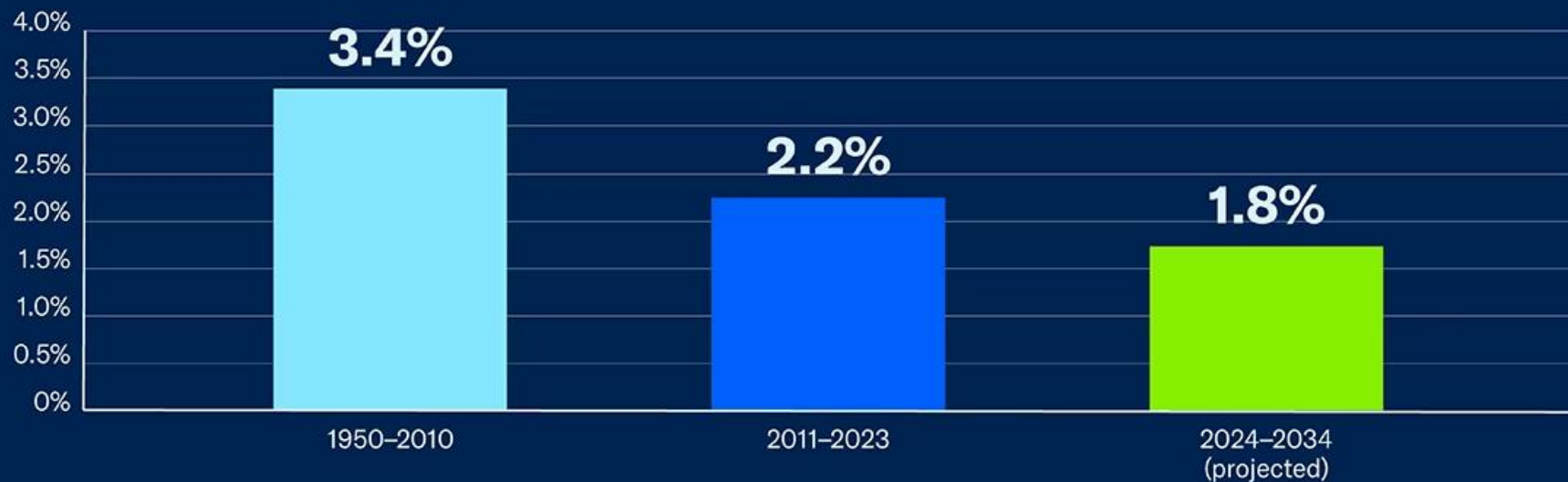


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May – Lowest on Record

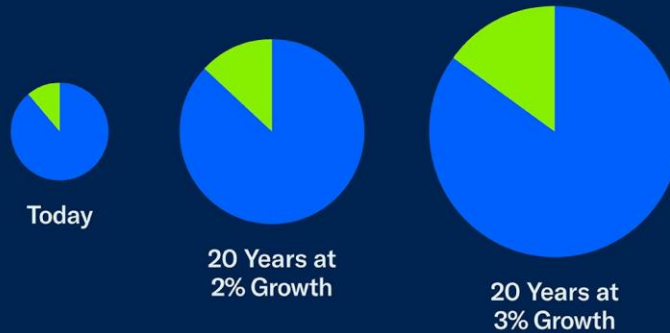


Annual Real Economic Growth



Growth and Opportunity Imperative

The Faster the Pie Grows, the Faster Our Slice Grows



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Tailwinds:

- Tax Policy
- Deregulation
- AI

Headwinds:

- Tariffs
- Workforce
- Uncertainty



“One Big Beautiful Bill”: Three Takeaways:

1. Tax Certainty for Business
2. Support for Investments
3. Help with the Workforce



Tax Certainty for Main Street Business

20% Deduction for Pass-Through Business Made Permanent

- Pass-throughs employ 53% of private-sector employees in New Mexico
- Collective tax benefit of \$775,000,000 to the state

Marginal Tax Rates for Individuals & Pass-Through Business Made Permanent

Global Tax Provisions Made Permanent



Support for Investments

Permanent Bonus Depreciation (aka Expensing)

- Retroactive to January 19, 2025
- For Small Businesses, Section 179 limit increased to \$2.5 million from \$1 million

New 100% Expensing for “Qualified Production Facilities”

- Construction before 2029 for manufacturing, production, refining facilities
- Compared to 39-year depreciation

Permanent Restoration of Ability to Fully Deduct Domestic R&D Expenses

- Retroactive relief for businesses with \$31 million or less in gross receipts



Help with the Workforce

Enhanced Employer Provided Child Care Credit

- Credit of up to 40% (maximum of \$500k) in qualified childcare expenses
- Businesses with \$31 million or less in gross receipts deduction of 50% (maximum of \$600k)
- Now allowed for pooled resources and third-party provider expenses
- Permanent and Indexed Student Loan Benefit of Up to \$5,250
- Expanded Work Requirements for Able-Bodied Adults on SNAP and Medicaid
 - Approximately 2 million adults on Medicaid, but not Social Security Disability who are potentially impacted



Other Things to Know

No Tax on Tips - Over 7.5 million filers claimed No Tax on Tips, with an average deduction of over \$7,000.

No Tax on Overtime - No Tax on Overtime: Over 29 million filers claimed No Tax on Overtime, with an average deduction of over \$3,100.

[Treasury](#) summary

Increased refunds (11.5%) provide juice to the economy

Rural Hospitals: \$50 Billion Fund

- New Mexico - Center for Rural Health Sustainability & Innovation



Deregulation:

TRACKING THE ADMINISTRATIONS

REGULATORY ACTIVITY FROM INAUGURATION DAY TO JANUARY 17th (Year 4)

	FINAL RULES	FINAL RULE COSTS	PAPERWORK HOURS
BIDEN <i>2021</i>	1167	\$1.8T	356M
TRUMP <i>2017</i>	1313	\$112.3B	356.8M
OBAMA <i>2009</i>	1514	\$493.6B	315.9M

LAST UPDATED: JANUARY 17th, 2025

AMERICANACTIONFORUM.ORG



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AI:

58% of Small Businesses nationally and 52% in New Mexico report using generative AI

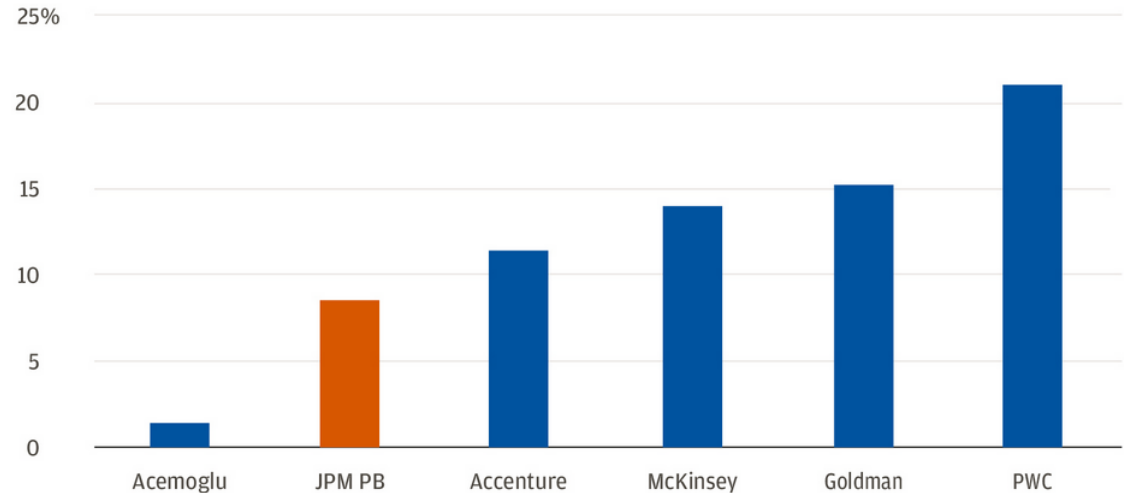
- Was 23% nationally in 2023

82% of those using AI increased headcount in the past year

65% nationally worry about patchwork

Economists make varied estimates of how AI will impact growth over the next decade

Cumulative %pt upside to real GDP baseline by 2034



Data Centers – Local Value

- Responsible, community-first approach
- Local Jobs
- Tax Support
- Workforce – America’s Workforce Academy - [Meta](#)
- Outside influences – China link - [Politico](#)



Headwinds



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Tariffs

February SCOTUS ruling – Tariffs via IEPPA struck down

2025 - \$600 Billion Annual Tax Increase

- \$202 Billion on Small Business

New Mexico: Nearly 1700k Small Business Importers with \$1.7 Billion in Imports

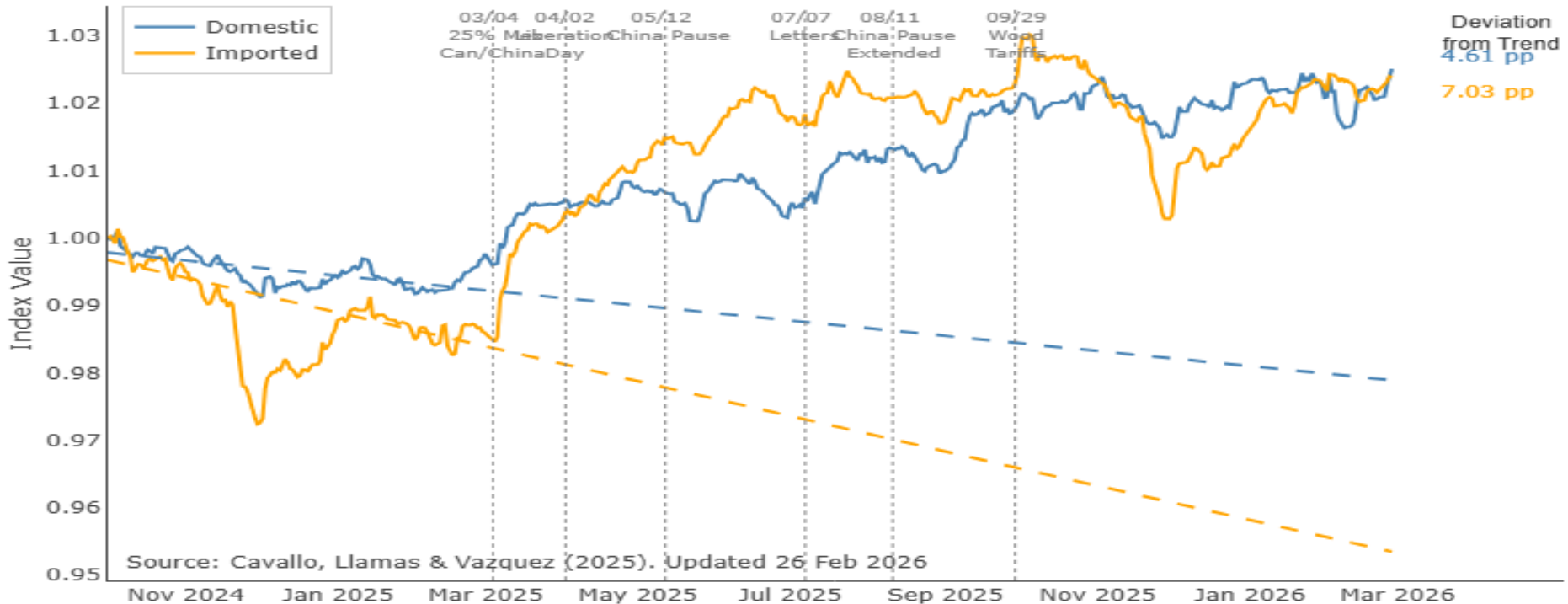
- Refund system –
 - \$166 billion total, \$20 billion output
 - CBP [Portal](#)
 - How to [guide](#)



Tariffs are Raising the Prices of Imported and Domestic Goods



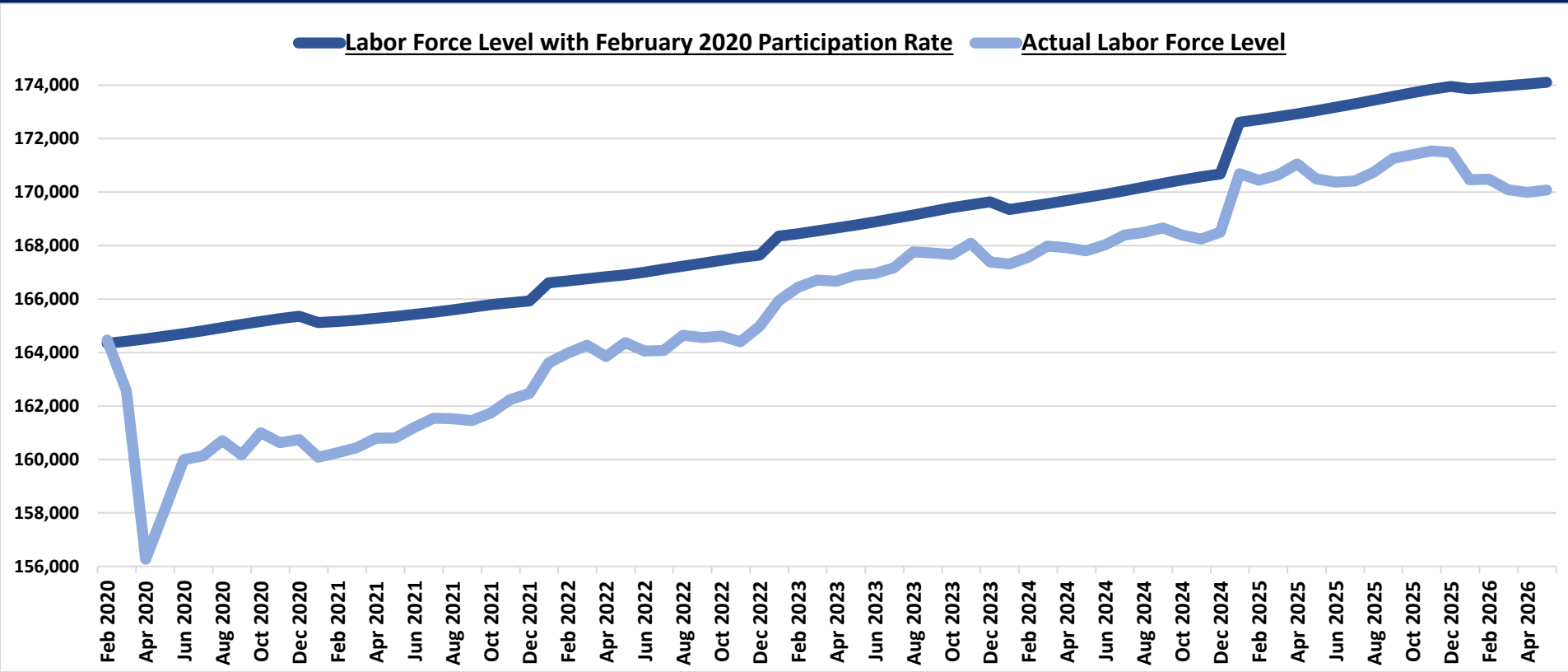
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We are Short more than 4 Million Workers From Population Factors



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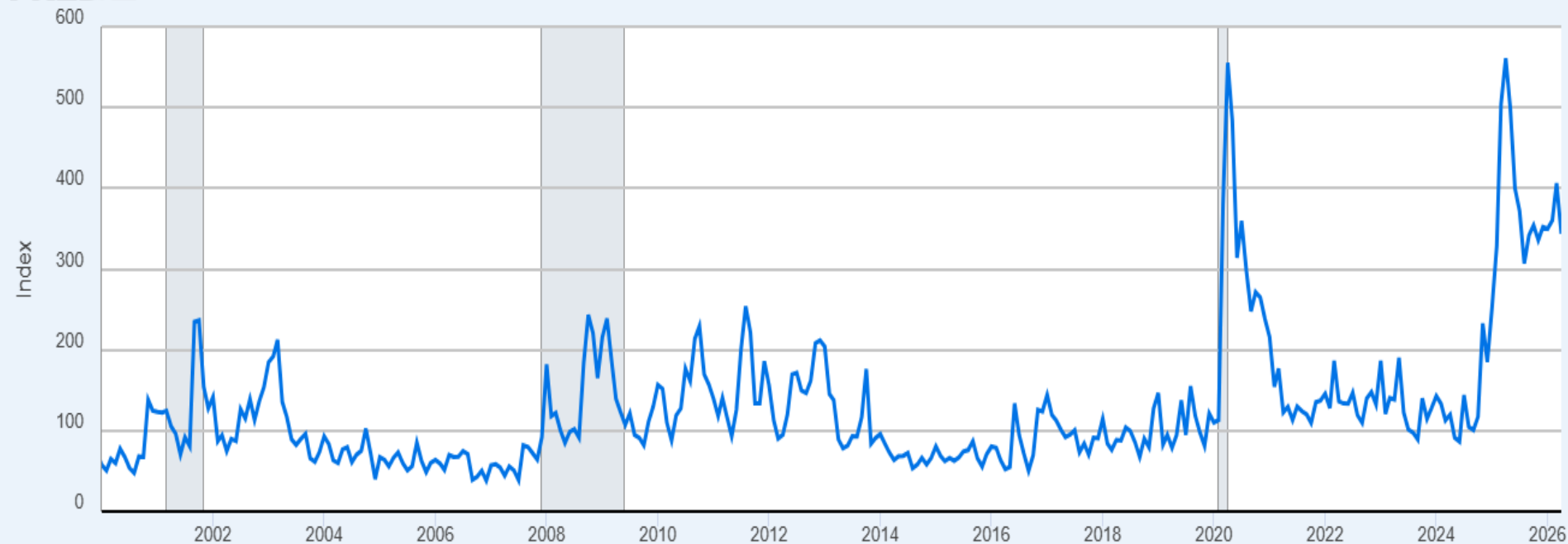


Economic Policy Uncertainty at Financial Crisis and Covid Levels



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FRED — Economic Policy Uncertainty Index for United States



Sources: Baker, Scott R.; Bloom, Nick; Davis, Steven J. via FRED®
Shaded areas indicate U.S. recessions.

State Competitiveness Rankings



State Business
Tax Climate



Best & Worst
States to Start a
Business



America's Top
States for Business

New Mexico Competitiveness

2026 Tax Foundation

- New Mexico is #28 overall with being rated #1 in property tax

2026 Wallet Hub Best Place to Start a Business – 20th overall

- 44th in Access to Resources, Workforce Availability

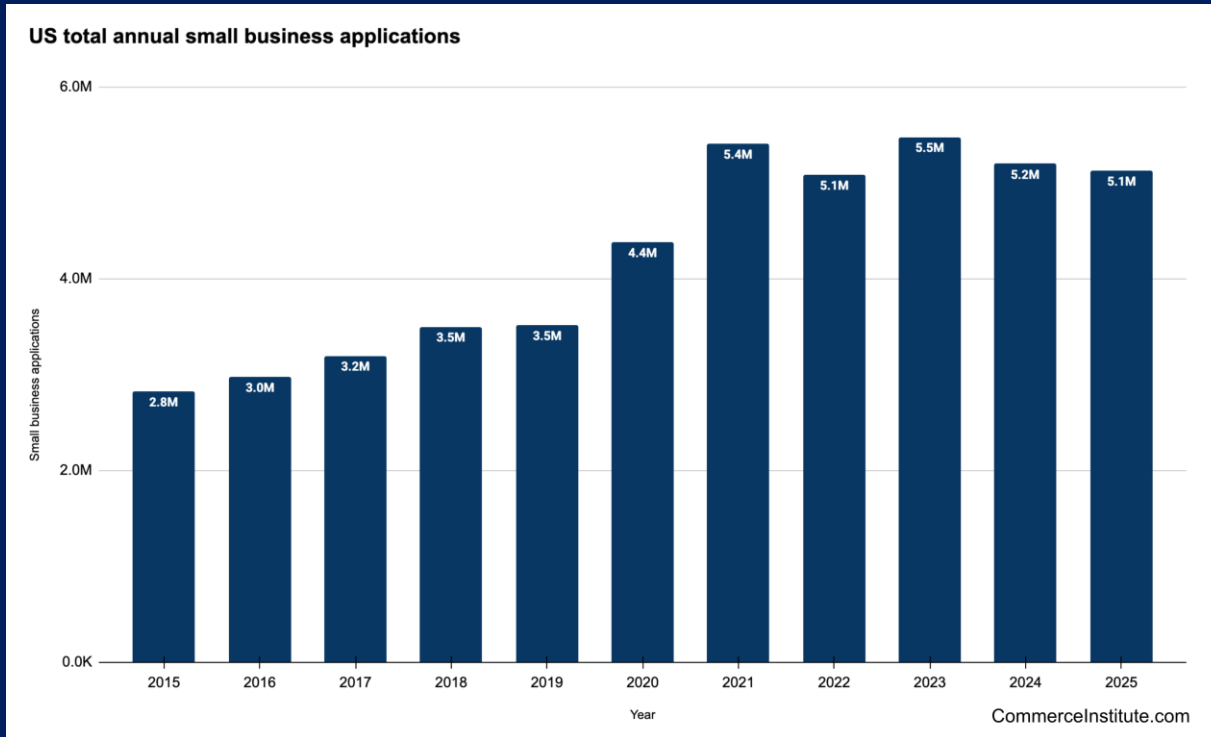
2025 CNBC - #44 overall but 5 spot increase in Business Friendliness

- Lawsuit and liability climate, affordability
- Openness to new businesses (A.I. and Crypto)

Federal budget cuts bring a drop in competitiveness, highlight need to diversify



New Business Starts





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