New Mexico's quiet tax advantage

A national silver medal for property-tax competitiveness gives the state a useful investment pitch. Future tax changes may blunt the good news.

2nd	28th	↑ 3	14th
PROPERTY TAXES	OVERALL INDEX	PLACES GAINED	CORPORATE TAXES

New Mexico has found a rare reason to boast about taxes. In the Tax Foundation's 2027 State Tax Competitiveness Index, it ranks second among the states for its property-tax structure, up from third a year earlier. Only Idaho does better. Arizona ranks eighth, Utah 12th, Colorado 33rd and Texas 34th. For economic-development officials, the comparison offers a succinct message: on a recurring cost that matters to property owners, New Mexico is a national leader.

Why investors should care

Property taxes weigh on the annual economics of apartments, offices, industrial buildings and commercial land. Where a competitive tax system translates into lower bills for a particular asset, it can bolster net operating income, investment yields and the case for development. Companies with substantial real estate or taxable business property also have reason to pay attention. The ranking is therefore useful ammunition for New Mexico's brokers, site selectors and employers competing for capital across the Southwest.

The rest of the ledger

The victory needs perspective. The index evaluates tax policy and structure, not actual property-tax bills or the total cost of doing business. New Mexico is only 28th overall, despite climbing from 31st in the previous edition. Its corporate-tax rank is 14th, but it stands 35th for individual income taxes and 46th for sales taxes. A strong property-tax system does not erase those disadvantages.

A warning for policymakers

The recent overall improvement partly reflects conformity with federal rules permitting faster deductions for research expenditure and small-business investment. Yet the Foundation warns that New Mexico legislation taking effect on January 1st 2027 will reverse some federal expensing conformity and widen the corporate tax base to certain foreign income. It expects a weaker showing in future editions. The sensible strategy is to promote the state's property-tax advantage while guarding against reforms that make investment less attractive.

THE BOTTOM LINE *Good news for New Mexico's investment narrative, but not a licence for tax-policy complacency.*

SOURCE Tax Foundation, "2027 State Tax Competitiveness Index" (uploaded report), pp. 1–3, 6, 8 and 10. The index measures tax structure under laws in effect July 1st 2026; economic implications are analysis, not findings of the index.

Data collection, review and analysis provided by:

Todd Clarke CCIM CIPs
CEO
NM Apartment Advisors Inc.
(505) 440-TODD
tclarke@nmapartment.com
www.nmapartment.com

An AI tool was used in analysis and documentation formatting/production.