



General Fund Revenue Tracking Report: FY24 Accruals through August 2023

General fund recurring revenues for FY24 through August were \$2.179 billion, down \$116.5 million, or 5.1 percent, from the same period a year ago.

August recurring revenue collections were \$1.186 billion, up \$32.0 million, or 2.8 percent, from August 2022. August personal income tax collections are down \$15.6 million, or 6.4 percent, from the same time a year ago while gross receipts tax collections are up \$17.8 million, or 5.5 percent. August oil-related collections are down \$100.8 million, or 19.8 percent, from this period last year, due to lower energy prices.

Early FY24 revenues flashed signs of moderation after two record-breaking fiscal years. In FY22 and FY23, persistently high inflation and a tight labor market pushed incomes and consumption to record levels. Now, inflation has lowered and consumer spending—while still high—has moderated. Similarly, oil and gas production shot to unprecedented levels in FY22 and FY23. Those levels have been maintained in FY24 to date, but underlying growth has been slower and weaker demand has dampened price strength. Collectively, the economic slowdown has contributed to moderating state revenues.

Chart 1 shows total monthly revenues. Table 1 and Chart 2 present the components of fiscal year-to-date (FYTD) revenue through August for FY24 versus the same period in FY23.

THIS REPORT: This general fund revenue tracking report reflects FY24 revenue accruals as reported by the Department of Finance and Administration and preliminary reports from the Taxation and Revenue Department

Chart 1. Recurring General Fund Revenue, July - June

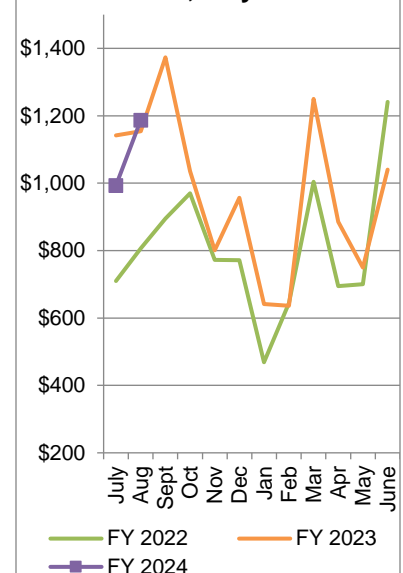


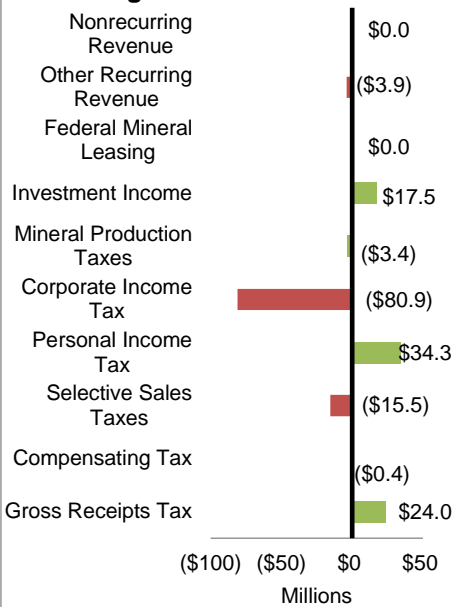
Table 1. General Fund Revenue Accruals: FY24 vs. FY23

Revenue Category	August Revenue		Month Year-over-Year Amount Change	Fiscal Year-to-Date Through August		Fiscal YTD Year-over-Year Amount Change	Fiscal YTD Year-over-Year Growth	Projected Full-Year Growth: August 23 Forecast
	FY23	FY24		FY23	FY24			
Gross Receipts Tax	\$326.3	\$344.2	\$17.8	\$632.1	\$631.1	-\$1.0	-0.2%	-1.0%
Compensating Tax	\$7.6	\$7.1	-\$0.5	\$14.8	\$14.7	-\$0.1	-0.6%	-1.0%
Selective Sales Taxes *	\$25.8	\$35.4	\$9.5	\$54.3	\$69.0	\$14.8	27.2%	2.5%
Personal Income Tax	\$246.1	\$230.5	-\$15.6	\$394.9	\$383.3	-\$11.7	-3.0%	-5.8%
Corporate Income Tax	-\$23.2	-\$1.2	\$22.0	-\$13.4	\$11.8	\$25.2	187.8%	-19.4%
Mineral Production Taxes **	\$220.6	\$170.8	-\$49.8	\$440.1	\$327.0	-\$113.0	-25.7%	32.8%
License Fees	\$0.9	\$0.7	-\$0.2	\$1.2	\$1.1	-\$0.1	-10.0%	-2.9%
Investment Income	\$57.9	\$160.6	\$102.6	\$183.8	\$320.6	\$136.9	74.5%	30.0%
Rents and Royalties	\$288.0	\$237.0	-\$51.0	\$583.1	\$417.6	-\$165.4	-28.4%	41.7%
Tribal Revenue Sharing	\$0.0	\$0.1	\$0.1	\$0.4	\$1.5	\$1.1	290.6%	-1.1%
Miscellaneous Receipts	\$0.8	\$1.1	\$0.3	\$1.4	\$1.6	\$0.2	15.0%	0.2%
Reversions	\$3.2	\$0.0	-\$3.2	\$3.3	\$0.0	-\$3.3	-99.5%	0.0%
Subtotal Recurring Rev.	\$1,154.2	\$1,186.2	\$32.0	\$2,295.9	\$2,179.4	-\$116.5	-5.1%	11.4%
Nonrecurring Revenue	-\$14.2	-\$1.8	\$12.4	-\$14.2	-\$4.4	\$9.8	69.3%	-98.8%
Total Revenue	\$1,140.0	\$1,184.4	\$44.4	\$2,281.7	\$2,175.0	-\$106.6	-4.7%	14.4%

* Includes estimates for Insurance

** Includes estimates for Oil and Gas School Tax and Oil and Gas Conservation Tax.

Chart 2. FY24 General Fund Revenue Tracking vs. August 2023 Forecast



Source: DFA General Fund Report, LFC Files

Revenue Tracking

The last page of this report provides the general fund revenue-tracking chart for FY24. The chart details the actual revenues received year-to-date through August, and preliminary revenues for some revenue sources through September. Generally, projections for revenue collections through the end of the fiscal year are based on historical monthly shares of revenue collections by revenue source.

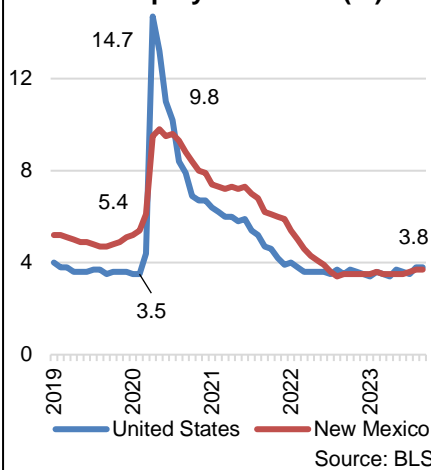
Total recurring revenues are currently tracking at \$28.3 million, or 0.2 percent, below the August 2023 CREG estimate. Most of this decrease is attributable to lower-than-expected actual year-to-date corporate income tax revenues, tracking \$80.9 million, or 22.4 percent, below August projections. However, corporate income taxes are volatile and pay large sums on a quarterly basis which can make tracking difficult. Gross receipts taxes and personal income taxes are above the August estimate by \$24.0 million and \$34.3 million, respectively.

Employment and Income

New Mexico's seasonally adjusted unemployment rate was 3.8 percent in October, up from the June low of 3.5 percent but still well below pre-pandemic levels. New Mexico's unemployment rate has hovered around national averages for several months. The state's 57.2 percent labor force participation rate has yet to recover to the prepandemic level of 58.7.

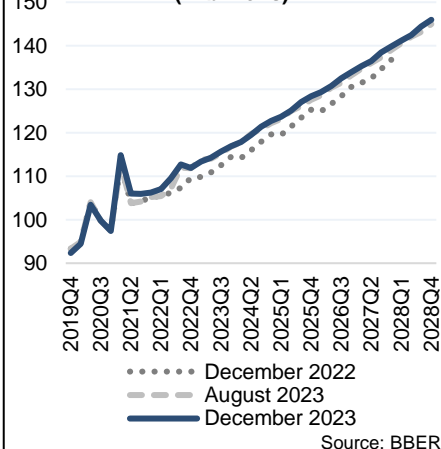
In FY23, New Mexico collected unprecedented income tax revenues from increased wages and from oil and gas withholding tax. In FY24, preliminary data indicate income tax collections remain strong but have shown moderating growth, likely driven by slowing inflation and a stabilizing labor market. Data from the Bureau of Business and Economic Research (BBER) at UNM show income forecasts effectively flat with where they were one quarter ago (see Chart 4).

Chart 3. NM vs U.S. Unemployment Rate (%)



Source: BLS

Chart 4. New Mexico Personal Income (in billions)



Source: BBER

Gross Receipts Tax

Preliminary gross receipts tax data from the Taxation and Revenue Department (TRD) is available through September. Matched taxable gross receipts (MTGR)—a better indicator of overall economic activity in the state than other tax data because it matches taxable gross receipts to tax payments—were up 9.1 percent for FY24 through August compared with the same period last year. The construction industry had the largest nominal increase, up 17.9 percent, or \$485.4 million, followed by professional, scientific, and technical services (up 18.3 percent, or \$380.2 million), and retail trade (up 5.6 percent, or \$275.0 million). Mining, which had been leading MTGR year-over-year increases for many periods, was up 4.6 percent, or \$130.3 million, a healthy increase that, nonetheless, has slowed in recent months and is now less than other sectors.

Other industries continue to grow boosted by federal and state spending and healthy consumer spending. Inflation has also driven up all activity on a nominal basis, though less than it did in FY22 or FY23.

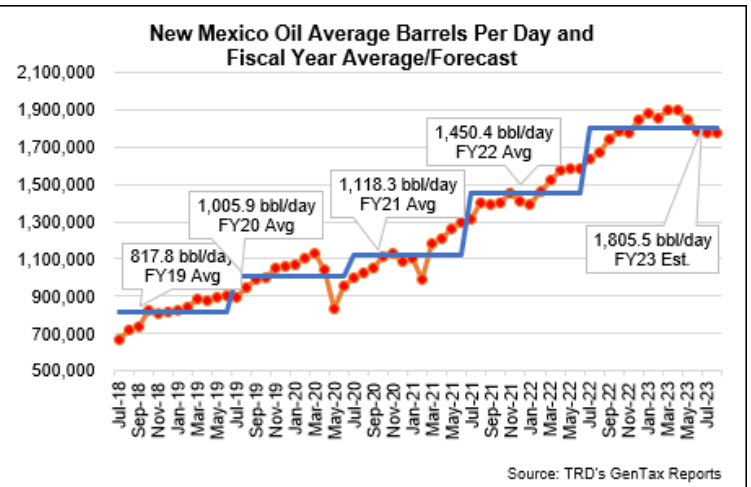
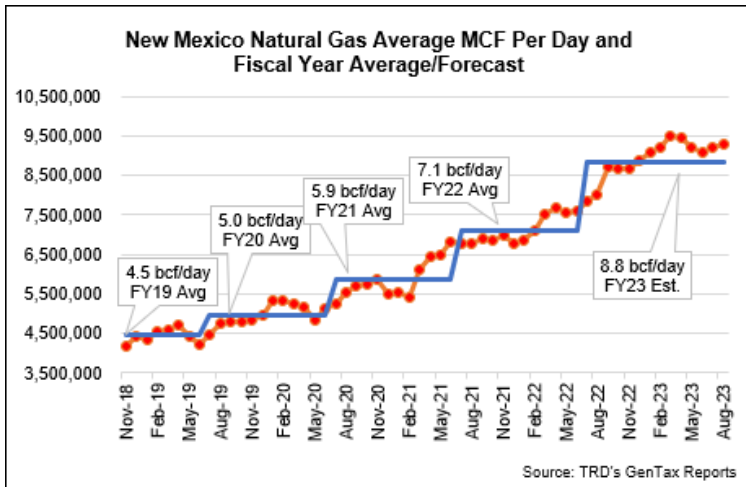
Matched Taxable Gross Receipts by Industry - FY24 vs FY23

Industry	Matched Taxable Gross Receipts	Year-over-Year Growth	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$2,959,851,192	\$130,301,222	4.6%
Utilities	\$869,337,914	\$4,814,794	0.6%
Construction	\$3,192,223,479	\$485,423,833	17.9%
Manufacturing	\$962,032,328	\$147,672,108	18.1%
Wholesale Trade	\$1,399,808,642	\$162,776,569	13.2%
Retail Trade	\$5,197,977,194	\$274,958,922	5.6%
Transportation and Warehousing	\$409,590,285	\$5,004,352	1.2%
Information	\$638,070,081	\$56,288,023	9.7%
Real Estate and Rental and Leasing	\$692,355,888	\$44,093,617	6.8%
Professional, Scientific, and Technical Services	\$2,460,232,925	\$380,239,837	18.3%
Administrative/Support & Waste Management/Remediation	\$1,367,900,442	\$129,844,096	10.5%
Health Care and Social Assistance	\$1,130,923,681	\$29,177,072	2.6%
Leisure and Hospitality Services	\$1,807,530,685	\$141,495,848	8.5%
Other Industries	\$2,458,974,753	\$137,899,238	37.0%
Total	\$25,546,809,489	\$2,129,989,529	9.1%

Source: RP 500

Oil and Natural Gas

Natural gas production remained above the FY23 estimate throughout the fiscal year, recovering from a summer slowdown in the first months of FY24. After beating estimates in early 2023, oil production slowed through the summer, ending the fiscal year around where it started and tracking at or below the forecast in the last months of FY23. Underlying dynamics—impacted by producer’s capital discipline and industry acquisitions—are likely at play as companies hold onto capital and pull back on investments in new production. However, analysts foresee continued growth in New Mexico oil production in the mid-term, however at a slower rate and for a shorter period than in previous forecasts.



FISCAL YEAR 2024 GENERAL FUND MONTHLY REVENUE TRACKING

(dollars in millions; italics indicate preliminary actual revenue; bold indicates actual revenue)

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	ESTIMATED REVENUE ACCRUALS												FY24	TRACKING CHANGE		
	July Actuals	Aug Actuals	Sept <i>Prelim</i>	Oct Est.	Nov Est.	Dec Est.	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.	Actual + Estimate	FY24 Aug Forecast	% Diff.	\$ Diff.
Gross Receipts Tax	287.0	344.2	379.5	328.7	321.8	360.0	309.9	313.6	334.8	309.9	320.3	288.7	3,898.4	3,874.4	0.6%	24.0
Compensating Tax	7.6	7.1	8.1	5.3	6.4	10.2	10.1	9.6	8.6	2.6	8.1	9.4	93.0	93.3	-0.4%	(0.4)
TOTAL GENERAL SALES TAXES	294.6	351.3	387.6	334.0	328.2	370.2	320.0	323.1	343.5	312.5	328.4	298.1	3,991.3	3,967.7	0.6%	23.6
Cannabis Excise Tax	2.4	3.0	3.0	1.9	2.4	1.9	2.2	1.5	2.7	2.0	2.6	2.2	27.7	26.5	4.7%	1.2
Tobacco Products & Cigarette Taxes	8.3	5.8	6.9	6.0	7.0	5.8	6.3	5.5	7.2	6.3	7.8	6.7	79.5	80.0	-0.6%	(0.5)
Liquor Excise Tax	1.9	2.2	1.8	2.3	2.2	2.4	1.5	1.7	2.2	1.9	2.3	2.3	24.7	24.9	-0.8%	(0.2)
Insurance Premiums Tax	2.5	5.0	81.0	3.0	1.2	1.2	100.4	1.2	100.4	1.2	1.2	100.4	398.9	411.4	-3.0%	(12.5)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Excise Tax	14.3	15.8	13.5	13.7	12.4	12.5	13.5	11.9	15.0	14.0	14.4	14.4	165.4	164.7	0.5%	0.7
Gaming Excise Tax	6.1	5.7	5.2	5.2	5.1	5.2	5.3	5.5	6.1	5.5	5.9	5.2	66.0	65.3	1.1%	0.7
Leased Vehicle Surcharge & Other	0.6	0.9	0.4	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	4.9	4.2	17.1%	0.7
TOTAL SELECTIVE SALES TAXES	33.7	35.4	111.1	32.9	30.4	29.7	129.4	28.3	133.3	31.4	34.2	131.7	761.5	777.0	-2.0%	(15.5)
Withholding	142.3	164.7	193.6	155.5	159.5	221.6	158.6	162.4	190.0	161.9	159.3	220.1	2,089.5	2,051.0	1.9%	38.5
Final Settlements	22.6	60.1	46.4	9.3	40.2	63.5	15.3	55.2	195.9	112.4	52.4	49.0	722.4	714.5	1.1%	7.9
Oil and Gas Withholding Tax	11.0	23.0	59.0	19.3	19.8	59.2	21.7	53.2	93.7	121.6	44.1	86.9	612.5	596.6	2.7%	15.9
Fiduciary Tax	0.9	9.1	(1.4)	0.8	0.6	3.0	(20.9)	8.4	17.1	2.7	6.0	2.4	28.5	24.4	17.0%	4.1
Gross Personal Income Tax	176.9	256.8	297.5	184.9	220.0	347.3	174.7	279.3	496.7	398.6	261.8	358.4	3,452.9	3,386.5	2.0%	66.4
Transfer to PIT Suspende	(20.2)	(22.5)	(47.8)	(17.6)	(23.7)	(138.0)	(264.4)	(144.0)	(102.3)	(32.9)	(32.8)	(27.1)	(873.2)	(841.1)	3.8%	(32.1)
Retiree Health Care	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(46.3)	(46.3)	0.0%	(0.0)
Less: Refunds, distributions to other funds	(24.0)	(26.3)	(51.7)	(21.4)	(27.5)	(141.9)	(268.2)	(147.9)	(106.2)	(36.8)	(36.6)	(30.9)	(919.5)	(887.4)	3.6%	(32.1)
NET PERSONAL INCOME TAX	152.8	230.5	245.8	163.5	192.5	205.4	(93.5)	131.4	390.5	361.9	225.1	327.5	2,533.4	2,499.2	1.4%	34.3
CORPORATE INCOME TAX	12.9	(1.2)	60.8	32.7	4.3	86.8	(25.9)	9.1	88.0	(40.5)	(51.5)	104.4	279.8	360.7	-22.4%	(80.9)
TOTAL INCOME TAXES	165.7	229.3	306.6	196.2	196.8	292.2	(119.5)	140.5	478.5	321.4	173.6	431.9	2,813.2	2,859.9	-1.6%	(46.7)
Oil and Gas School Tax **	142.7	156.6	143.9	143.9	143.9	143.9	143.9	132.6	-	-	-	-	1,151.5	1,151.5	0.0%	0.0
Oil Conservation Tax	8.1	8.9	9.6	9.5	8.4	7.9	7.0	6.7	7.8	7.1	8.4	8.4	98.0	101.1	-3.1%	(3.1)
Resources Excise Tax	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	8.4	8.5	-1.0%	(0.1)
Natural Gas Processors Tax	4.8	4.7	5.0	4.9	4.7	4.6	4.5	4.3	4.7	4.9	4.7	4.7	56.5	56.7	-0.4%	(0.2)
TOTAL MINERAL PROD. TAXES	156.2	170.8	159.2	159.1	157.8	157.1	156.2	144.3	13.3	12.7	13.9	13.9	1,314.4	1,317.8	-0.3%	(3.4)
LICENSE FEES	0.4	0.7	0.3	0.4	0.2	0.3	0.3	0.5	0.5	0.4	0.3	54.6	58.9	58.4	0.9%	0.5
Land Grant Perm. Fund Distributions	100.4	100.4	99.7	99.7	99.7	99.7	99.7	99.7	99.7	99.7	99.7	99.7	1,197.7	1,196.2	0.1%	1.5
State Treasurer's Earnings	35.5	36.0	6.5	20.7	20.7	20.7	20.7	20.7	20.7	20.7	20.7	20.7	263.9	247.9	6.5%	16.0
Severance Tax Perm. Fund Distributions	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	289.6	289.6	0.0%	-
TOTAL INVESTMENT EARNINGS	160.1	160.6	130.3	144.5	144.5	144.5	144.5	144.5	144.5	144.5	144.5	144.5	1,751.2	1,733.7	1.0%	17.5
Federal Mineral Leasing Royalties **	178.7	234.8	190.3	308.4	190.3	190.3	190.3	161.8	-	-	-	-	1,645.0	1,645.0	0.0%	0.0
State Land Office Bonuses, Rents	1.9	2.2	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	52.1	57.5	-9.4%	(5.4)
TOTAL RENTS & ROYALTIES	180.6	237.0	195.1	313.2	195.1	195.1	195.1	166.6	4.8	4.8	4.8	4.8	1,697.1	1,702.5	-0.3%	(5.4)
TRIBAL REVENUE SHARING	1.5	0.1	15.1	3.7	0.5	11.2	7.8	0.3	12.0	7.3	0.7	20.2	80.4	79.3	1.3%	1.1
MISCELLANEOUS RECEIPTS	0.5	1.1	0.8	0.8	0.8	1.0	22.0	0.9	0.9	1.0	1.0	8.9	39.7	39.7	0.2%	0.1
REVERSIONS	0.0	0.0	0.1	0.3	1.0	2.8	3.7	5.5	9.5	0.7	-	51.3	75.0	75.0	0.0%	(0.0)
TOTAL RECURRING REVENUE	993.2	1,186.2	1,306.2	1,185.0	1,055.3	1,204.0	859.6	954.6	1,140.7	836.6	701.3	1,159.9	12,582.7	12,611.0	-0.2%	(28.3)
Non-Recurring	(2.6)	(1.8)	(1.1)	-	-	-	-	-	-	-	-	(3.8)	(9.3)	(9.3)	0.0	
Additional Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL NON-RECURRING REVENUE	(2.6)	(1.8)	(1.1)	-	-	-	-	-	-	-	-	(3.8)	(9.3)	(9.3)	0.0	
GRAND TOTAL REVENUE	990.6	1,184.4	1,305.1	1,185.0	1,055.3	1,204.0	859.6	954.6	1,140.7	836.6	701.3	1,156.1	12,573.5	12,601.7	-0.2%	(28.3)

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns.

** Distributions above the five-year average to tax stabilization reserve or early childhood trust fund expected to begin in March