



# The General Fund

The general fund is the primary state fund from which the ongoing expenses of state government are paid. About 80 percent of the fund comes from revenue from the gross receipts and compensating taxes, selective sales taxes, income taxes, and interest earnings from the land grant and severance tax permanent funds and balances held by the State Treasurer. More than half the fund is spent on public schools and higher education, with another quarter of the money spent on health and human services.

## Money In

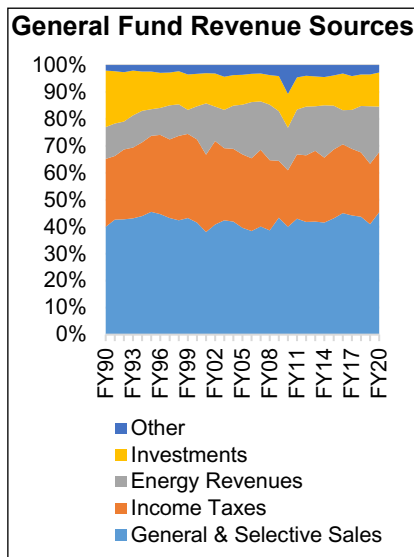
About 40 percent of general fund revenue is attributable to general and selective sales taxes. The largest of these is the gross receipts tax. Other smaller sales taxes include the compensating tax, tobacco excise tax, liquor excise tax, insurance premium tax, motor vehicle excise tax, and gaming excise tax.

Income taxes are the second-largest source of general fund revenue, historically making up about 25 percent of the total. More than 80 percent of that is personal income tax collections.

Energy-related revenues, typically 18 percent of the total, are the next largest source of general fund revenue. These include severance taxes, revenue payments from the federal government for leasing mineral rights, and income generated by the State Land Office.

About 14 percent of general fund revenues are attributable to investment earnings. This includes substantial income from the state's land grant and severance tax permanent funds and a much smaller amount from earnings on balances held in the state treasury.

A number of other small revenue sources contribute to the general fund. These include revenue sharing from tribal gaming facilities, license fees, reversions of unspent funds from state agencies, and numerous miscellaneous receipts.



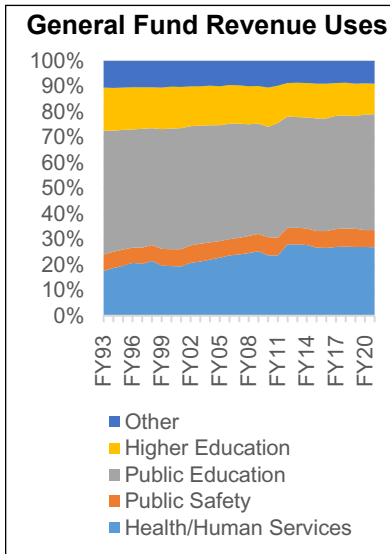
## Money Out

Public education has typically received the largest share of state general funding (around 45 percent) and higher education has generally received 12 percent, making education the biggest recipient of state general funds. Health and human services has historically received about 27 percent of the general fund budget, leaving 16 percent for the rest of state government.

However, while the general fund is the primary source of state funds for ongoing operations, the total budget includes significant levels of federal funds and smaller amounts of other state funds. When all revenue sources are considered, the share of the budget for public schools, primarily state-funded, drops to 22 percent. With federal funds, higher education receives about 17 percent of the total state budget. The share for health and human services, the recipient of billions in federal Medicaid matching dollars, is close to 40 percent when all revenue sources are included.

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### For More Information:

- Consensus revenue estimates may be found at [www.nmlegis.gov/Entity/LFC/Revenue\\_Reports](http://www.nmlegis.gov/Entity/LFC/Revenue_Reports).
- Details on state expenditures may be found in LFC's Post-Session Fiscal Review and LFC budget recommendations at [www.nmlegis.gov/Entity/LFC/Session\\_Publications](http://www.nmlegis.gov/Entity/LFC/Session_Publications).
- The general fund is created in Section 6-4-2 NMSA 1978.