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**General Fund Revenue Report: January 2012**

**Summary.** State revenues for January were down \$23 million from the previous month’s revenues but are expected to exceed the amount forecasted for FY12 in the December revenue forecast. Of the \$413 million revenue accrual reported for January (table 2), there was strength in revenue from federal mineral leasing, mineral production taxes, and gross receipts taxes; however, personal income taxes and corporate income taxes were weaker than expected. Table 1 indicates year-to-date general fund recurring revenues were \$3.1 billion, an increase of \$187.5 million, or 6.4 percent, compared to the same period a year ago.

If compared to the December 2011 revenue estimate in table 2, total revenues for the year are tracking at \$100 million, or 2 percent, greater than amount projected.

**Table 1**  
**General Fund Revenue Accruals: FY12 vs FY11**  
(dollar amounts in millions)

Revenue Category	Fiscal Year-to-Date Through January		Year-to-Date Growth	Projected Full-Year Growth: December 2011 Forecast
	FY11	FY12		
General Sales Taxes (GRT & Comp)	\$1,068.6	\$1,149.1	7.5%	2.3%
Personal Income Tax	\$561.4	\$571.9	1.9%	-0.6%
Corporate Income Tax	\$124.1	\$99.2	-20.1%	34.9%
Oil & Gas Revenues	\$229.7	\$241.6	5.2%	-3.5%
Investment Income & Other*	\$967.4	\$1,076.9	11.3%	-0.7%
<b>Total Recurring Revenue</b>	<b>\$2,951.2</b>	<b>\$3,138.7</b>	<b>6.4%</b>	<b>1.6%</b>
<b>Total Recurring Excluding Oil &amp; Gas</b>	<b>\$2,721.5</b>	<b>\$2,897.1</b>	<b>6.5%</b>	<b>2.1%</b>

**January Year-to-Date Revenue.** As indicated in Table 1, general sales taxes (GRT & Comp) year-to-date growth is 7.5 percent compared to FY11. The strength in GRT is from the oil and gas industry. The full year growth is forecast at 2.3 percent.

To date, personal income tax receipts (PIT) and specifically final settlements are tracking less than the December estimate. However, PIT refunds are greater than the amount projected in the December estimate. It is still too early to draw conclusions regarding PIT activity since the majority of this

activity occurs around April 15. PIT year-to-date growth is 1.9 percent; however, the full-year growth is forecast at -0.6 percent.

Corporate income tax (CIT) year-to-date growth is -20 percent compared to the full year growth rate forecasted at 34.9 percent. Year-to-date growth is down because FY12 is the first year where the full effects of the \$50 million cap on the film production tax credit and a provision that allowed businesses to immediately deduct from taxable income the cost of capital equipment expired at the end of calendar year 2011. As noted in last month's report, the Congressional Budget Office recently revised its CIT forecast down 9 percent in Federal FY12 and 6 percent in Federal FY13 which is consistent with what the data is showing in New Mexico. Analysts speculate that the timing of increased estimated payments due to the expiration of stimulus related incentives might be later than expected.

Further, economically targeted (development) refunds requests are larger than expected. FY12 high-wage jobs tax credit applications (whether paid, in progress, or pending review) currently total \$45.8 million as of February. This figure compares with a total of \$15 million for FY11 and would represent a 300 percent increase. Analysts have been concerned that the statute was loosely drafted and speculate that these claims are generated by existing jobs. Individual bills introduced by Representative Doyle and Senator Eichenberg during the 2012 session attempted to limit eligibility of high wage tax credits under circumstances where there is a change of business ownership but not necessarily an expansion of the total number of jobs created in the state.

Conversely, FY12 film credits applications (paid, in progress, or pending review) currently total \$33 million as of February. This compares with a total of \$90 million for FY11. Credits are now capped at \$50 million.

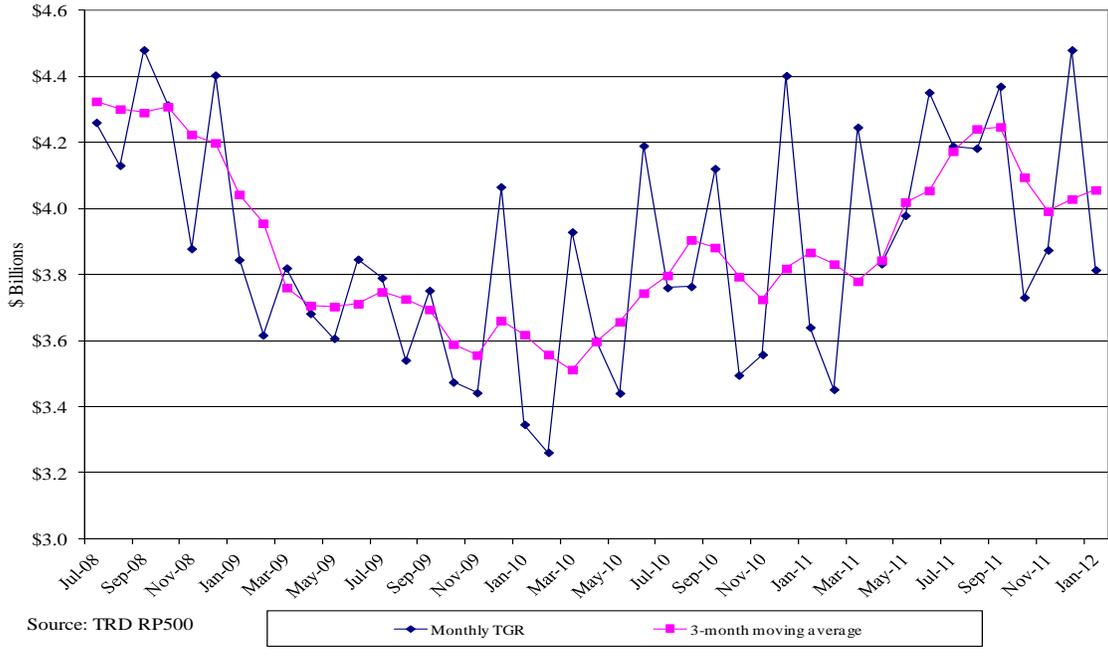
**Explanation of Revenue Tracking Method:** Table 2 shows the latest consensus revenue estimates and monthly accruals in detail. These estimates were based on data available through September and finalized in early December 2011. The monthly numbers shown in bold are actuals as reported by the Department of Finance and Administration. The entries in italics are extrapolated from Taxation and Revenue Department accounting documents. The entries in ordinary typeface are a monthly allocation of the annual estimate for the remaining months, based, on seasonal historical patterns. They are prepared by LFC staff.

The four shaded columns are of particular importance. The column labeled "FY12 Actual + Estimate" is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled "FY12 Dec 11 Estimate" is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms, respectively.

**Figure 1: Taxable gross receipts trends.** The three-month moving average of taxable gross receipts has trended up in FY12. From July 2011 thru January 2012, the year-over-year growth is approximately 7.4 percent. Taxable gross receipts collected in the months of November 2011 thru January 2012 showed year-over-year growth rates of 8.9, 1.8, and 4.8 percents, respectively.

During FY12, most industries show positive growth with the highest year-over-year percentage growth in mining and oil and gas extraction followed by manufacturing, public administration, and transportation and warehousing. The largest monetary changes occurred in mining and oil and gas extraction, retail trade, manufacturing, information and cultural industries, and wholesale trade.

Figure 1. Taxable Gross Receipts



**Table 2**  
**FISCAL YEAR 2012 GENERAL FUND MONTHLY REVENUE TRACKING - Accruals through January**  
(dollars in millions; italics indicate preliminary actual revenue)

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Row #		ESTIMATED REVENUE ACCRUALS												FY12	TRACKING CHANGE (Δ)			FY11	Row #
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Actual + Estimate	FY 12 Dec 11 Est	YTD % Δ	YTD \$ Δ	Audit	
1	Gross Receipts Tax	163.7	161.1	151.8	146.5	160.8	179.8	151.0	143.2	147.8	155.3	152.8	183.3	1,897.1	1,865.0	1.7%	32.1	1,822.5	1
2	Compensating Tax	5.9	3.9	7.4	5.8	0.5	6.7	4.4	5.0	6.8	5.3	5.0	6.7	63.5	69.5	-8.6%	(6.0)	69.1	2
3	<b>TOTAL GENERAL SALES TAXES</b>	<b>169.5</b>	<b>165.0</b>	<b>159.2</b>	<b>152.3</b>	<b>161.2</b>	<b>186.5</b>	<b>155.5</b>	<b>148.3</b>	<b>154.7</b>	<b>160.6</b>	<b>157.8</b>	<b>190.1</b>	<b>1,960.6</b>	<b>1,934.5</b>	<b>1.4%</b>	<b>26.1</b>	<b>1,891.6</b>	3
4	Tobacco Products & Cigarette Taxes	7.2	7.9	7.5	6.7	6.7	6.6	6.7	6.2	6.5	8.9	6.2	10.3	87.5	86.4	1.3%	1.1	88.2	4
5	Liquor Excise Tax	2.0	2.3	2.3	2.3	2.2	2.7	1.6	2.3	1.7	1.8	2.3	2.0	25.5	25.9	-1.7%	(0.4)	25.7	5
6	Insurance Premiums Tax	0.7	37.1	0.7	0.9	34.4	4.8	1.0	26.2	1.0	1.1	24.5	4.3	136.7	129.3	5.7%	7.4	132.7	6
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	15.9	15.9	0.0%	0.0	17.6	7	
8	Motor Vehicle Excise Tax	8.8	10.5	9.0	9.1	8.2	8.2	9.6	8.2	10.0	9.2	9.4	9.6	109.7	110.2	-0.4%	(0.5)	103.7	8
9	Gaming Excise Tax	5.9	5.3	5.3	5.3	5.2	5.4	5.3	5.7	6.0	5.7	5.8	5.2	66.3	66.6	-0.5%	(0.3)	65.8	9
10	Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.5	5.1	5.2	-1.2%	(0.1)	5.0	10
11	Other	0.1	0.6	0.6	0.8	0.6	1.4	1.0	0.3	0.2	0.3	0.2	0.3	6.4	2.8	131.1%	3.7	2.4	11
12	<b>TOTAL SELECTIVE SALES TAXES</b>	<b>25.2</b>	<b>64.3</b>	<b>25.9</b>	<b>25.6</b>	<b>57.7</b>	<b>29.6</b>	<b>25.7</b>	<b>49.2</b>	<b>25.7</b>	<b>27.5</b>	<b>48.8</b>	<b>48.1</b>	<b>453.2</b>	<b>442.3</b>	<b>2.5%</b>	<b>10.9</b>	<b>440.9</b>	12
13	Withholding	85.0	78.4	97.1	77.0	83.7	122.9	79.2	81.1	104.4	82.2	83.0	103.3	1,077.1	1,072.0	0.5%	5.1	1,042.3	13
14	Final Settlements & Estimated Payments	(2.0)	13.1	37.5	14.4	8.3	17.1	42.6	9.0	22.5	84.9	32.0	48.6	327.9	357.0	-8.1%	(29.1)	359.3	14
15	Oil and Gas Withholding Tax	(0.0)	0.3	7.5	12.1	(0.7)	4.2	10.3	0.5	3.6	4.0	0.7	5.7	48.1	34.0	41.5%	14.1	23.4	15
16	Fiduciary Tax	0.1	1.6	0.4	0.3	1.6	1.5	0.0	0.0	0.3	0.1	0.3	(0.0)	6.1	1.0	512.8%	5.1	42.6	16
17	<b>GROSS PERSONAL INCOME TAX</b>	<b>83.0</b>	<b>93.4</b>	<b>142.4</b>	<b>103.8</b>	<b>92.9</b>	<b>145.7</b>	<b>132.1</b>	<b>90.6</b>	<b>130.7</b>	<b>171.2</b>	<b>115.9</b>	<b>157.6</b>	<b>1,459.3</b>	<b>1,464.0</b>	<b>-0.3%</b>	<b>(4.7)</b>	<b>1,467.6</b>	17
	Refunds	5.2	4.8	7.6	5.5	5.1	103.1	78.2	61.3	55.1	21.6	16.0	9.2	372.7	355.6	4.8%	17.1	350.2	
	Retiree Health Care	0.2	1.6	1.6	1.6	1.6	1.6	1.6	1.3	1.3	1.3	1.3	1.5	16.8	16.0	4.9%	0.8	18.0	
18	Less: Refunds, distributions to other funds	7.3	6.7	9.2	7.1	6.7	104.8	79.9	62.6	56.4	23.0	17.3	10.6	391.6	374.0	4.7%	17.6	370.7	18
19	<b>NET PERSONAL INCOME TAX</b>	<b>75.7</b>	<b>86.7</b>	<b>133.2</b>	<b>96.7</b>	<b>86.2</b>	<b>40.9</b>	<b>52.3</b>	<b>28.0</b>	<b>74.3</b>	<b>148.3</b>	<b>98.6</b>	<b>147.0</b>	<b>1,067.8</b>	<b>1,090.0</b>	<b>-2.0%</b>	<b>(22.2)</b>	<b>1,096.9</b>	19
20	Gross Corporate Payments	(3.4)	8.9	2.6	42.3	6.1	5.1	37.5	16.9	27.2	20.4	47.2	44.2	255.1	310.0	-17.7%	(54.9)	229.8	20
21	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	N/A	0.0	0.0	21
22	<b>NET CORPORATE INCOME TAX</b>	<b>(3.4)</b>	<b>8.9</b>	<b>2.6</b>	<b>42.3</b>	<b>6.1</b>	<b>5.1</b>	<b>37.5</b>	<b>16.9</b>	<b>27.2</b>	<b>20.4</b>	<b>47.2</b>	<b>44.2</b>	<b>255.1</b>	<b>310.0</b>	<b>-17.7%</b>	<b>(54.9)</b>	<b>229.8</b>	22
23	<b>TOTAL INCOME TAXES</b>	<b>72.4</b>	<b>95.6</b>	<b>135.8</b>	<b>139.0</b>	<b>92.3</b>	<b>46.0</b>	<b>89.8</b>	<b>44.9</b>	<b>101.5</b>	<b>168.7</b>	<b>145.7</b>	<b>191.2</b>	<b>1,322.9</b>	<b>1,400.0</b>	<b>-5.5%</b>	<b>(77.1)</b>	<b>1,326.8</b>	23
24	Oil and Gas School Tax	37.7	36.7	32.7	32.8	34.9	35.2	30.7	28.9	31.6	31.6	31.5	31.4	395.6	358.6	10.3%	37.0	376.1	24
25	Oil Conservation Tax	1.9	1.8	1.7	1.7	1.8	1.9	0.1	1.4	1.6	1.6	1.7	1.6	18.9	18.5	2.3%	0.4	19.4	25
26	Resources Excise Tax	1.0	0.3	1.7	0.9	0.9	1.1	1.1	0.7	0.6	1.0	1.1	0.7	11.0	10.0	9.8%	1.0	10.1	26
27	Natural Gas Processors Tax	2.0	2.0	2.0	2.0	1.9	2.0	2.0	1.7	1.9	1.8	1.8	1.8	22.9	22.0	3.9%	0.9	18.2	27
28	<b>TOTAL MINERAL PROD. TAXES</b>	<b>42.6</b>	<b>40.8</b>	<b>38.0</b>	<b>37.4</b>	<b>39.5</b>	<b>40.1</b>	<b>33.8</b>	<b>32.7</b>	<b>35.7</b>	<b>36.1</b>	<b>36.1</b>	<b>35.4</b>	<b>448.3</b>	<b>409.1</b>	<b>9.6%</b>	<b>39.2</b>	<b>423.8</b>	28
29	<b>LICENSE FEES</b>	<b>1.8</b>	<b>2.2</b>	<b>1.9</b>	<b>2.0</b>	<b>2.1</b>	<b>7.3</b>	<b>2.1</b>	<b>3.7</b>	<b>7.8</b>	<b>14.5</b>	<b>3.4</b>	<b>2.9</b>	<b>51.7</b>	<b>51.5</b>	<b>0.4%</b>	<b>0.2</b>	<b>49.8</b>	29
30	Land Grant Perm. Fund Distributions	38.4	38.4	38.4	38.5	38.5	38.5	38.5	38.3	38.3	38.3	38.3	38.3	460.7	459.7	0.2%	1.0	446.2	30
31	State Treasurer's Earnings	(0.1)	1.6	1.3	1.5	1.9	1.4	0.0	1.2	1.5	(0.6)	1.3	3.6	14.6	17.3	-15.8%	(2.7)	17.6	31
32	Severance Tax Perm. Fund Distributions	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	183.4	183.4	0.0%	0.0	184.6	32
33	<b>TOTAL INVESTMENT EARNINGS</b>	<b>53.6</b>	<b>55.4</b>	<b>55.0</b>	<b>55.3</b>	<b>55.6</b>	<b>55.1</b>	<b>53.8</b>	<b>54.7</b>	<b>55.0</b>	<b>52.9</b>	<b>54.9</b>	<b>57.2</b>	<b>658.7</b>	<b>660.4</b>	<b>-0.3%</b>	<b>(1.7)</b>	<b>648.4</b>	33
34	Federal Mineral Leasing Royalties	42.4	41.0	38.2	46.9	46.8	42.4	42.3	40.8	41.1	34.5	35.6	38.6	490.6	420.0	16.8%	70.6	411.8	34
35	State Land Office Bonuses, Rents	18.5	15.0	12.9	3.7	5.6	2.3	1.1	3.8	3.8	3.5	4.6	4.9	79.7	65.6	21.4%	14.1	65.6	35
36	<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>60.9</b>	<b>56.0</b>	<b>51.2</b>	<b>50.6</b>	<b>52.4</b>	<b>44.7</b>	<b>43.3</b>	<b>44.6</b>	<b>44.9</b>	<b>38.0</b>	<b>40.2</b>	<b>43.5</b>	<b>570.3</b>	<b>478.6</b>	<b>19.2%</b>	<b>91.7</b>	<b>477.4</b>	36
37	TRIBAL REVENUE SHARING	0.1	0.0	16.8	0.1	0.0	10.3	0.3	0.0	16.9	0.1	0.1	18.5	63.3	70.4	-10.1%	(7.1)	65.9	37
38	MISCELLANEOUS RECEIPTS	0.8	1.4	2.5	1.9	1.7	16.5	1.6	1.4	2.0	1.5	2.5	27.8	61.6	46.0	34.0%	15.6	52.2	38
39	REVERSIONS	0.5	0.0	0.0	0.5	0.0	0.2	7.7	1.0	4.2	3.3	3.1	18.5	39.0	40.0	-2.4%	(1.0)	67.3	39
40	<b>TOTAL RECURRING REVENUE</b>	<b>427.3</b>	<b>480.7</b>	<b>486.4</b>	<b>464.6</b>	<b>462.6</b>	<b>436.3</b>	<b>413.4</b>	<b>380.5</b>	<b>448.6</b>	<b>503.4</b>	<b>492.7</b>	<b>633.2</b>	<b>5,629.7</b>	<b>5,532.8</b>	<b>1.8%</b>	<b>96.9</b>	<b>5,444.1</b>	40
41	Amnesty	-	-	-	-	-	-	-	-	-	-	-	6.9	6.9	6.9	NA	0.0	0.0	41
42	Non-Recurring	0.0	0.3	-	-	-	-	-	-	-	-	-	11.4	11.7	11.4	NA	0.3	26.5	42
43	<b>TOTAL NON-RECURRING REVENUE</b>	<b>0.0</b>	<b>0.3</b>	<b>-</b>	<b>18.3</b>	<b>18.6</b>	<b>18.3</b>	<b>NA</b>	<b>0.3</b>	<b>26.5</b>	43								
44	<b>GRAND TOTAL REVENUE</b>	<b>427.4</b>	<b>480.9</b>	<b>486.4</b>	<b>464.6</b>	<b>462.6</b>	<b>436.3</b>	<b>413.4</b>	<b>380.5</b>	<b>448.6</b>	<b>503.4</b>	<b>492.7</b>	<b>651.5</b>	<b>5,648.2</b>	<b>5,551.1</b>	<b>1.8%</b>	<b>97.2</b>	<b>5,470.6</b>	44