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General Fund Revenue Tracking Report: February 2013 Accrual

This general fund revenue tracking report reflects revenue accruals through February 2013, and some preliminary revenues through March and April.

In February the consensus revenue estimating group revised the revenues. After analyzing the major revenues, the consensus group found two offsetting trends that resulted in only a minor net change to the revenue picture. Downward revisions to the gross receipts tax resulting from increased claims for several tax credits were partially offset by strength in severance taxes and royalties supported by an increase in oil prices and volumes. The net change to projected FY13 general fund revenues is less than one percent; however, the LFC will track revenue performance compared to the February adjusted estimate.

Summary. Recurring state revenues for FY13 are tracking at \$5,679 million. If compared to the LFC-adjusted February 2013 revenue estimate in Table 2, total revenues for the year are tracking at \$13.0 million, or 0.2 percent, more than the estimate; this is relatively unchanged from January. The \$365 million revenue accrual reported for February (see table 2), showed continuing strength in revenue from income taxes, mineral production taxes, and from federal mineral leasing revenue. As shown in Table 1, year-to-date general fund recurring revenues are \$3,414 million, a decrease of \$166.4 million, or 4.6 percent, compared to the same period a year ago.

Table 1
General Fund Revenue Accruals: FY13 vs FY12

(in millions of dollars)

Revenue Category	Fiscal Year-to-Date Through February		Year-over-Year Growth	Projected Full-Year Growth: February 2013 Forecast
	FY12	FY13		
General Sales Taxes (GRT & Comp)	\$1,312.2	\$1,293.6	-1.4%	-0.1%
Personal Income Tax	\$601.5	\$637.0	5.9%	1.1%
Corporate Income Tax	\$116.2	\$117.3	1.0%	-5.7%
Oil & Gas Revenues *	\$723.0	\$606.3	-16.1%	-9.0%
Investment Income & Other	\$827.6	\$759.9	-8.2%	-2.7%
Total Recurring Revenue	\$3,580.5	\$3,414.1	-4.6%	-2.4%
Total Recurring Excluding Oil & Gas	\$2,857.5	\$2,807.8	-1.7%	-0.9%

* Oil & Gas revenues include mineral production taxes and rents & royalties.

February Year-to-Date Revenue. As shown in Table 1, year-to-date general sales taxes (GRT & Comp) declined 1.4 percent from FY12. The share of taxable gross receipts attributable to the mining and oil and gas industry is 7.5 percent, construction industry is 11.3 percent, and retail trade industry is 24.6 percent.

Receipts from personal income taxes (PIT) are tracking 2 percent above the estimate (see table 2). Corporate income tax (CIT) receipts are tracking \$11.5 million, or 4.4 percent, above the February estimate. The corporate income tax distribution for February was \$16.5 million, and preliminary data from the TRD shows CIT receipts are approximately \$36 million for March, helping collections to track above the estimate. The revenue estimate assumes that the statutory limit of \$50 million in film credits will be refunded in FY13.

Strength in the energy outlook has had a positive impact on several revenues associated with the extractive industry. The consensus group projects strength in severance taxes on the back of projected increases in volumes and an upward revision in oil prices to \$86.50 per barrel in both FY13 and FY14, which offset weakness in natural gas. This strength, combined with increasing production on federal lands, is contributing to an increase in federal mineral leasing (FML) revenues. This revenue represents approximately half of the royalties collected from oil and gas produced on federal lands within the state. The U.S. Department of Interior's Office of Natural Resources Revenue (ONRR) has announced it will reduce FML distributions to states for the last four months of FY13, and the first month of FY14, due to budget cuts necessitated by sequestration. The cuts represent about 5 percent of the total \$2.1 billion in minerals revenue paid out to the states in federal fiscal year 2012. New Mexico will lose a total of \$26 million between March and July. Projected revenues for March through July have been reduced by \$5.2 million per month to reflect the Department of Interior's reduction.

Strength in oil and gas tax revenues continues to offset weakness in other revenues. Mineral production taxes are 1.6 percent over estimate; and rents and royalties are tracking 2.2 percent below the estimate, due largely to the downward adjustment resulting from the sequester of FML revenues, but also due to State Land Office royalties tracking nearly 12 percent below the estimate. The average price of San Juan dry gas was \$3.35/mcf in January, \$3.30/mcf in February, \$3.71/mcf in March, and \$3.95/mcf in April. These prices are above the average price of \$2.85 in August and September. Oil prices have stabilized in the last few months at over \$90 per barrel and are expected to stay in that range. EIA expects US oil demand to increase modestly in 2013 and 2014 after falling in 2012.

Taxable gross receipts trends (Figure 1). The three-month moving average of taxable gross receipts has trended up in FY13 from FY12. From March 2012 through February 2013, the year-over-year growth is approximately 1.8 percent. Taxable gross receipts collected in the months of December 2012 through February 2013 showed year-over-year growth rates of 9.3, 2.7, and -4.1 percent, respectively.

During FY13, most industries have shown positive growth with the highest year-over-year percentage growth in unclassified establishments (67 percent), management (30 percent), real estate and rental and leasing (23 percent), manufacturing (17 percent), and finance and insurance (15 percent). The largest monetary growth occurred in mining and oil and gas extraction (\$342 million), retail trade (\$245 million), manufacturing (\$218 million), construction (\$209 million), and real estate and rental and leasing (\$172 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 November and finalized in February 2013. 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.

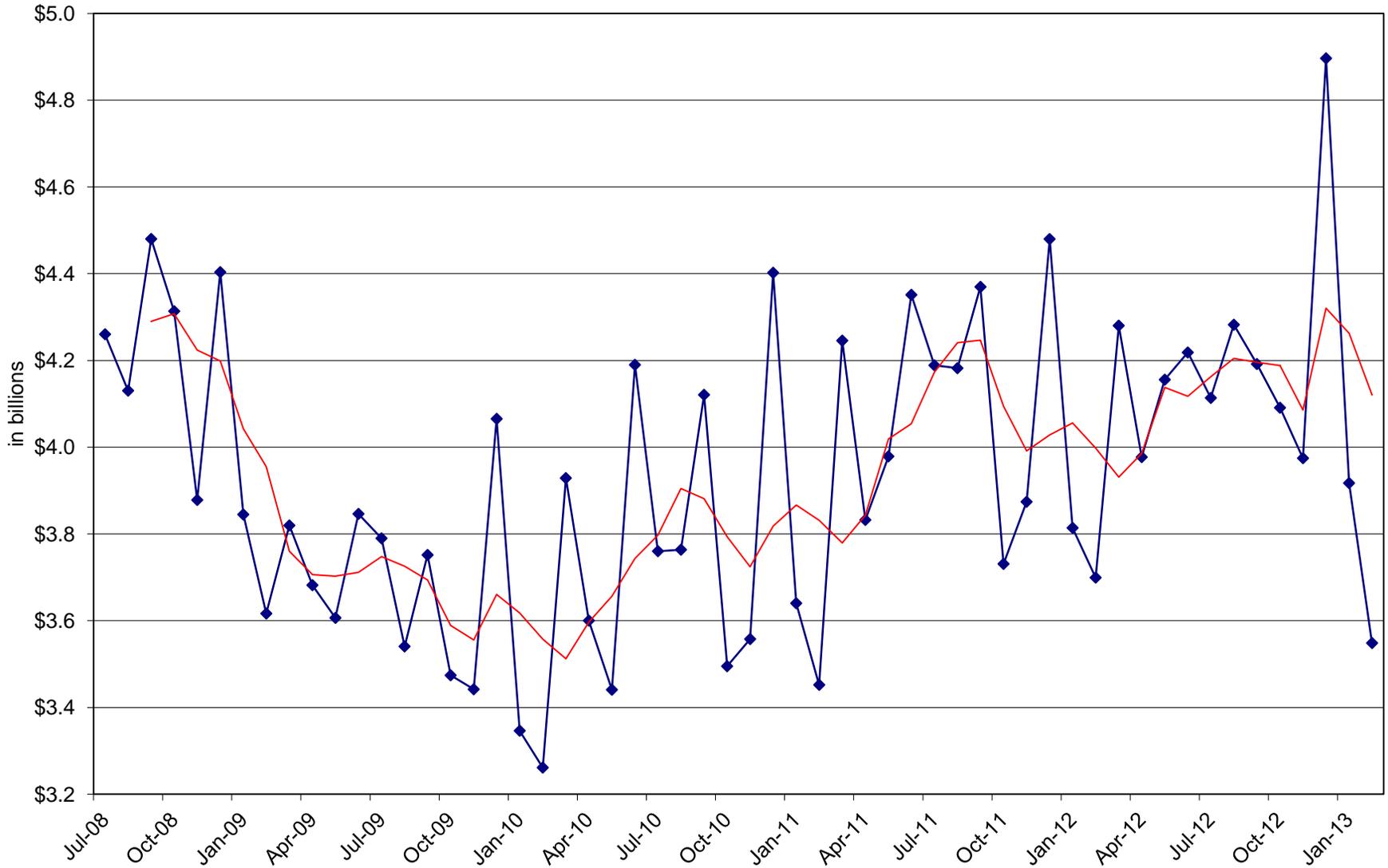
The four shaded columns are of particular importance. The column labeled "FY13 Actual + Estimate" is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled "FY13 Feb 13 Estimate" is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms, respectively.

Table 2
FISCAL YEAR 2013 GENERAL FUND MONTHLY REVENUE TRACKING -Accruals through February
(dollars in millions; italics indicate preliminary actual revenue)

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Row #		ESTIMATED REVENUE ACCRUALS												FY13	TRACKING CHANGE (Δ)			FY12 Prelim	Row #
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Actual + Estimate	FY 13 Feb 13 Est	YTD % Δ	YTD \$ Δ		
1	Gross Receipts Tax	157.6	166.1	137.7	168.4	162.9	169.5	152.8	147.4	155.7	164.9	160.6	187.2	1,930.6	1,924.5	0.3%	6.1	1,928.5	1
2	Compensating Tax	5.3	6.4	3.5	5.7	(0.5)	6.2	5.2	(0.4)	6.3	4.6	5.0	6.6	53.8	63.6	-15.3%	(9.8)	62.1	2
3	TOTAL GENERAL SALES TAXES	162.9	172.5	141.2	174.0	162.4	175.7	158.0	146.9	162.0	169.4	165.6	193.8	1,984.4	1,988.1	-0.2%	(3.7)	1,990.5	3
4	Tobacco Products & Cigarette Taxes	6.2	7.9	6.7	7.2	7.4	7.9	4.5	7.2	7.1	7.0	6.5	9.1	84.9	84.3	0.7%	0.6	85.4	4
5	Liquor Excise Tax	2.1	2.3	2.0	1.6	3.0	2.7	1.7	1.7	2.2	2.1	2.3	2.6	26.3	26.5	-0.7%	(0.2)	26.1	5
6	Insurance Premiums Tax	0.4	30.4	0.7	2.6	32.7	2.1	1.9	20.0	0.7	1.1	21.6	1.8	116.0	122.5	-5.3%	(6.5)	114.1	6
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	18.3	18.3	0.0%	0.0	18.8	7	
8	Motor Vehicle Excise Tax	10.7	11.3	9.3	11.3	9.0	8.7	10.7	9.6	11.2	10.4	10.6	10.7	123.6	123.0	0.5%	0.6	114.7	8
9	Gaming Excise Tax	5.3	5.2	5.3	4.8	4.9	5.3	4.9	5.1	6.0	5.6	5.6	5.1	63.0	64.8	-2.7%	(1.8)	65.5	9
10	Leased Vehicle Surcharge	0.5	0.6	0.5	0.5	0.4	0.3	0.3	0.3	0.4	0.4	0.5	0.5	5.3	5.4	-2.4%	(0.1)	5.4	10
11	Other	(5.8)	0.1	0.1	0.1	0.1	0.1	0.7	0.7	-	-	-	0.2	(3.7)	(2.5)	NA	(1.2)	7.5	11
12	TOTAL SELECTIVE SALES TAXES	19.5	57.8	24.6	28.1	57.5	27.2	24.8	44.6	27.6	26.6	47.1	48.4	433.7	442.3	-1.9%	(8.6)	437.5	12
13	Withholding	75.8	92.9	94.8	81.9	91.7	110.6	81.1	81.7	110.7	88.1	91.3	106.4	1,107.0	1,168.4	-5.3%	(61.4)	1,060.8	13
14	Final Settlements & Estimated Payments	-	8.7	41.4	14.9	10.1	16.8	54.6	11.4	31.0	116.0	19.0	72.7	396.6	374.4	5.9%	22.2	355.7	14
15	Oil and Gas Withholding Tax	-	0.5	5.1	14.3	0.2	10.8	14.4	1.8	1.2	6.3	0.7	10.8	66.1	30.8	114.7%	35.3	91.1	15
16	Fiduciary Tax	(0.0)	1.1	(0.4)	(0.4)	(0.5)	1.3	0.2	0.1	5.4	0.7	3.1	(0.4)	10.1	23.2	-56.5%	(13.1)	9.0	16
17	Gross Personal Income Tax	75.7	103.2	140.8	110.7	101.4	139.5	150.2	94.9	148.3	211.1	114.2	189.5	1,579.7	1,596.8	-1.1%	(17.0)	1,516.6	17
18	Refunds	5.5	6.2	7.3	5.2	7.5	76.0	86.9	70.5	58.7	23.2	15.7	9.6	372.3	412.0	-9.6%	(39.7)	346.3	18
19	Retiree Health Care	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.6	1.6	1.6	1.7	20.9	19.1	9.6%	1.8	19.9	19
20	Less: Refunds, distributions to other funds	7.3	8.0	9.1	7.0	9.3	77.8	88.7	72.3	60.3	24.8	17.3	11.3	393.2	433.5	-9.3%	(40.3)	366.1	20
21	NET PERSONAL INCOME TAX	68.4	95.2	131.7	103.7	92.1	61.7	61.5	22.7	88.0	186.4	97.0	178.2	1,186.6	1,163.3	2.0%	23.3	1,150.5	21
22	Gross Corporate Payments	-	3.3	3.8	52.4	(14.3)	(7.5)	63.0	16.5	36.1	22.9	38.3	62.0	276.5	265.0	4.4%	11.5	281.0	22
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	N/A	0.0	0.0	23
24	NET CORPORATE INCOME TAX	-	3.3	3.8	52.4	(14.3)	(7.5)	63.0	16.5	36.1	22.9	38.3	62.0	276.5	265.0	4.4%	11.5	281.0	24
25	TOTAL INCOME TAXES	68.4	98.5	135.6	156.1	77.8	54.2	124.5	39.2	124.2	209.2	135.2	240.2	1,463.1	1,428.3	2.4%	34.8	1,431.5	25
26	Oil and Gas School Tax	29.8	31.2	29.2	32.7	30.9	31.4	30.8	31.0	34.2	33.5	32.6	33.3	380.7	376.4	1.1%	4.3	399.6	26
27	Oil Conservation Tax	1.7	1.6	1.7	1.8	1.7	1.7	1.7	0.1	1.9	1.8	1.6	1.8	19.1	20.2	-5.7%	(1.1)	21.5	27
28	Resources Excise Tax	1.0	1.9	1.9	1.2	1.3	1.1	1.2	1.1	0.9	0.7	0.8	1.0	14.2	10.0	41.7%	4.2	12.0	28
29	Natural Gas Processors Tax	2.1	2.1	2.0	2.2	2.0	2.0	1.8	1.8	2.1	2.0	2.1	1.9	24.3	24.5	-1.0%	(0.2)	23.3	29
30	TOTAL MINERAL PROD. TAXES	34.6	36.9	34.8	37.9	35.9	36.3	35.5	34.0	39.1	38.1	37.0	38.0	438.2	431.1	1.6%	7.1	456.4	30
31	LICENSE FEES	1.7	2.1	1.9	1.7	1.8	7.2	2.2	3.7	7.2	13.9	3.4	2.6	49.3	50.4	-2.3%	-1.2	49.6	31
32	Land Grant Perm. Fund Distributions	36.7	36.7	36.7	36.7	36.7	36.7	36.7	36.8	36.6	36.6	36.6	36.6	440.0	438.8	0.3%	1.2	461.7	32
33	State Treasurer's Earnings	2.5	1.3	0.8	(0.7)	2.0	1.1	0.0	0.0	1.4	0.8	1.1	2.3	12.6	16.0	-21.3%	(3.4)	17.4	33
34	Severance Tax Perm. Fund Distributions	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	176.2	176.2	0.0%	(0.0)	183.4	34
35	TOTAL INVESTMENT EARNINGS	53.9	52.7	52.1	50.6	53.4	52.5	51.4	51.4	52.7	52.0	52.3	53.6	628.8	631.0	-0.3%	(2.2)	662.6	35
36	Federal Mineral Leasing Royalties	40.5	39.1	29.4	37.6	46.9	37.8	46.7	40.2	31.9	36.3	37.3	37.2	460.6	465.0	-0.9%	(4.4)	502.6	36
37	State Land Office Bonuses, Rents	3.9	6.1	7.5	1.7	3.2	5.7	3.9	1.3	3.9	3.4	5.5	7.2	53.4	60.5	-11.7%	(7.1)	92.5	37
38	TOTAL RENTS & ROYALTIES	44.3	45.2	36.8	39.3	50.1	43.6	50.6	41.5	35.7	39.7	42.8	44.4	514.1	525.5	-2.2%	(11.4)	595.1	38
39	TRIBAL REVENUE SHARING	0.1	0.0	17.3	0.1	-	16.5	0.2	0.0	18.1	0.1	0.1	18.0	70.8	72.0	-1.7%	(1.2)	68.2	39
40	MISCELLANEOUS RECEIPTS	1.0	1.3	1.2	1.3	2.7	1.0	1.5	1.2	1.9	3.2	1.3	24.7	42.4	46.2	-8.3%	(3.8)	45.1	40
41	REVERSIONS	-	-	-	0.0	3.4	0.0	7.5	2.0	5.2	3.2	3.9	28.8	54.2	51.0	6.3%	3.2	65.9	41
42	TOTAL RECURRING REVENUE	386.4	466.9	445.7	489.3	445.1	414.2	456.3	364.6	473.7	555.5	488.8	692.4	5,678.9	5,666.0	0.2%	13.0	5,802.4	42
43	Non-Recurring	0.1	0.1	(0.0)	0.1	0.2	(0.0)	0.0	0.8	-	-	-	(4.5)	(3.3)	(3.3)	NA	0.0	14.7	43
44	TOTAL NON-RECURRING REVENUE	0.1	0.1	(0.0)	0.1	0.2	(0.0)	0.0	0.8	-	-	-	(4.5)	(3.3)	(3.3)	NA	-	14.7	44
45	GRAND TOTAL REVENUE	386.5	467.1	445.6	489.3	445.2	414.2	456.3	365.4	473.7	555.5	488.8	687.9	5,675.6	5,662.7	0.2%	13.0	5,817.1	45

Figure 1. Taxable Gross Receipts



Source: TRD RP500

