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General Fund Revenue Tracking Report: Accruals through March, 2014

This general fund revenue tracking report reflects revenue accruals through March 2014, and some preliminary revenues through May 2014.

Summary. March was another strong month for revenue collections, with total revenue coming in \$100 million higher than the same month a year ago. This strength can be attributed in part to some nonrecurring revenue sources during the month, including large reversions from the Human Services Department and the Department of Health, as well as a large unclaimed property sale. Further strength is added by another month of strong withholding tax revenue, which is \$17 million above March 2013. Preliminary TRD Gentax data shows April final settlements are \$127 million, in line with the estimate and contributing to strong year-to-date PIT collections. However, the Gentax report also shows the April corporate income tax distribution to the general fund is negative, contributing to weakness in that volatile revenue source.

Appendix 1 estimates total fiscal year revenue collection by combining actual revenue accruals through March with estimates through the end of the year based on historical monthly shares of revenue collections. Based on this methodology revenues are tracking at \$6 billion, \$165 million (nearly 3 percent) above the Consensus Revenue Estimating Group's (CREG) December forecast. The largest single revenue source, gross receipts tax revenue, is tracking with the forecast. Key differences from the forecast are identified below:

- Personal income tax (PIT) revenue is tracking 6 percent above the estimate of \$1.2 billion, supported by higher-than-anticipated withholding tax collections. This trend is in contrast with recent pessimistic employment reports that indicate New Mexico is losing jobs.
- Corporate income tax (CIT) revenue is tracking at 23 percent below the \$280 million forecast, thanks in part to the negative distribution reported for April.
- Federal mineral leasing funds continue strength associated with strong oil prices, the boom in oil production, and the trend toward increased production on federal land. This revenue source is tracking 13 percent above the \$490 million estimate. FML payments are subject to sequestration of just over 7 percent of the payments, although this is offset by the refunding of amounts sequestered in federal fiscal year 2013; and
- Total mineral production taxes are tracking 11 percent high, also due to the oil production boom.

Table 1 compares fiscal-year-to-date (FYTD) revenue accruals through March. Recurring revenue is nearly 8 percent above the same period in FY13, compared with estimated full-year growth of 2.7 percent. GRT collections are 4.5 percent over the same period in FY13, above the full-year growth forecast of nearly three percent. PIT revenue growth through March is 10 percent, exceeding the 2.4 percent contraction predicted for FY14. Through March, withholding tax revenue has grown nearly 6 percent, oil and gas withholding tax revenue has increased 9 percent, and refunds are down 5.5 percent. Strength in oil and gas revenues continues to be driven by both production taxes and royalty revenues with FYTD growth of over 15 percent, well above the more conservative growth estimate adopted by the revenue estimating group.

Table 1
General Fund Revenue Accruals: FY14 vs FY13
 (in millions of dollars)

Revenue Category	Fiscal Year-to-Date Through March		Year-over-Year Growth	Projected Full-Year Growth: December 2013 Forecast
	FY13	FY14		
General Sales Taxes (GRT & Comp)	\$1,448.2	\$1,512.7	4.5%	2.9%
Personal Income Tax	\$726.7	\$801.2	10.3%	-2.4%
Corporate Income Tax	\$153.8	\$130.3	-15.3%	4.4%
Oil & Gas Revenues *	\$707.2	\$816.4	15.4%	7.7%
Investment Income & Other	\$902.1	\$983.9	9.1%	3.3%
Total Recurring Revenue	\$3,937.9	\$4,244.5	7.8%	2.7%
Total Recurring Excluding Oil & Gas	\$3,230.8	\$3,428.1	6.1%	1.7%

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

Taxable Gross Receipts. Table 2 compares fiscal-year-to-date growth of taxable gross receipts (TGR) by industry between FY13 and FY14 through March for both periods. Appendix 2 illustrates the New Mexico TGR base by industry for FY14 through March. Total TGR increased 2.3 percent compared with the same period in the prior fiscal year. Retail trade, which comprises 24 percent of TGR, remained virtually flat, while mining and oil and gas extraction showed 7 percent growth. Manufacturing also experienced growth, rising nearly ten percent, and taxable gross receipts from professional, scientific and technical services grew by 8 percent.

Table 2
Taxable Gross Receipts by Industry: FY14 vs FY13 Thru March

Industry	FY13 YTD (\$millions)	FY14 YTD (\$millions)	Y/Y Change (%)
Agriculture, Forestry, Fishing and Hunting	\$ 42.0	\$ 53.7	28.0%
Mining and Oil and Gas Extraction	\$ 2,765.2	\$ 2,957.4	7.0%
Utilities	\$ 1,759.7	\$ 1,802.0	2.4%
Construction	\$ 4,132.2	\$ 4,212.1	1.9%
Manufacturing	\$ 1,473.3	\$ 1,615.8	9.7%
Wholesale Trade	\$ 1,716.3	\$ 1,776.6	3.5%
Retail Trade	\$ 9,175.7	\$ 9,185.6	0.1%
Transportation and Warehousing	\$ 680.3	\$ 504.4	-25.9%
Information and Cultural Industries	\$ 1,799.7	\$ 1,873.8	4.1%
Finance and Insurance	\$ 210.0	\$ 216.8	3.2%
Real Estate and Rental and Leasing	\$ 760.2	\$ 828.1	8.9%
Professional, Scientific and Technical Services	\$ 3,121.0	\$ 3,375.1	8.1%
Management of Companies and Enterprises	\$ 30.6	\$ 32.7	6.8%
Admin and Support, Waste Mgt and Remed	\$ 1,264.3	\$ 1,161.3	-8.2%
Educational Services	\$ 150.2	\$ 154.1	2.6%
Health Care and Social Assistance	\$ 1,580.3	\$ 1,634.1	3.4%
Arts, Entertainment and Recreation	\$ 152.3	\$ 159.5	4.7%
Accommodation and Food Services	\$ 2,586.2	\$ 2,686.1	3.9%
Other Services (except Public Admin)	\$ 3,653.1	\$ 3,560.0	-2.5%
Public Administration	\$ 137.7	\$ 124.2	-9.8%
Unclassified Establishments	\$ 150.3	\$ 291.4	93.9%
Total	\$ 37,340.5	\$ 38,204.7	2.3%

Explanation of Revenue Tracking Method. Appendix 1 shows the latest consensus revenue estimates and monthly accruals in detail. These estimates were based on data available through December and finalized in January 2014. 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 “FY14 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY14 Dec 13 Estimate” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms, respectively.

APPENDIX 1 - FISCAL YEAR 2014 GENERAL FUND MONTHLY REVENUE TRACKING - Accruals through March

(dollars in millions; italics indicate preliminary actual revenue)

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Row #		ESTIMATED REVENUE ACCRUALS											FY14	TRACKING CHANGE (Δ)			FY13 Prelim	Row #	
		July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Actual	Apr Est.	May Est.	June Est.	Actual + Estimate	FY 14 Dec 13 Est	YTD %Δ			YTD \$Δ
1	Gross Receipts Tax	155.7	168.7	152.3	163.7	168.7	190.9	155.1	134.1	167.9	165.8	159.5	190.0	1,972.6	1,976.2	-0.2%	(3.6)	1,917.7	1
2	Compensating Tax	6.1	6.5	8.7	5.9	5.0	3.5	6.7	7.2	5.9	3.8	4.8	5.3	69.4	50.4	37.7%	19.0	50.9	2
3	TOTAL GENERAL SALES TAXES	161.8	175.3	161.0	169.6	173.7	194.4	161.8	141.3	173.8	169.6	164.3	195.4	2,042.0	2,026.6	0.8%	15.4	1,968.6	3
4	Tobacco Products & Cigarette Taxes	5.2	7.9	5.1	6.1	7.4	6.2	6.6	6.5	6.3	6.3	7.6	8.6	79.7	83.6	-4.7%	(3.9)	86.1	4
5	Liquor Excise Tax	2.1	2.2	2.0	2.5	2.0	2.5	2.1	1.8	2.0	2.2	2.3	2.7	26.5	27.3	-3.0%	(0.8)	26.2	5
6	Insurance Premiums Tax	0.8	30.3	0.8	3.9	25.3	0.8	1.6	24.7	0.8	0.9	22.7	0.8	113.5	126.7	-10.4%	(13.2)	107.5	6
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	17.4	17.4	0.0%	0.0	18.3	7	
8	Motor Vehicle Excise Tax	11.8	11.8	11.0	11.5	9.3	9.9	11.6	9.2	12.3	11.5	11.8	11.9	133.8	133.2	0.5%	0.6	125.5	8
9	Gaming Excise Tax	5.5	6.0	5.3	5.0	5.3	5.4	5.4	5.6	6.3	5.3	5.5	5.2	66.0	64.4	2.5%	1.6	63.1	9
10	Leased Vehicle Surcharge	0.4	0.8	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.5	0.5	5.3	5.5	-3.4%	(0.2)	5.1	10
11	Other	0.0	0.4	0.8	(0.1)	0.1	0.6	(1.5)	0.8	(0.7)	0.2	0.2	0.2	1.0	2.4	NA	(1.4)	(2.7)	11
12	TOTAL SELECTIVE SALES TAXES	25.9	59.5	25.3	29.5	49.8	26.0	26.1	49.0	27.4	26.8	50.6	47.3	443.3	460.5	-3.7%	(17.2)	429.2	12
13	Withholding	74.4	96.7	87.4	83.3	88.1	108.1	95.4	112.9	110.1	88.0	90.6	105.3	1,140.5	1,157.8	-1.5%	(17.3)	1,078.0	13
14	Final Settlements & Estimated Payments	-	11.8	44.0	20.0	11.4	18.8	50.1	10.8	35.4	126.8	24.2	64.5	417.7	410.6	1.7%	7.1	426.6	14
15	Oil and Gas Withholding Tax	-	0.3	10.9	18.0	3.2	0.6	14.1	8.8	9.6	13.6	4.8	15.8	99.8	75.7	31.8%	24.1	91.2	15
16	Fiduciary Tax	(0.5)	1.3	(0.1)	0.2	0.2	0.9	0.4	(0.4)	5.6	0.2	1.3	(0.1)	9.1	9.4	-3.8%	(0.4)	7.4	16
17	Gross Personal Income Tax	74.0	110.1	142.2	121.5	102.9	128.4	160.0	132.2	160.6	228.7	121.0	185.6	1,667.0	1,653.6	0.8%	13.4	1,603.2	17
18	Refunds	6.9	6.7	7.2	3.9	9.0	85.5	85.2	69.3	38.9	22.6	14.4	9.3	359.0	418.0	-14.1%	(59.0)	340.4	18
19	Retiree Health Care	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.2	24.1	24.0	0.4%	0.1	21.9	19
20	Less: Refunds, distributions to other funds	8.9	8.7	9.2	5.9	11.0	87.5	87.2	71.3	40.9	24.6	16.4	11.5	383.1	442.0	-13.3%	(58.9)	362.3	20
21	NET PERSONAL INCOME TAX	65.1	101.4	133.1	115.6	91.9	40.9	72.8	60.8	119.6	204.1	104.5	174.0	1,283.9	1,211.6	6.0%	72.3	1,240.9	21
22	Gross Corporate Payments	-	3.4	0.6	36.4	24.5	(3.8)	44.6	(0.2)	24.8	(2.2)	27.5	58.9	214.6	279.0	-23.1%	(64.4)	267.2	22
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	N/A	0.0	0.0	23
24	NET CORPORATE INCOME TAX	-	3.4	0.6	36.4	24.5	(3.8)	44.6	(0.2)	24.8	(2.2)	27.5	58.9	214.6	279.0	-23.1%	(64.4)	267.2	24
25	TOTAL INCOME TAXES	65.1	104.9	133.7	152.0	116.4	37.0	117.4	60.6	144.4	202.0	132.1	232.9	1,498.5	1,490.5	0.5%	8.0	1,508.1	25
26	Oil and Gas School Tax	38.3	41.8	42.0	40.8	36.6	40.3	40.3	41.6	39.0	38.9	36.8	39.2	475.7	427.1	11.4%	48.6	379.9	26
27	Oil Conservation Tax	2.0	2.3	2.3	2.3	2.0	2.2	2.2	2.2	2.1	2.1	2.3	1.8	25.9	23.3	11.2%	2.6	20.8	27
28	Resources Excise Tax	0.9	1.0	0.9	1.1	1.5	0.7	1.7	1.0	0.9	0.8	0.9	1.3	12.8	11.5	11.2%	1.3	13.5	28
29	Natural Gas Processors Tax	1.4	1.3	1.4	1.4	1.2	1.3	1.3	1.2	1.4	1.3	1.3	1.3	15.9	15.8	0.4%	0.1	24.2	29
30	TOTAL MINERAL PROD. TAXES	42.7	46.4	46.7	45.6	41.4	44.6	45.5	46.0	43.4	43.1	41.3	43.6	530.2	477.7	11.0%	52.5	438.4	30
31	LICENSE FEES	1.4	2.2	2.4	2.2	1.9	1.2	8.5	2.7	8.8	13.5	3.2	2.7	50.7	49.9	1.6%	0.8	50.0	31
32	Land Grant Perm. Fund Distributions	37.4	37.4	37.4	37.4	37.4	37.4	37.5	37.5	37.5	37.1	37.1	37.1	448.2	445.3	0.6%	2.9	440.9	32
33	State Treasurer's Earnings	0.1	6.5	(0.4)	6.7	0.9	3.6	3.7	3.9	0.4	0.5	0.7	2.0	28.7	12.1	136.8%	16.6	14.7	33
34	Severance Tax Perm. Fund Distributions	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	170.5	170.4	0.0%	0.1	176.2	34
35	TOTAL INVESTMENT EARNINGS	51.7	58.1	51.2	58.4	52.5	55.2	55.4	55.6	52.1	51.8	52.0	53.3	647.3	627.8	3.1%	19.5	631.8	35
36	Federal Mineral Leasing Royalties	38.0	40.7	51.1	69.3	37.4	41.9	45.3	51.7	41.2	46.7	46.9	44.9	555.0	490.0	13.3%	65.0	459.6	36
37	State Land Office Bonuses, Rents	5.6	6.3	3.7	2.5	1.3	6.2	5.8	3.8	3.6	2.2	4.2	5.2	50.4	47.6	5.8%	2.8	44.6	37
38	TOTAL RENTS & ROYALTIES	43.6	47.0	54.8	71.8	38.7	48.0	51.1	55.5	44.7	49.0	51.1	50.1	605.4	537.6	12.6%	67.8	504.3	38
39	TRIBAL REVENUE SHARING	0.0	-	17.1	-	0.0	16.0	0.2	0.3	16.7	0.1	0.1	18.1	68.8	72.5	-5.1%	(3.7)	70.7	39
40	MISCELLANEOUS RECEIPTS	1.0	1.1	1.2	1.1	0.9	1.8	1.2	1.1	22.9	4.2	1.3	13.5	51.5	49.2	4.7%	2.3	41.3	40
41	REVERSIONS	-	0.0	0.0	0.6	0.0	0.2	9.9	5.7	45.7	1.4	6.5	21.5	91.4	71.4	28.0%	20.0	65.8	41
42	TOTAL RECURRING REVENUE	393.2	494.5	493.5	530.7	475.4	424.5	477.0	417.8	580.1	561.5	502.4	678.4	6,029.0	5,863.6	2.8%	165.4	5,708.0	42
43	Non-Recurring	0.0	0.6	(0.3)	(0.1)	0.5	(0.4)	(0.2)	0.5	(0.4)	-	-	-	0.3	0.0	NA	0.3	0.6	43
44	TOTAL NON-RECURRING REVENUE	0.0	0.6	(0.3)	(0.1)	0.5	(0.4)	(0.2)	0.5	(0.4)	-	-	-	0.3	0.0	NA	0.3	0.6	44
45	GRAND TOTAL REVENUE	393.2	495.1	493.2	530.7	475.9	424.1	476.8	418.2	579.7	561.5	502.4	678.4	6,029.3	5,863.6	2.8%	165.7	5,708.6	45

Appendix 2
NM TGR Base by Industry: FY14 Through March

