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January 13, 2014

General Fund Revenue Tracking Report: Accruals through October, 2014

This general fund revenue tracking report reflects revenue accruals through October 2014 as reported by the Department of Finance and Administration, and some preliminary revenues through December.

Summary. October was a strong month for revenue collections, with total revenue coming in \$86 million (16.2 percent) higher than the same month a year ago. Federal Mineral Leasing royalties were \$56.7 million above October 2013, and general sales tax revenue increased by \$32.5 million between the two periods. Net personal income tax revenue came in at \$122 million in October, \$6.3 million above the same month in 2013.

Appendix 1 projects total FY15 revenue collections based on general fund accruals, some preliminary Gentax general fund transfer data from the Taxation and Revenue Department, and rents and royalties. Staff projections for revenue collections through the remainder of the year are based on historical monthly shares of revenue collections by revenue source. Revenues are tracking at \$6.25 billion, \$132 million (2.2 percent) above the consensus revenue estimating group's (CREG) December forecast. Key differences from the forecast are identified below:

- The largest single revenue source, gross receipts tax revenue, is tracking above the forecast by \$24 million (1.2 percent);
- Personal income tax (PIT) revenue is tracking \$18 million (1.4 percent) above the estimate of \$1.3 billion;
- Corporate income tax (CIT) revenue is tracking at \$37 million (17 percent) above the \$215 million forecast. LFC staff are working to clarify the nature of a large CIT revenue distribution to the general fund in November that is contributing much of this strength;
- Mineral production tax revenues are tracking at \$26.4 million (5.6 percent) above the \$475.5 million estimate; and,
- Federal mineral leasing (FML) royalties are tracking at \$25.4 million (4.8 percent) above the \$532 million estimate. Despite the reduction in oil prices, the timing of the royalty payment in the first quarter of FY15 reflects higher oil prices seen during late FY14. Further, the October FML transfer includes a large total for oil and gas bonus payments due to a change in the timing of federal lease sales from quarterly to annual. Bonus payments for the remainder of the year are expected to decline.

Table 1 compares fiscal-year-to-date (FYTD) revenue collections through October for FY15 and FY14. Recurring revenue is 9.7 percent above the same period in 2014, compared with estimated full-year growth of 1.3 percent.

The strength in broad-based taxes is expected to continue. However, this tracking report captures only the early months of FY15, during which mineral production taxes and royalties were bolstered by stronger oil and gas prices. These prices have declined below the level of the December estimate¹ and are expected to result in weakness in these revenue sources in the remaining months of FY15, bringing them below the levels estimated in the December 2014 consensus revenue estimate. The magnitude to which the strength in broad-based taxes will offset the weakness in energy-related revenues remains uncertain.

Table 1
General Fund Revenue Accruals: FY15 vs FY14
(in millions of dollars)

Revenue Category	Fiscal Year-to-Date Through October		Year-over-Year Growth	Projected Full-Year Growth: December 2014 Forecast
	FY14	FY15		
General Sales Taxes (GRT & Comp)	\$667.6	\$754.1	12.9%	4.0%
Personal Income Tax	\$415.2	\$444.8	7.1%	4.0%
Corporate Income Tax	\$40.5	\$52.6	29.8%	9.3%
Oil & Gas Revenues *	\$398.6	\$423.7	6.3%	-10.2%
Investment Income & Other	\$384.3	\$416.6	8.4%	3.5%
Total Recurring Revenue	\$1,906.2	\$2,091.8	9.7%	1.3%
Total Recurring Excluding Oil & Gas	\$1,507.7	\$1,668.1	10.6%	4.1%

* 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 FY14 and FY15 through October for both periods. Appendix 2 illustrates the New Mexico TGR base by industry for FY15 through October. Total TGR increased 7.9 percent compared with the same period in the prior fiscal year. Excluding unclassified establishments, transportation and warehousing saw the biggest increase between the two periods with 32.4 percent growth followed by 25 percent growth in professional, scientific and technical services. Retail trade, which comprises 22 percent of TGR (Appendix 2), showed marginal growth, while mining and oil and gas extraction showed 23 percent growth. Real estate, rental and leasing also experienced growth, rising 8.1 percent, and taxable gross receipts from management of companies and enterprises grew by over 20 percent.

¹ The December estimate for these revenue sources is based on an oil price of \$71/bbl, although prices have declined significantly since that estimate was made. New Mexico prices hovered below \$45/bbl on January 13.

Table 2
Taxable Gross Receipts by Industry: FY15 vs FY14 Through October

Industry	FY14 YTD (\$millions)	FY15 YTD (\$millions)	Y/Y Change (%)
Agriculture, Forestry, Fishing and Hunting	\$ 24.7	\$ 28.0	13.5%
Mining and Oil and Gas Extraction	\$ 1,318.8	\$ 1,619.0	22.8%
Utilities	\$ 805.4	\$ 779.4	-3.2%
Construction	\$ 1,964.0	\$ 2,128.1	8.4%
Manufacturing	\$ 741.9	\$ 792.7	6.8%
Wholesale Trade	\$ 824.8	\$ 898.9	9.0%
Retail Trade	\$ 4,052.4	\$ 4,115.7	1.6%
Transportation and Warehousing	\$ 212.3	\$ 281.1	32.4%
Information and Cultural Industries	\$ 844.5	\$ 846.0	0.2%
Finance and Insurance	\$ 98.1	\$ 96.2	-1.9%
Real Estate and Rental and Leasing	\$ 376.7	\$ 407.2	8.1%
Professional, Scientific and Technical Services	\$ 1,459.0	\$ 1,822.2	24.9%
Management of Companies and Enterprises	\$ 11.3	\$ 13.5	20.1%
Admin and Support, Waste Mgt and Remed	\$ 542.6	\$ 391.7	-27.8%
Educational Services	\$ 74.9	\$ 63.7	-14.9%
Health Care and Social Assistance	\$ 735.1	\$ 848.7	15.4%
Arts, Entertainment and Recreation	\$ 67.8	\$ 81.2	19.8%
Accommodation and Food Services	\$ 1,245.7	\$ 1,312.0	5.3%
Other Services (except Public Admin)	\$ 1,586.1	\$ 1,618.7	2.1%
Public Administration	\$ 53.4	\$ 60.3	12.8%
Unclassified Establishments	\$ 115.5	\$ 304.6	163.6%
Total	\$ 17,155.1	\$ 18,509.0	7.9%

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 2015 GENERAL FUND MONTHLY REVENUE TRACKING - Accruals through October

(dollars in millions; italics indicate preliminary actual revenue)

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Row #		ESTIMATED REVENUE ACCRUALS												FY15	TRACKING CHANGE (Δ)			FY14	Row #
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Actual +	FY 15	YTD	YTD	FY14	
		Actual	Actual	Actual	Actual	Prelim.	Prelim.	Est.	Est.	Est.	Est.	Est.	Est.	Estimate	Dec 14 Est	% Δ	\$ Δ	Unaudited	
1	Gross Receipts Tax	171.9	183.7	168.4	191.4	169.9	193.5	163.7	156.7	166.1	176.0	170.2	202.7	2,114.1	2,090.0	1.2%	24.1	1,992.0	1
2	Compensating Tax	9.0	8.9	10.0	10.7	0.2	4.8	4.4	2.5	4.1	3.8	5.6	5.8	69.8	63.9	9.2%	5.9	78.4	2
3	TOTAL GENERAL SALES TAXES	180.9	192.6	178.4	202.1	170.1	198.2	168.1	159.2	170.2	179.8	175.7	208.5	2,183.9	2,153.9	1.4%	30.0	2,070.4	3
4	Tobacco Products & Cigarette Taxes	6.4	7.0	6.6	7.0	6.8	6.6	5.7	6.6	6.2	6.1	7.4	7.8	80.3	79.0	1.6%	1.3	78.5	4
5	Liquor Excise Tax	2.2	2.1	2.2	2.1	2.3	2.7	1.7	1.9	2.2	2.1	2.2	2.7	26.4	26.7	-1.2%	(0.3)	26.4	5
6	Insurance Premiums Tax	0.2	29.6	1.0	10.4	38.5	2.6	2.2	22.1	0.9	1.0	26.3	0.9	135.8	140.0	-3.0%	(4.2)	115.1	6
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	14.9	14.9	0.0%	0.0	16.1	7	
8	Motor Vehicle Excise Tax	13.6	12.3	12.2	12.4	9.8	10.2	11.4	10.6	13.1	12.7	12.9	12.6	143.9	141.3	1.9%	2.6	133.3	8
9	Gaming Excise Tax	5.5	6.1	5.4	5.7	5.4	5.6	5.5	5.7	6.4	5.5	5.9	5.5	68.2	67.9	0.4%	0.3	66.5	9
10	Leased Vehicle Surcharge	0.3	0.5	0.5	0.9	0.4	0.4	0.3	0.3	0.4	0.4	0.5	0.5	5.3	5.2	1.1%	0.1	5.2	10
11	Other	0.0	0.1	0.9	(0.5)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.3	1.1	NA	0.2	2.9	11
12	TOTAL SELECTIVE SALES TAXES	28.3	57.6	28.8	38.0	63.3	28.2	26.8	47.3	29.3	28.0	55.2	45.0	475.9	476.1	0.0%	(0.1)	443.9	12
13	Withholding	88.3	111.4	84.9	100.6	88.7	124.3	88.1	91.9	117.2	87.5	91.0	106.8	1,180.7	1,173.2	0.6%	7.5	1,116.2	13
14	Final Settlements & Estimated Payments	-	10.2	48.5	19.3	12.0	17.7	50.2	10.2	31.9	132.8	19.5	60.0	412.3	407.2	1.3%	5.2	396.6	14
15	Oil and Gas Withholding Tax	-	3.4	4.9	11.1	10.0	5.7	13.4	3.7	6.1	12.7	6.5	28.1	105.6	100.5	5.1%	5.1	109.6	15
16	Fiduciary Tax	(0.1)	1.0	(0.5)	(0.1)	0.4	1.6	0.3	(0.1)	5.1	0.3	1.8	(0.5)	9.3	10.4	-10.5%	(1.1)	8.0	16
17	Gross Personal Income Tax	88.2	126.1	137.8	130.9	111.2	149.2	152.0	105.7	160.3	233.4	118.8	194.4	1,707.9	1,691.3	1.0%	16.6	1,630.4	17
18	Refunds	6.4	8.4	7.9	6.8	6.9	92.6	84.5	63.9	43.3	18.0	12.2	7.5	358.5	359.8	-0.4%	(1.3)	351.4	18
19	Retiree Health Care	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.4	26.6	26.5	0.2%	0.1	24.1	19
20	Less: Refunds, distributions to other funds	8.6	10.6	10.1	9.0	9.1	94.8	86.7	66.1	45.5	20.2	14.4	10.0	385.0	386.3	-0.3%	(1.3)	375.5	20
21	NET PERSONAL INCOME TAX	79.6	115.6	127.7	121.9	102.0	54.4	65.2	39.6	114.8	213.2	104.4	184.4	1,322.9	1,305.0	1.4%	17.9	1,254.9	21
22	Gross Corporate Payments	-	26.9	6.4	19.3	38.0	(5.1)	49.7	6.5	28.2	19.5	10.5	51.9	251.8	215.0	17.1%	36.8	196.8	22
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	0.0	0.0	23
24	NET CORPORATE INCOME TAX	-	26.9	6.4	19.3	38.0	(5.1)	49.7	6.5	28.2	19.5	10.5	51.9	251.8	215.0	17.1%	36.8	196.8	24
25	TOTAL INCOME TAXES	79.6	142.4	134.1	141.2	140.0	49.3	115.0	46.1	143.0	232.7	115.0	236.3	1,574.7	1,520.0	3.6%	54.7	1,451.7	25
26	Oil and Gas School Tax	45.0	41.8	37.8	34.6	33.7	36.3	36.5	33.3	38.7	37.2	35.3	35.7	445.9	421.1	5.9%	24.8	500.7	26
27	Oil Conservation Tax	2.5	2.3	2.1	1.9	1.8	1.9	1.9	1.8	2.0	1.9	2.2	1.7	23.9	22.7	5.3%	1.2	27.2	27
28	Resources Excise Tax	1.1	1.2	1.2	1.2	1.2	1.0	1.3	1.0	1.1	0.9	1.1	1.1	13.4	12.7	5.2%	0.7	13.0	28
29	Natural Gas Processors Tax	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.4	1.6	1.6	1.5	1.7	18.8	19.0	-1.2%	(0.2)	16.2	29
30	TOTAL MINERAL PROD. TAXES	50.2	46.9	42.6	39.2	38.3	40.7	41.1	37.6	43.4	41.6	40.1	40.2	501.9	475.5	5.6%	26.4	557.1	30
31	LICENSE FEES	2.1	2.2	2.1	2.1	2.1	6.6	3.6	3.6	8.3	13.8	2.8	2.6	51.8	51.6	0.4%	0.2	51.7	31
32	Land Grant Perm. Fund Distributions	41.8	41.8	41.8	41.9	41.3	41.3	41.3	41.3	41.3	41.3	41.3	41.3	498.1	496.2	0.4%	2.0	449.4	32
33	State Treasurer's Earnings	(2.8)	3.9	(1.2)	5.1	1.1	1.3	2.0	2.5	0.7	0.6	0.5	1.8	15.6	15.0	3.8%	0.6	19.0	33
34	Severance Tax Perm. Fund Distributions	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	182.7	182.7	0.0%	0.0	170.5	34
35	TOTAL INVESTMENT EARNINGS	54.3	61.0	55.9	62.2	57.6	57.9	58.6	59.1	57.3	57.1	57.1	58.4	696.4	693.9	0.4%	2.5	638.9	35
36	Federal Mineral Leasing Royalties	45.4	46.6	48.2	126.0	47.0	38.7	35.3	34.5	33.3	30.7	35.2	36.6	557.4	532.0	4.8%	25.4	569.9	36
37	State Land Office Bonuses, Rents	3.0	2.3	7.3	2.5	1.0	3.5	3.3	3.3	3.3	2.4	4.0	5.1	41.0	47.5	-13.7%	(6.5)	47.5	37
38	TOTAL RENTS & ROYALTIES	48.4	48.9	55.5	128.5	48.0	42.2	38.6	37.8	36.6	33.1	39.2	41.7	598.5	579.5	3.3%	19.0	617.3	38
39	TRIBAL REVENUE SHARING	-	0.4	16.5	0.2	0.0	16.6	0.3	0.1	17.7	0.1	0.1	17.5	69.5	70.0	-0.8%	(0.5)	67.6	39
40	MISCELLANEOUS RECEIPTS	1.1	1.1	1.2	1.1	1.8	5.4	2.5	1.1	16.5	4.2	1.2	8.8	46.1	46.6	-1.1%	(0.5)	45.0	40
41	REVERSIONS	0.0	0.1	0.0	0.5	0.7	3.0	4.4	1.8	7.6	0.9	4.9	29.4	53.2	53.0	0.5%	0.2	96.5	41
42	TOTAL RECURRING REVENUE	444.9	553.1	515.2	615.1	521.9	448.1	459.0	393.6	530.0	591.3	491.3	688.4	6,251.9	6,120.0	2.2%	131.9	6,040.1	42
43	Non-Recurring	0.0	0.5	(0.1)	0.0	-	-	-	-	-	-	-	-	0.4	0.0	NA	0.4	0.4	43
44	TOTAL NON-RECURRING REVENUE	0.0	0.5	(0.1)	0.0	-	-	-	-	-	-	-	-	0.4	0.0	NA	0.4	0.4	44
45	GRAND TOTAL REVENUE	444.9	553.6	515.0	615.1	521.9	448.1	459.0	393.6	530.0	591.3	491.3	688.4	6,252.3	6,120.0	2.2%	132.3	6,040.5	45

Appendix 2

NM TGR Base by Industry: FY15 Through Oct.

