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February 7, 2016



General Fund Revenue Tracking Report: Accruals through November, 2015

This general fund revenue tracking report reflects revenue accruals through November 2015 as reported by the Department of Finance and Administration, and some preliminary revenues through December 2015.

Summary. New Mexico has been directly impacted across various economic sectors by the continued turbulence in the oil industry. Total recurring revenue collection in November was \$131 million (25.2 percent) lower than the same month a year ago. Chart 1 compares total recurring revenue between FY16 and FY15 through November.

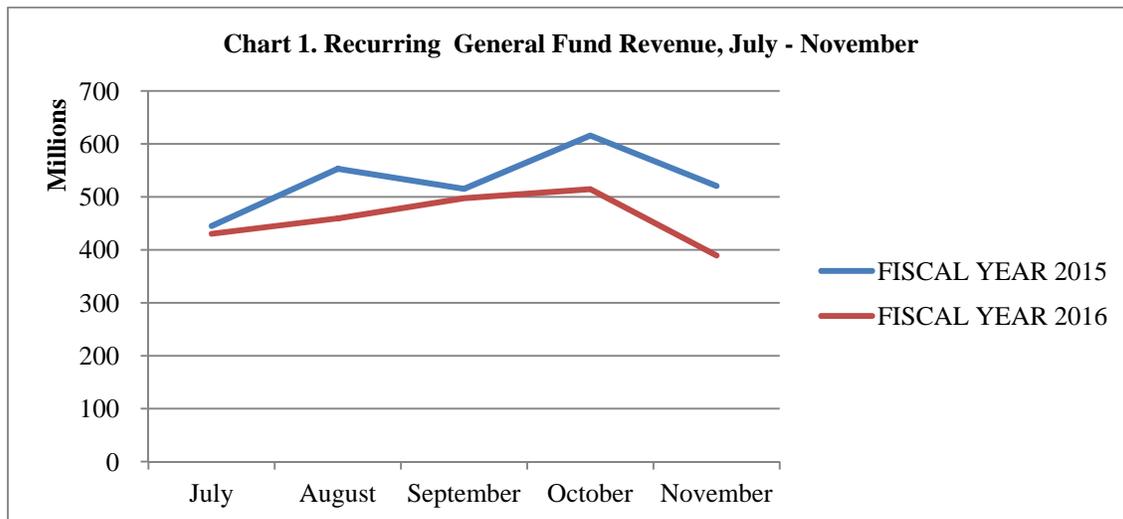


Chart 2 compares the components of fiscal year-to-date (FYTD) recurring revenue through November for FY16 versus FY15. Projections for revenue collections through the remainder of the year are based on historical monthly shares of revenue collections by revenue source. Revenues are tracking at \$6.0 billion, \$6.7 million (0.1 percent) above the consensus revenue estimating group’s (CREG) revised January forecast.

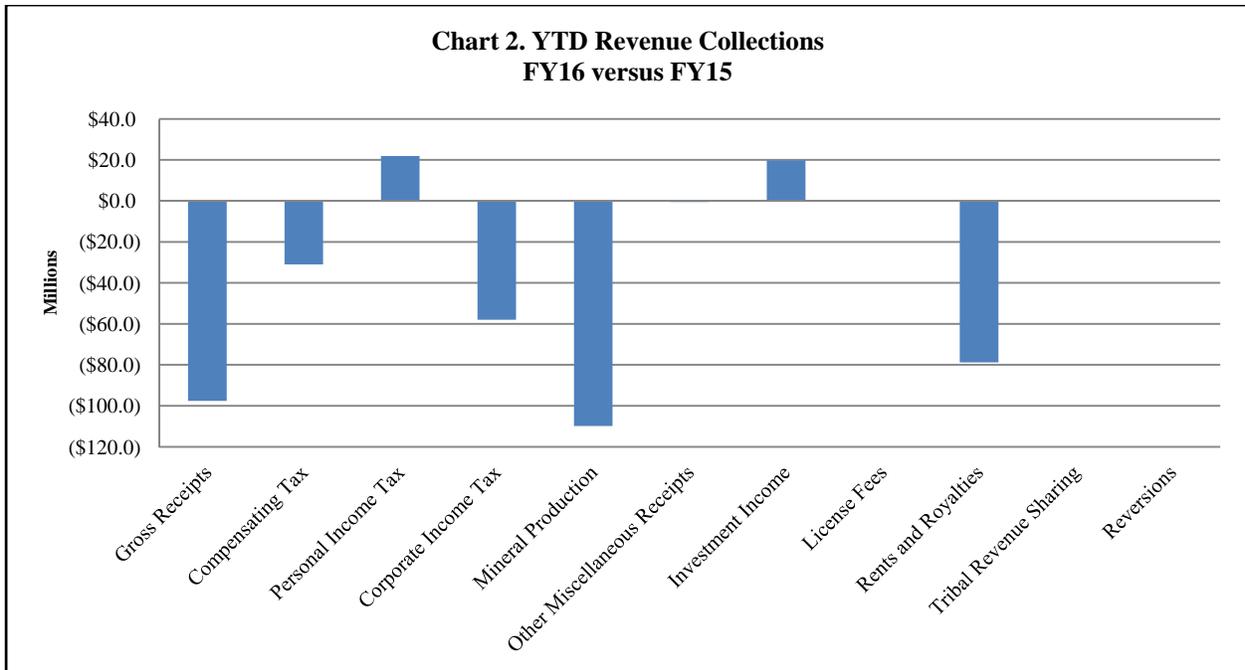


Table 1 compares FYTD revenue collections through November for FY16 and FY15. Revenue collections are based on general fund accruals, some preliminary GenTax general fund transfer data from Taxation and Revenue Department and rents and royalties. Recurring revenue is -13.5 percent below the same period in 2015, compared with estimated full-year growth of -2.8 percent. The consensus revenue estimating group's (CREG) January forecast utilized additional revenues received as well as recent economic data which provided key differences from the December forecast:

- The January revenue forecast for gross receipts taxes was revised down -0.2 to reflect the lower gross receipts revenue received during FY16. Through November, however, collections are below last year by nearly -11.0 percent due, in part, to a broad economic slowdown in the oil and gas sector, particularly in Lea and Eddy counties during the first five months of FY16.
- Compensating tax has experienced an extreme drop due to the pull-back in the oil and gas industry over the last year and has fallen nearly 65 percent behind the prior year's revenues received.
- Corporate income tax (CIT) at \$31.5 million (-12.4 percent) due to broad sector weakness, particularly in the manufacturing and mining sectors.
- Federal mineral leasing royalties are tracking below forecast at \$142.2 million (-26.2 percent) while mineral production tax revenues have been fallen to -31.1 percent or \$133.0 million. The low royalty payments reflect the impact of the collapse of oil and gas commodity and production prices.
- An area of positive activity is Personal Income Tax (PIT) revenues which have come approximately 4 percent greater than FY15.
- After the January revenue estimate revisions, general fund revenues are expected to decline by -2.8 percent, while FY17 is expected to grow by 4.1 percent and FY18 by 5.6 percent.

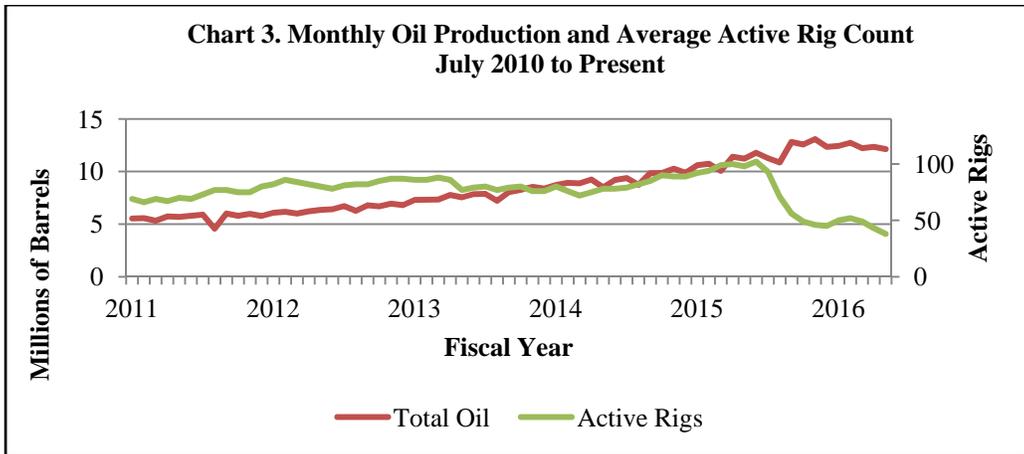
Table 1.				
General Fund Revenue Accruals: FY16 vs. FY15				
(in millions of dollars)				
Revenue Category	Fiscal Year-to-Date Through November		Year-over-Year Growth	Projected Full-Year Growth: January 2016 Forecast
	FY15	FY16		
Gross Receipts	\$888.5	\$790.9	-11.0%	-0.2%
Compensating Tax	\$47.8	\$16.7	-64.9%	-24.3%
Personal Income Tax	\$541.0	\$562.9	4.0%	4.6%
Corporate Income Tax	\$90.6	\$32.6	-64.0%	-12.4%
Oil & Gas Revenues *	\$548.5	\$359.8	-34.4%	-25.8%
Investment Income	\$294.3	\$314.1	6.7%	8.4%
Other	\$5.5	\$5.0	-9.8%	0.6%
Total Recurring Revenue	\$2,649.3	\$2,291.0	-13.5%	-2.8%
Total Recurring Excluding Oil & Gas	\$2,100.8	\$1,931.2	-8.1%	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 FY15 and FY16 through October for both periods. Total TGR decreased by -5.4 percent compared with the same period in the prior fiscal year. The category of professional services saw the largest positive increase between the two periods with 19 percent growth followed by 17.5 percent in agriculture. Retail trade which comprises 22 percent of TGR was down 5 percent, while mining and oil and gas extraction was down -41.2 percent and manufacturing was down -22.5 percent.

Table 2. Gross Receipts Tax -- Sectoral Performance			
July - Oct, 2015 over same period of FY 15			
	Matched Taxable Gross Receipts	General Fund Portion Taxes Paid	General Fund Taxes Pd for Period (millions)
Agriculture	17.5%	11.7%	\$1.5
Mining	-41.2%	-39.9%	\$44.3
Construction	-2.3%	-4.2%	\$94.1
Manufacturing	-22.5%	-23.7%	\$27.7
Wholesale	-12.4%	-14.3%	\$34.5
Retail	-5.0%	-4.7%	\$162.3
Healthcare	4.3%	5.2%	\$34.3
Professional Services	19.0%	18.2%	\$94.2
Unclassified	-68.5%	-41.0%	\$5.3
All Others	1.1%	0.3%	\$260.5
All Categories	-5.4%	-5.3%	\$758.7

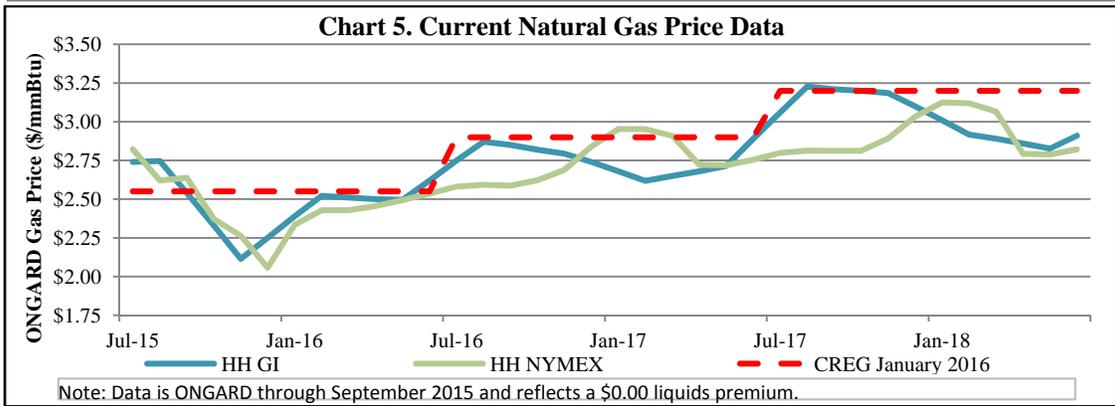
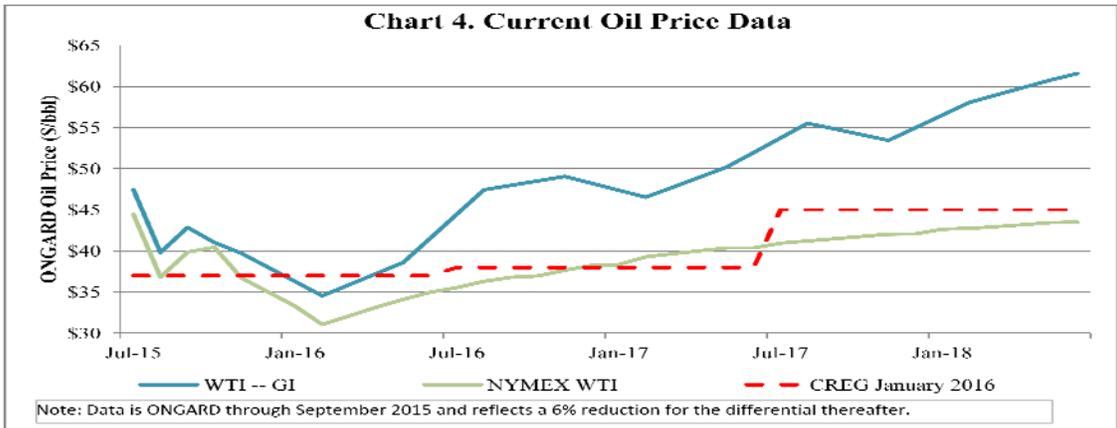
Note: these are RP-500 data and do not include CRS credits or administrative fees from the local governments.



Oil and Gas.

The charts below provide an overview of the January revenue estimates for oil and natural gas prices.

- The FY16 oil price estimate was lowered from \$44/bbl to \$37/bbl, FY17 from \$49/bbl to \$38/bbl.
- The FY16 natural gas price estimate was reduced from \$2.90/mcf to \$2.55/mcf. FY17 from \$3.20/mcf to \$2.90/mcf.



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 2016. 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 “FY16 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY16 Dec 15 Estimate” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms, respectively.

FISCAL YEAR 2016 GENERAL FUND MONTHLY REVENUE TRACKING

(dollars in millions; italics indicate preliminary actual revenue)

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	ESTIMATED REVENUE ACCRUALS												FY16 Actual + Estimate	TRACKING CHANGE (Δ)			FY15 Unaudited
	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Est.	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.		FY 16 Dec 15 Est	YTD % Δ	YTD \$ Δ	
Gross Receipts Tax	167.2	167.0	143.3	141.9	171.4	204.3	173.2	165.9	175.7	186.1	180.0	213.9	2,090.0	2,090.0	0.0%	0.0	2,095.2
Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	5.4	3.5	5.1	4.8	6.5	6.7	54.4	54.4	0.0%	0.0	71.8
TOTAL GENERAL SALES TAXES	169.8	170.3	148.4	145.5	173.7	210.0	178.5	169.4	180.8	190.9	186.5	220.7	2,144.4	2,144.4	0.0%	0.0	2,167.0
Tobacco Products & Cigarette Taxes	6.0	7.2	7.8	6.9	5.4	7.1	6.0	6.4	6.8	6.8	7.1	8.9	82.4	82.400	0.0%	0.0	82.3
Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.5	0.5	0.5	0.7	6.7	6.700	0.0%	0.0	26.3
Insurance Premiums Tax	0.5	45.7	1.0	1.2	54.3	2.7	2.8	35.1	1.3	1.5	39.3	2.4	188.0	188.000	0.0%	0.0	149.9
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.7	13.7	13.700	0.0%	0.0	15.2
Motor Vehicle Excise Tax	16.3	13.5	12.7	11.7	12.7	10.3	11.5	10.7	13.2	12.8	13.0	12.7	151.0	151.000	0.0%	0.0	138.7
Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	6.2	6.0	6.3	7.0	6.1	6.4	6.0	70.1	70.100	0.0%	0.0	70.4
Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.4	0.4	0.5	0.5	5.2	5.200	0.0%	0.0	5.2
Other	0.0	0.4	0.4	(0.3)	(0.0)	0.3	0.8	0.5	0.3	0.3	0.3	0.4	3.2	3.2	NA	0.0	0.5
TOTAL SELECTIVE SALES TAXES	29.6	73.2	28.2	26.2	78.0	27.5	27.8	59.7	29.5	28.3	67.1	45.3	520.3	520.3	0.0%	0.0	488.5
Withholding	102.4	86.4	128.0	98.1	84.0	139.6	99.3	103.4	131.6	98.6	102.5	120.0	1,293.8	1,293.8	0.0%	0.0	1,179.1
Final Settlements	-	13.4	45.3	23.6	12.0	20.8	57.8	12.3	37.0	152.0	22.9	69.0	466.1	466.1	0.0%	0.0	433.5
Oil and Gas Withholding Tax	-	2.2	6.8	7.7	5.4	5.3	12.5	3.5	5.6	11.8	6.1	26.2	93.1	93.1	0.0%	0.0	101.8
Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	3.7	0.7	(0.2)	12.3	0.8	4.3	(1.2)	21.0	21.0	0.0%	0.0	7.5
Gross Personal Income Tax	102.3	103.0	179.4	129.6	101.6	169.4	170.2	118.9	186.6	263.3	135.7	214.1	1,874.1	1,874.1	0.0%	0.0	1,721.9
Refunds	6.6	8.6	9.2	11.7	4.7	115.9	105.8	79.9	54.2	22.6	15.3	9.4	443.8	443.8	0.0%	0.0	355.5
Retiree Health Care	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	29.3	29.3	0.0%	0.0	26.7
Less: Refunds, distributions to other funds	9.0	11.0	11.6	14.2	7.1	118.3	108.2	82.4	56.6	25.0	17.7	11.9	473.1	473.1	0.0%	0.0	382.2
NET PERSONAL INCOME TAX	93.3	92.0	167.8	115.4	94.5	51.1	62.0	36.6	130.0	238.2	118.0	202.2	1,401.0	1,401.0	0.0%	(0.0)	1,339.7
Gross Corporate Payments	-	(5.4)	3.6	43.4	(9.1)	(6.0)	58.7	7.7	33.4	23.0	12.5	61.3	223.0	223.0	0.0%	0.0	254.5
Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	0.0	0.0
NET CORPORATE INCOME TAX	-	(5.4)	3.6	43.4	(9.1)	(6.0)	58.7	7.7	33.4	23.0	12.5	61.3	223.0	223.0	0.0%	0.0	254.5
TOTAL INCOME TAXES	93.3	86.6	171.4	158.8	85.4	45.0	120.7	44.3	163.3	261.2	130.5	263.5	1,624.0	1,624.0	0.0%	0.0	1,594.2
Oil and Gas School Tax	24.6	22.9	23.2	23.8	18.1	19.5	19.6	17.9	20.8	20.0	18.9	19.2	248.5	248.5	0.0%	0.0	375.4
Oil Conservation Tax	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.0	1.2	1.1	1.3	1.0	13.3	13.3	0.0%	0.0	20.1
Resources Excise Tax	1.1	1.0	0.4	-	0.8	1.3	1.7	1.3	1.4	1.2	1.5	1.4	13.0	13.0	0.0%	0.0	13.3
Natural Gas Processors Tax	1.6	1.7	1.8	-	1.7	1.9	1.8	1.7	1.9	1.9	1.8	2.0	19.7	19.7	0.0%	0.0	18.6
TOTAL MINERAL PROD. TAXES	28.6	26.7	26.5	25.0	21.6	23.7	24.1	21.9	25.2	24.1	23.5	23.6	294.5	294.5	0.0%	0.0	427.5
LICENSE FEES	2.190	2.042	2.408	2.042	2.034	6.774	3.814	3.751	8.775	15.054	3.050	2.565	54.500	54.500	0.0%	0.0	55.9
Land Grant Perm. Fund Distributions	46.2	46.2	46.2	46.2	46.2	46.0	46.0	46.0	46.0	46.0	46.0	46.0	553.2	553.2	0.0%	0.0	502.8
State Treasurer's Earnings	2.1	0.0	5.4	(1.9)	(3.3)	1.8	2.7	3.3	1.0	0.7	0.7	2.4	15.0	15.0	0.0%	0.0	17.0
Severance Tax Perm. Fund Distributions	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	193.5	193.5	0.0%	0.0	182.7
TOTAL INVESTMENT EARNINGS	64.4	62.3	67.7	60.5	59.1	63.9	64.8	65.5	63.1	62.9	62.8	64.6	761.7	761.7	0.0%	0.0	702.5
Federal Mineral Leasing Royalties	30.9	35.0	29.5	88.7	33.2	29.6	27.4	26.7	26.0	24.5	27.1	27.9	406.7	400.0	1.7%	6.7	542.2
State Land Office Bonuses, Rents	9.9	2.2	6.6	6.0	8.6	2.5	2.2	2.2	2.2	1.6	2.6	3.4	50.0	50.0	0.0%	0.0	42.2
TOTAL RENTS & ROYALTIES	40.8	37.2	36.1	94.7	41.9	32.1	29.6	28.9	28.2	26.1	29.8	31.3	456.7	450.0	1.5%	6.7	584.4
TRIBAL REVENUE SHARING	0.8	0.0	15.6	0.7	0.0	15.0	0.2	0.1	15.9	0.1	0.1	15.8	64.3	64.3	0.0%	0.0	67.2
MISCELLANEOUS RECEIPTS	0.8	1.0	1.2	1.0	0.9	6.3	3.0	4.7	2.3	4.9	5.3	25.2	56.5	56.5	0.0%	0.0	56.2
REVERSIONS	0.0	0.0	0.0	0.1	0.1	2.9	4.2	1.7	7.3	0.8	4.7	28.2	50.0	50.0	0.0%	0.0	51.5
TOTAL RECURRING REVENUE	430.3	459.4	497.4	514.6	462.8	433.2	456.8	399.8	524.5	614.4	513.2	720.7	6,026.9	6,020.2	0.1%	6.7	6,194.8
Non-Recurring	0.0	(0.1)	(0.1)	0.0	0.2	-	-	-	-	-	-	-	5.5	5.5	NA	0.0	40.1
TOTAL NON-RECURRING REVENUE	0.0	(0.1)	(0.1)	0.0	0.2	-	-	-	-	-	-	-	5.5	5.5	NA	0.0	40.1
GRAND TOTAL REVENUE	430.3	459.3	497.2	514.6	463.0	433.2	456.8	399.8	524.5	614.4	513.2	720.7	6,032.5	6,025.7	0.1%	6.7	6,234.9