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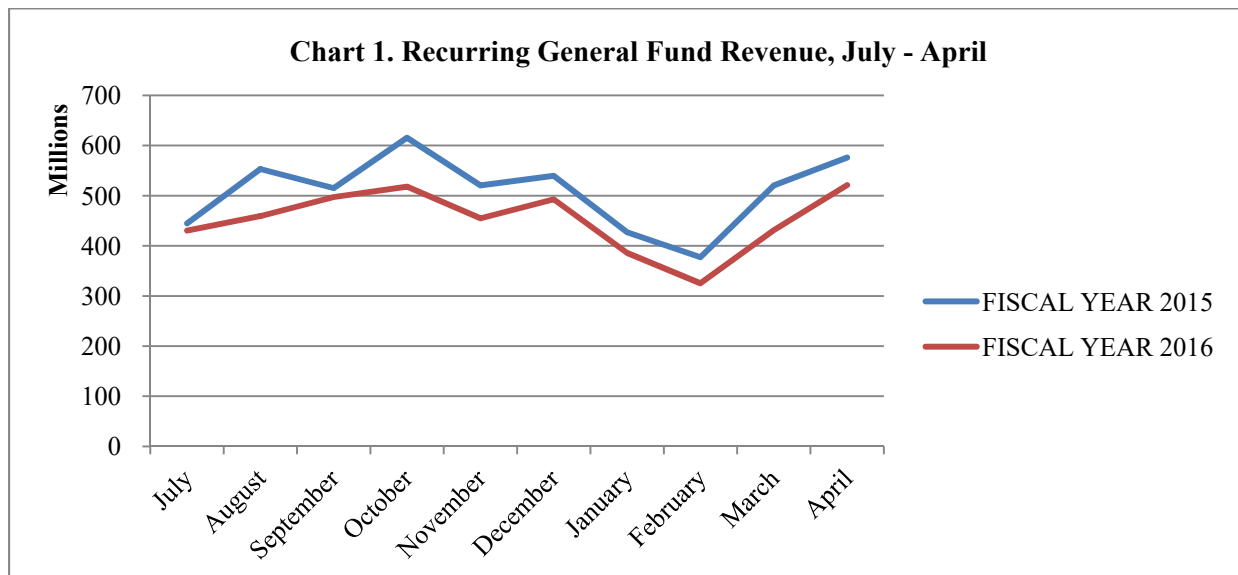
June 23, 2016



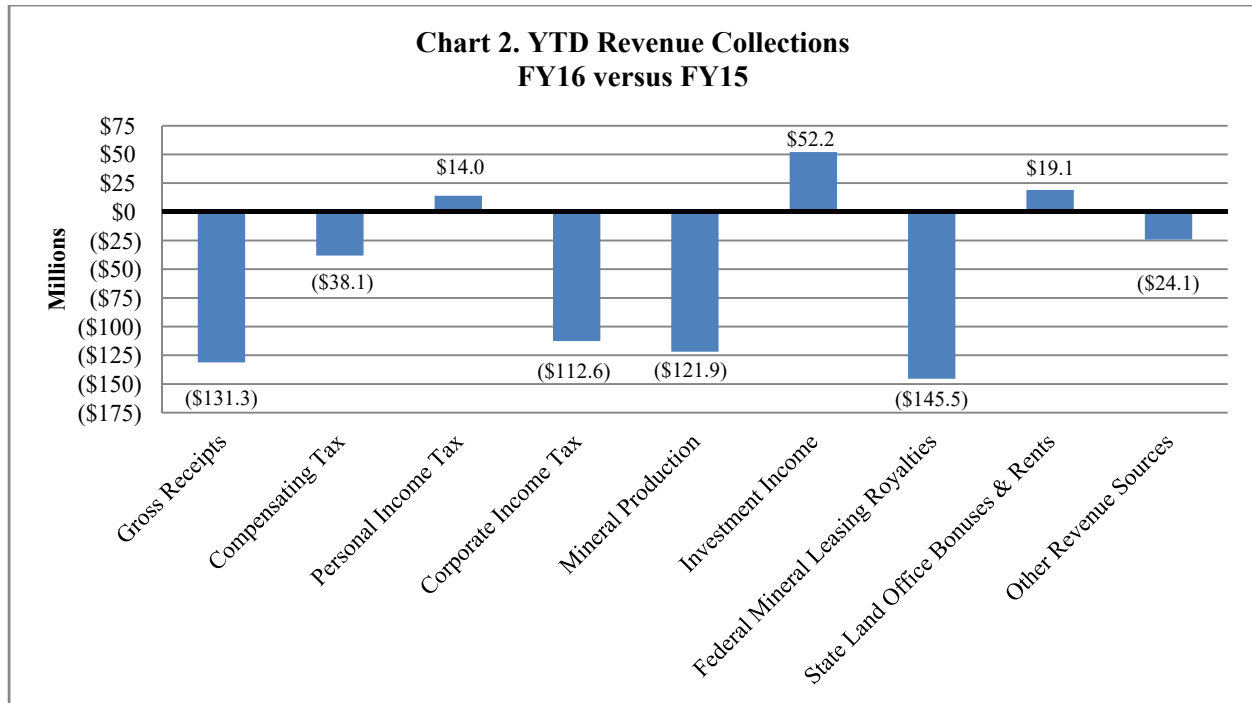
General Fund Revenue Tracking Report: Accruals through April 2016

This general fund revenue tracking report reflects revenue accruals through April 2016 and some preliminary revenues through May 2016 as reported by the Department of Finance and Administration, the Taxation and Revenue Department and the State Treasurer's Office. The April total includes estimated accruals for insurance premium taxes, oil and gas school tax and conservation tax.

Summary. Chart 1 compares total recurring revenue between FY16 and FY15 through April. Total recurring revenue collection in April was \$543.5 million, and year-to-date revenues were down -9.6 percent from the same period a year ago.



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 \$5.8 billion, at -2.9 percent or \$177 million below the consensus revenue estimating group's (CREG) revised January forecast of \$6 billion. Further revenues appear to be tracking well below the February guidance for a 2 percent revenue reduction from the January estimate, or -5.5 percent.



April and Year-To-Date Revenues. Chart 2 and Table 1 present the components of fiscal year-to-date (FYTD) revenue through April for FY16 versus FY15. Revenue collections are based on general fund accruals and GenTax general fund transfer data from Taxation and Revenue Department (TRD) and rents and royalties. Revenue is -9.6 percent below the same period in 2015, compared with estimated full-year growth of -3.4 percent.

- April gross receipts tax was \$166.1 million, down 7.5 percent year-over-year from April 2015. Depressed activity across sectors during the month stunted GRT revenue collections. Weakness in the oil and gas industry located in Lea, Eddy and San Juan counties contributed to the decline in GRT. Professional services provided some strength in Dona Ana and Bernalillo counties.
- Compensating tax plummeted to one fifth of the prior two months' collections; falling nearly 50 percent below the prior year's revenues received. The steep decline in drilling activity contributed heavily to the downturn for compensating tax.
- April corporate income tax was \$13.2 million bringing year to date collections to \$96 million. CIT is down -54 percent fiscal year to date due to broad weakness in most sectors including: manufacturing, transportation and the extractive resources industry.
- Year-to-date personal income tax (PIT) revenues are 1.3 percent greater than FY15, yet April revenues were lower than estimated and reduced the positive impact of this revenue source.
- April is the largest PIT collections month of the year. Final settlements received were \$132.6 million.
- Federal mineral leasing revenues for April 2016 were \$20.2 million and May 2016 are \$19.6 million, lagging the forecast by 3.4 percent.
- License fees of \$13 million in April, the largest of the year. Typically license fees average \$4 million per month. April reported annual payments of \$7.8 million for public utilities and \$2.7 million for corporate filings.
- Miscellaneous receipts in April included a large reversal for unclaimed property of \$1.4 million.
- Reversions reported a refund of \$2.3 million to Public Education for funds which were inadvertently reverted in FY15. Appropriated funds for teacher programs and supports, recruitment and retention efforts were returned to PED in April.

Table 1. General Fund Revenue Accruals: FY16 vs. FY15							
Revenue Category	April Revenue FY15	April Revenue FY16	Fiscal Year-to-Date Through April		Year-over- Year Amount Change	Year-over- Year Growth	Projected Full- Year Growth: January 2016 Forecast
			FY15	FY16			
Gross Receipts	\$ 179.8	\$ 166.1	\$1,760.8	\$1,629.5	(\$131.3)	-7.5%	-0.2%
Compensating Tax	\$ 1.2	\$ 0.8	\$77.0	\$38.9	(\$38.1)	-49.5%	-24.3%
Selective Sales *	\$ 31.4	\$ 26.2	\$387.6	\$348.0	(\$39.6)	-10.2%	6.5%
Personal Income Tax	\$ 93.7	\$ 217.8	\$1,041.9	\$1,055.9	\$14.0	1.3%	4.6%
Corporate Income Tax	\$ 49.4	\$ 13.2	\$208.6	\$96.0	(\$112.6)	-54.0%	-12.4%
Oil & Gas Revenues *	\$ 69.7	\$ 46.4	\$882.1	\$674.3	(\$207.8)	-23.6%	-26.4%
License Fees	\$ 6.7	\$ 13.3	\$50.1	\$49.3	(\$0.8)	-1.6%	-2.5%
Investment Income	\$ 61.5	\$ 62.4	\$587.3	\$639.5	\$52.2	8.9%	8.4%
Tribal Revenue Sharing	\$ 16.4	\$ 0.1	\$50.3	\$45.5	(\$4.8)	-9.6%	-4.3%
Miscellaneous Receipts	\$ 1.1	\$ (0.5)	\$32.3	\$25.2	(\$7.1)	-22.0%	0.6%
Reversions	\$ 9.8	\$ (2.1)	\$12.3	\$23.5	\$11.3	91.8%	-2.9%
Subtotal Recurring Revenue	\$ 520.7	\$ 543.5	\$5,090.2	\$4,625.5	(\$464.7)	-9.1%	-2.8%
Nonrecurring Revenue	\$ (0.1)	\$ (0.0)	\$25.0	\$0.0	(\$25.0)	-99.9%	-86.3%
Total Revenue	\$ 520.6	\$ 543.5	\$5,115.2	\$4,625.5	(\$489.7)	-9.6%	-3.4%

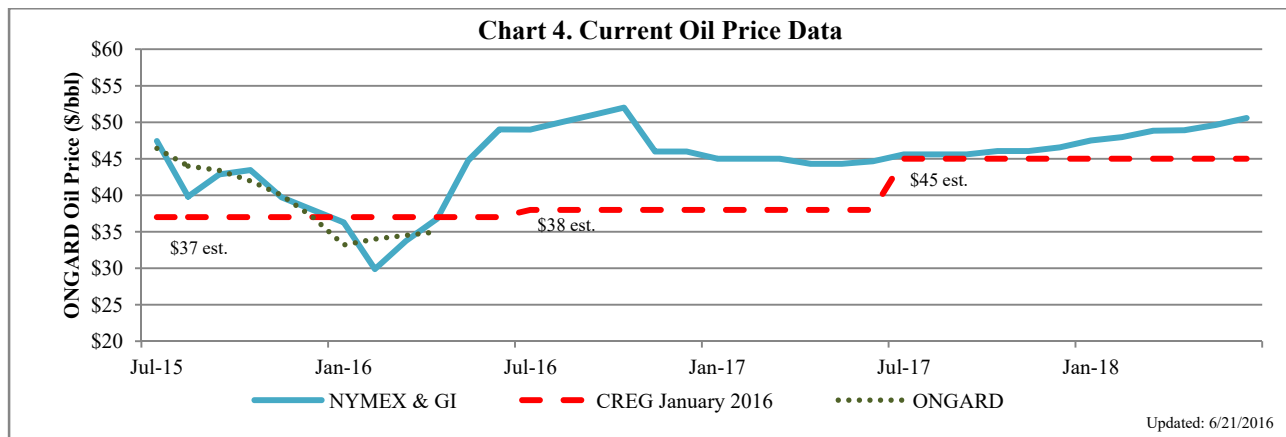
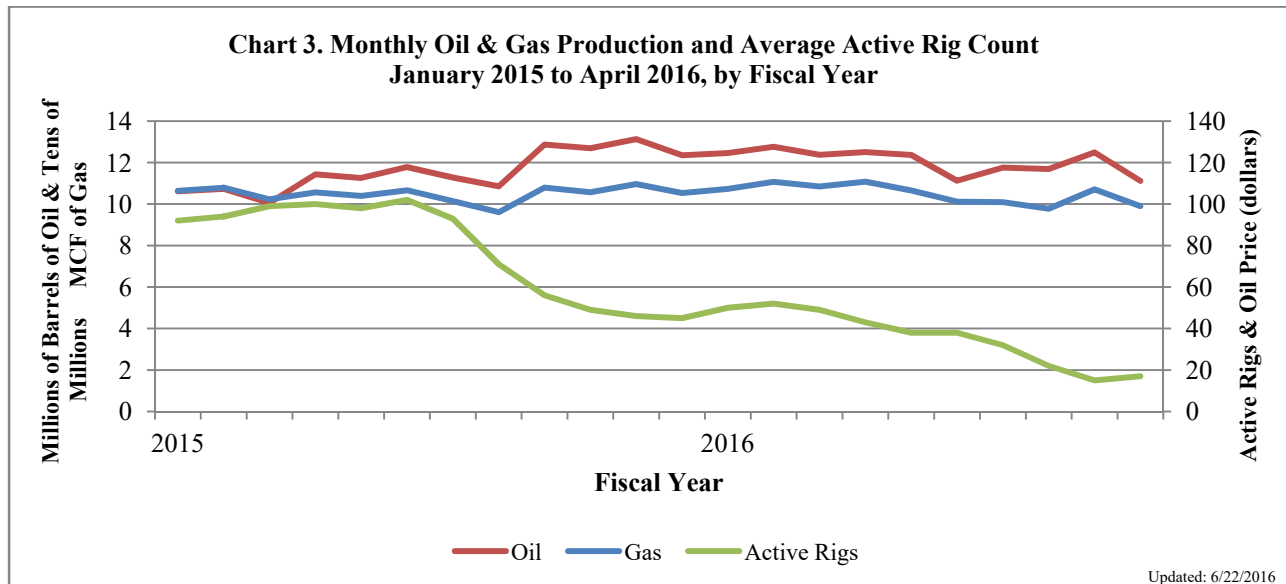
*Includes April estimated revenues for Insurance, Oil School Tax, and Oil Conservation Tax.

Revenue Tracking. The last pages provide the general fund revenue tracking report and chart for FY16. The report details the actual revenues received year-to-date and the estimated revenues for the remainder of the year.

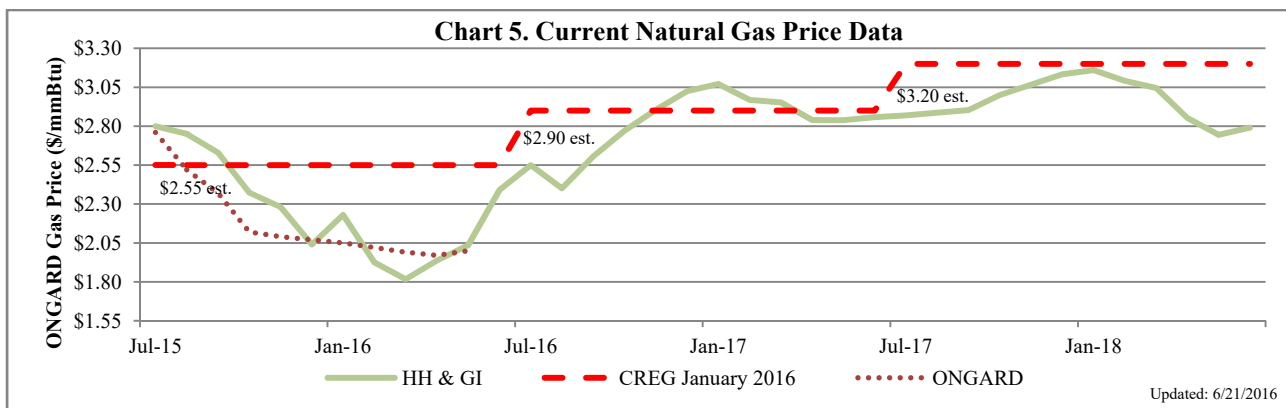
Gross Receipts. Table 2 reports fiscal-year-to-date matched taxable gross receipts (TGR) by industry between FY15 and FY16 through April. Matched TGR reconciles tax returns against payments to account for total revenues generated by business activity within a given month. Total TGR decreased by -5.8 percent compared with the same period in the prior fiscal year. The categories of professional services and administrative services continued to report strength, while overall revenues continued to track in the range of -4 to -6 percent during the prior four months. If this trend continues it will be very difficult to reach the estimates for May and June. Healthcare and hospitality provided slight strength, up 6.6 percent and 4.4 percent, year-over-year, but the strength is weakening when compared against prior months. Significant weakness was reported in manufacturing down -28.2 percent, wholesale trade down -17.7 percent, while mining and oil and gas extraction was down -45.9 percent.

Table 2. Matched Taxable Gross Receipts by Industry July 2015 through April 2016		
Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$1,971,815,847	-45.9%
Utilities	\$1,916,212,593	-3.2%
Construction	\$5,252,145,336	2.4%
Manufacturing	\$1,379,035,172	-28.2%
Wholesale Trade	\$1,744,550,514	-17.7%
Retail Trade	\$10,074,429,036	-4.2%
Transportation and Warehousing	\$531,851,688	-28.8%
Information	\$2,115,008,472	-0.5%
Real Estate and Rental and Leasing	\$1,030,738,840	2.1%
Professional, Scientific, and Technical Services	\$5,418,506,646	14.7%
Administrative/Support & Waste Management/Remediation Services	\$1,080,958,495	17.1%
Health Care and Social Assistance	\$2,173,328,189	6.6%
Leisure and Hospitality Services	\$3,565,973,740	4.4%
Other Industries	\$4,664,049,192	n/a
Total	\$42,918,603,762	-5.8%

Oil and Gas. Chart 3 presents the oil and gas production data reported by EMNRD's Oil Conservation Division. Reporting by producers is due 45 days after the production month. Oil production reported for April as of June 20 shows a decrease of 11.1 million barrels down from 12.5 million barrels in March. The production for April is down -12.4 percent year-over-year. The average active drilling rig count in April was 17. Oil and gas markets rallied during the last 60 days reaching \$49/bbl and \$2.68/mcf on June 23rd.



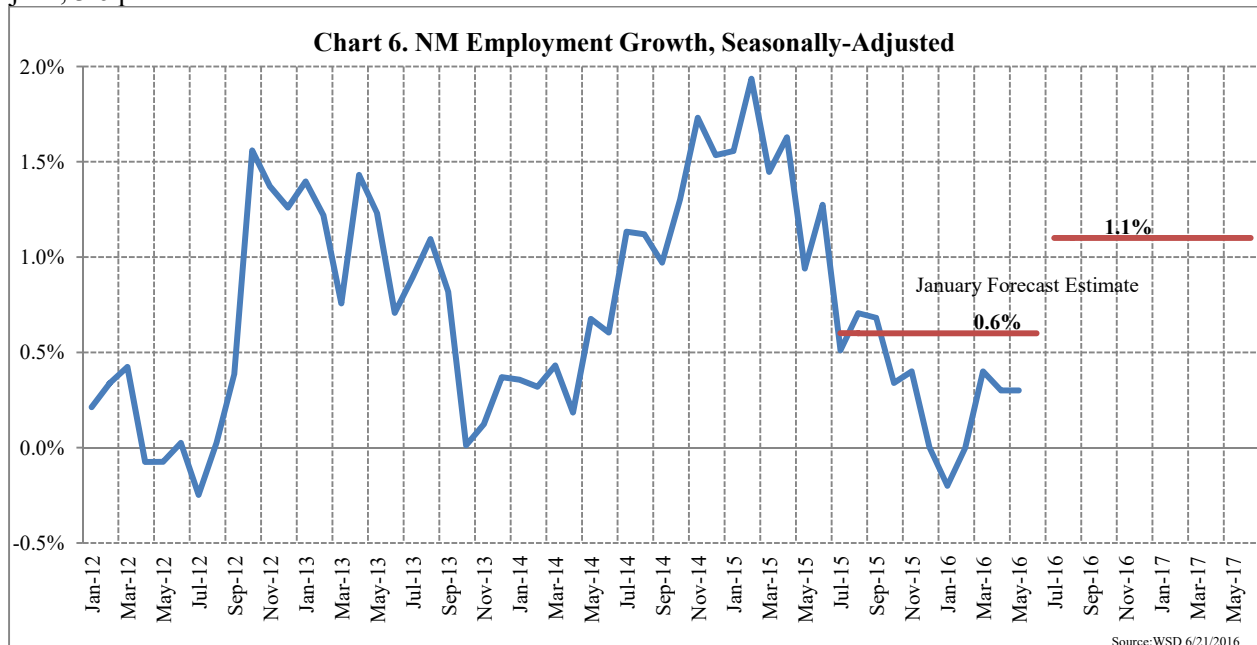
(*Oil deduction calculated at \$3.50/bbl. NYMEX & GI 50/50 average.)



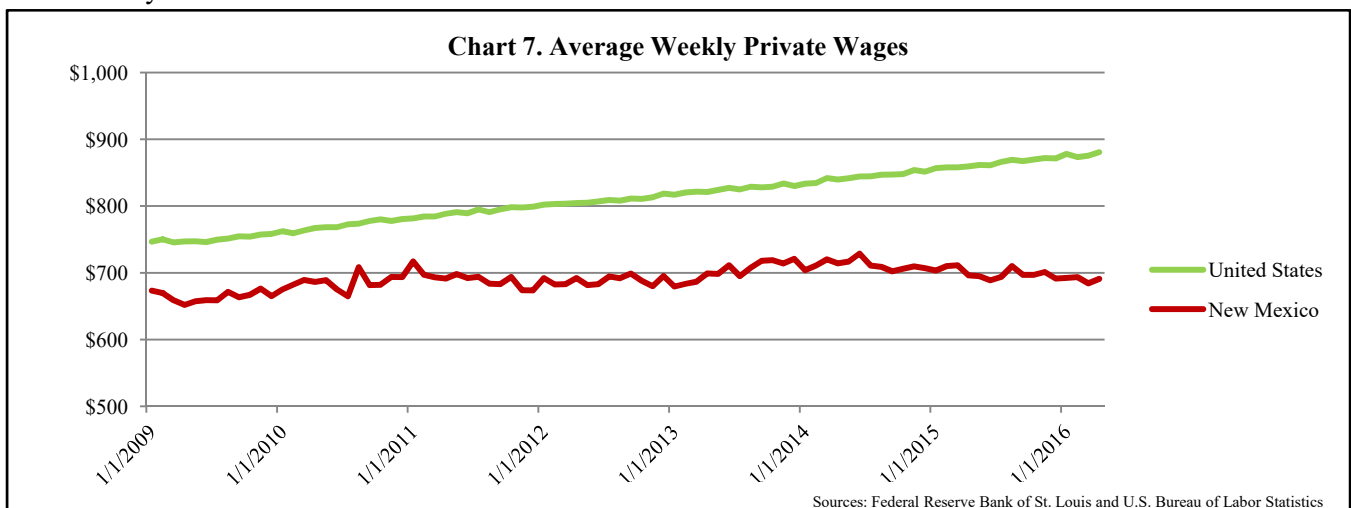
(* Natural gas deduction calculated at zero/mmBtu. HH & GI 50/50 average.)

Employment and Income Trends.

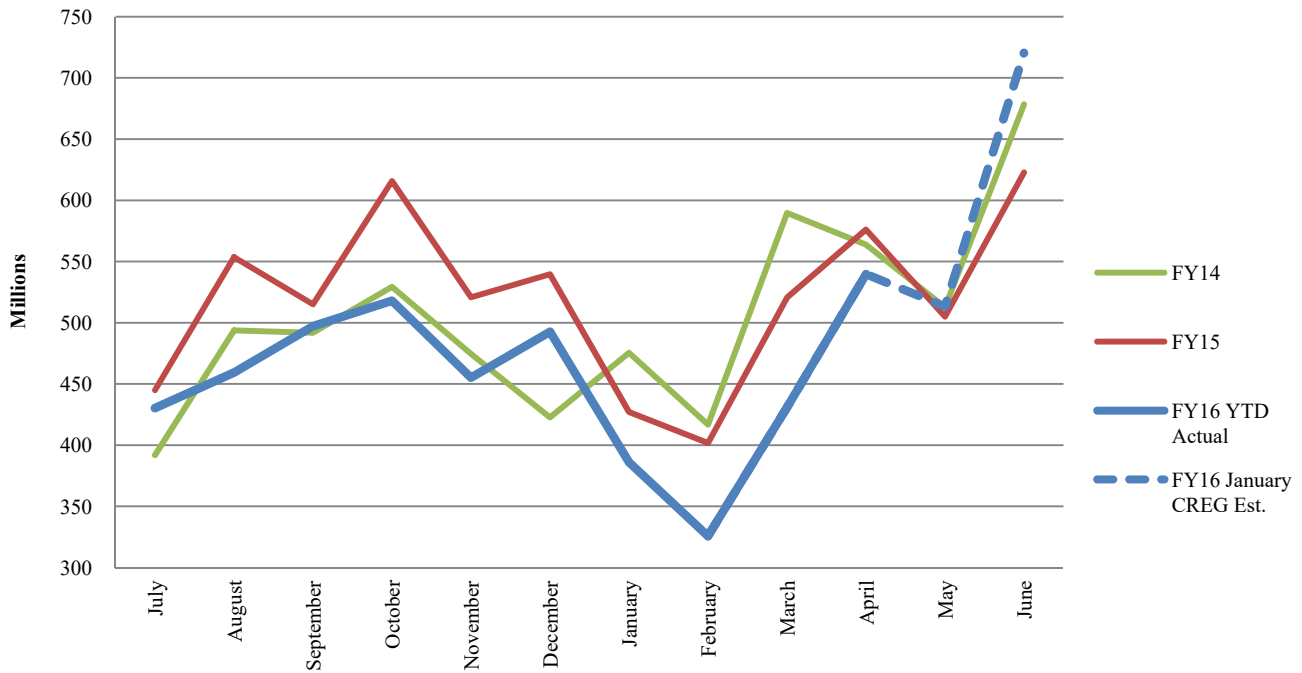
- Employment growth in New Mexico ticked up slightly from 0.2 percent in April to 0.3 percent in May, an increase of 2,900 jobs year-over-year.
- May continued the ongoing trend of losses in good-producing industries, dropping 6.9 percent year-over-year, a loss of 5,200 jobs.
- Health services provided continued strong job growth in May, gaining 5,200 jobs, or 3.9 percent. Professional and business services modestly gained 1,900 jobs, or 1.9 percent, while leisure and hospitality gained 3,400 jobs, 3.6 percent.



Average weekly private wages in New Mexico held steady from March to April but remained lower than in all but two months since March 2013. During the mid- and late-2000s, New Mexico's wage growth roughly tracked national growth patterns, but while national wages continue to steadily increase, wages in New Mexico fell over the last two years.



**Chart 8. General Fund Revenue Tracking
FY14-16**



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 Jan 16 Est” 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 - FEBRUARY GUIDANCE

(dollars in millions; italics indicate preliminary actual revenue; bold indicates actual revenue)

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Row #		ESTIMATED REVENUE ACCRUALS												FY16	TRACKING CHANGE (Δ)		
		July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Est.	June Est.	Actual + Estimate	FY 16 Feb 16 Guidance	YTD % Δ	YTD \$ Δ
1	Gross Receipts Tax	167.2	167.0	143.3	141.9	171.4	202.3	143.5	153.1	173.6	166.1	176.3	211.0	2,016.8	2,046.9	-1.5%	(30.0)
2	Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	7.2	4.0	4.5	0.8	6.5	6.7	52.1	53.3	-2.3%	(1.2)
3	TOTAL GENERAL SALES TAXES	169.8	170.3	148.4	145.5	173.7	208.0	150.7	157.1	178.1	166.8	182.8	217.8	2,068.9	2,100.1	-1.5%	(31.3)
4	Tobacco Products & Cigarette Taxes	6.0	7.2	7.8	6.9	5.4	6.7	5.6	5.6	5.1	6.0	6.6	8.9	77.7	80.7	-3.7%	(3.0)
5	Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.6	0.5	0.5	0.7	6.7	6.6	2.9%	0.2
6	Insurance Premiums Tax	0.5	45.7	1.0	1.2	45.1	0.8	1.1	54.4	1.2	1.5	43.1	1.4	197.1	183.8	7.3%	13.3
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.7	13.7	13.4	2.2%	0.3
8	Motor Vehicle Excise Tax	16.3	13.5	12.7	11.7	12.7	11.1	11.3	10.8	13.4	12.1	13.0	12.4	151.1	147.8	2.3%	3.3
9	Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	4.8	5.4	5.4	5.6	5.5	6.5	5.9	65.2	68.7	-5.2%	(3.5)
10	Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	5.5	5.1	7.9%	0.4
11	Other	0.0	0.4	0.4	(0.3)	(0.0)	0.4	0.6	(0.1)	0.2	0.0	0.3	0.4	2.4	3.2	-24.5%	(0.8)
12	TOTAL SELECTIVE SALES TAXES	29.6	73.2	28.2	26.2	68.8	24.9	24.7	76.9	26.4	26.2	70.5	43.8	519.4	509.2	2.0%	10.2
13	Withholding	102.4	86.4	128.0	98.1	84.0	141.0	85.7	86.3	106.8	93.1	106.6	117.1	1,235.5	1,267.4	-2.5%	(31.9)
14	Final Settlements	0.0	13.4	45.3	23.6	12.0	33.1	41.2	13.2	29.6	132.6	27.4	67.9	439.2	456.7	-3.8%	(17.5)
15	Oil and Gas Withholding Tax	0.0	2.2	6.8	7.7	5.4	4.5	11.3	4.6	6.1	10.2	6.9	20.9	86.6	91.3	-5.1%	(4.6)
16	Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	0.6	0.6	0.3	2.9	0.4	4.8	(1.1)	9.1	20.8	-56.1%	(11.7)
17	Gross Personal Income Tax	102.3	103.0	179.4	129.6	101.6	179.2	138.8	104.4	145.3	236.4	145.7	204.8	1,770.5	1,836.2	-3.6%	(65.7)
18	Refunds	6.6	8.6	9.2	11.7	4.7	70.7	99.2	52.4	60.6	16.2	13.6	9.0	362.4	436.1	-16.9%	(73.7)
19	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	2.6	29.4	28.6	2.8%	0.8
20	Less: Refunds, distributions to other funds	9.0	11.0	11.6	14.2	7.1	73.2	101.6	54.8	63.0	18.6	16.0	11.7	391.8	464.7	-15.7%	(72.9)
21	NET PERSONAL INCOME TAX	93.3	92.0	167.8	115.4	94.5	106.1	37.2	49.6	82.3	217.8	129.7	193.1	1,378.7	1,371.5	0.5%	7.2
22	Gross Corporate Payments	0.0	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	13.2	18.9	56.7	171.7	219.3	-21.7%	(47.7)
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
24	NET CORPORATE INCOME TAX	0.0	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	13.2	18.9	56.7	171.7	219.3	-21.7%	(47.7)
25	TOTAL INCOME TAXES	93.3	86.6	171.4	158.8	85.4	102.4	83.6	21.0	118.4	231.0	148.6	249.9	1,550.4	1,590.8	-2.5%	(40.5)
26	Oil and Gas School Tax	24.6	22.9	23.2	23.8	19.5	16.9	15.2	13.1	17.0	19.8	18.7	19.0	233.8	243.5	-4.0%	(9.7)
27	Oil Conservation Tax	1.2	1.1	1.1	1.1	0.9	0.9	0.7	0.6	0.8	1.1	1.3	1.0	11.9	13.0	-8.8%	(1.2)
28	Resources Excise Tax	1.1	1.0	0.4	1.5	0.8	1.1	0.8	0.5	1.3	0.9	1.2	1.2	11.8	12.7	-7.7%	(1.0)
29	Natural Gas Processors Tax	1.6	1.7	1.8	1.8	1.7	1.5	1.6	1.6	1.8	1.7	1.6	1.6	20.1	19.3	4.3%	0.8
30	TOTAL MINERAL PROD. TAXES	28.6	26.7	26.5	28.3	23.0	20.4	18.4	15.8	20.9	23.4	22.9	22.7	277.6	288.6	-3.8%	(11.0)
31	LICENSE FEES	2.2	2.0	2.4	2.0	2.0	8.6	2.6	4.6	9.5	13.3	3.1	2.5	54.8	53.3	2.8%	1.5
32	Land Grant Perm. Fund Distributions	46.2	46.2	46.2	46.2	46.2	46.3	46.3	46.3	46.3	46.3	46.0	46.0	554.5	541.4	2.4%	13.2
33	State Treasurer's Earnings	2.1	0.0	5.4	(1.9)	(3.3)	(1.5)	10.7	1.9	2.3	(0.0)	0.6	1.8	18.2	14.6	24.3%	3.5
34	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	189.4	2.2%	4.1
35	TOTAL INVESTMENT EARNINGS	64.4	62.3	67.7	60.5	59.1	60.8	73.1	64.3	64.7	62.4	62.8	64.0	766.2	745.3	2.8%	20.8
36	Federal Mineral Leasing Royalties	30.9	35.0	29.5	88.7	33.2	29.7	27.6	25.3	15.8	20.2	19.6	23.0	378.5	391.9	-3.4%	(13.4)
37	State Land Office Bonuses, Rents	9.9	2.2	6.6	6.0	8.6	3.8	2.1	5.5	2.0	2.7	3.1	3.0	55.4	48.8	13.6%	6.6
38	TOTAL RENTS & ROYALTIES	40.8	37.2	36.1	94.7	41.9	33.5	29.7	30.7	17.7	22.9	22.7	26.0	434.0	440.7	-1.5%	(6.8)
39	TRIBAL REVENUE SHARING	0.8	0.0	15.6	0.7	0.0	14.9	0.7	0.3	12.3	0.1	0.1	15.8	61.4	63.0	-2.6%	(1.6)
40	MISCELLANEOUS RECEIPTS	0.8	1.0	1.2	1.0	0.9	17.9	1.2	0.9	0.7	(0.5)	5.7	22.2	53.1	55.4	-4.0%	(2.2)
41	REVERSIONS	0.0	0.0	0.0	0.1	0.1	1.2	1.1	21.9	1.3	(2.1)	2.5	31.9	57.9	48.8	18.8%	9.2
42	TOTAL RECURRING REVENUE	430.3	459.4	497.4	517.9	454.9	492.7	385.9	393.4	450.0	543.5	521.6	696.6	5,843.7	5,895.2	-0.9%	(51.6)
43	Non-Recurring	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	0.0	0.3	(0.2)	(0.0)	5.5	-	5.5	5.5	0.3%	0.0
44	TOTAL NON-RECURRING REVENUE	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	0.0	0.3	(0.2)	(0.0)	5.5	-	5.5	5.5	0.3%	0.0
45	GRAND TOTAL REVENUE	430.3	459.3	497.2	517.9	455.1	492.6	385.9	393.8	449.8	543.4	527.1	696.6	5,849.2	5,900.7	-0.9%	(51.6)