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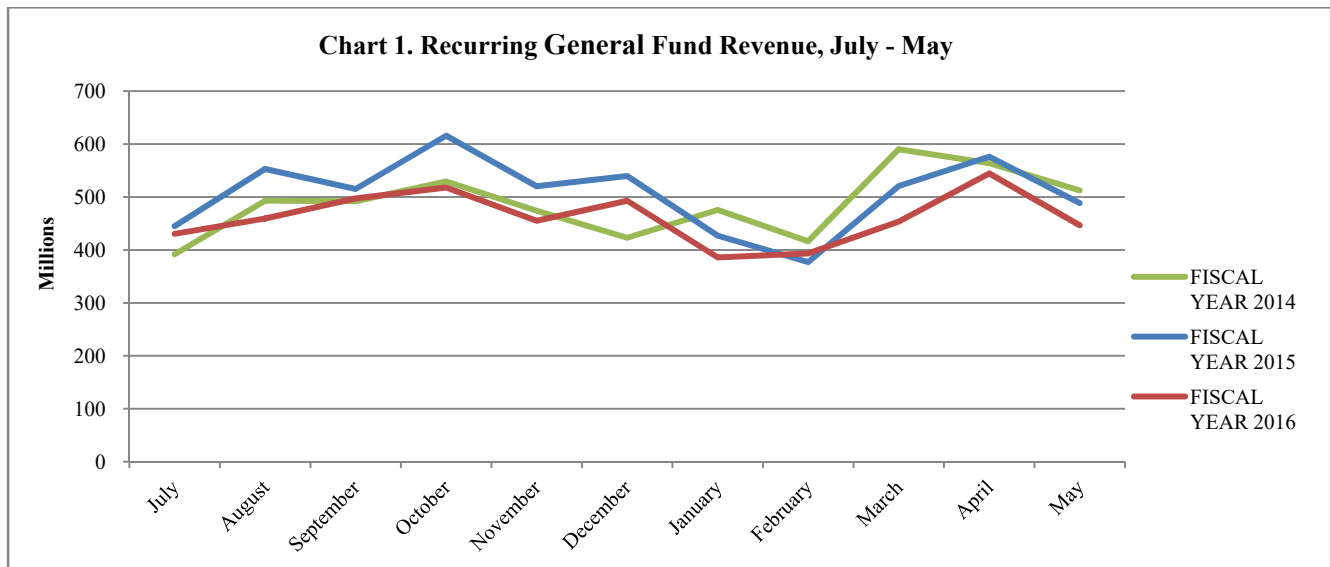
July 19, 2016



General Fund Revenue Tracking Report: Accruals through May 2016

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

Summary. Chart 1 compares total recurring revenue between FY14, 15 and 16 through May. Total recurring revenue collection in May was \$446.5 million, and year-to-date revenues were down -9.7 percent from the same period a year ago. This compares to the February guidance of a 5.5 percent revenue reduction for the full fiscal year.

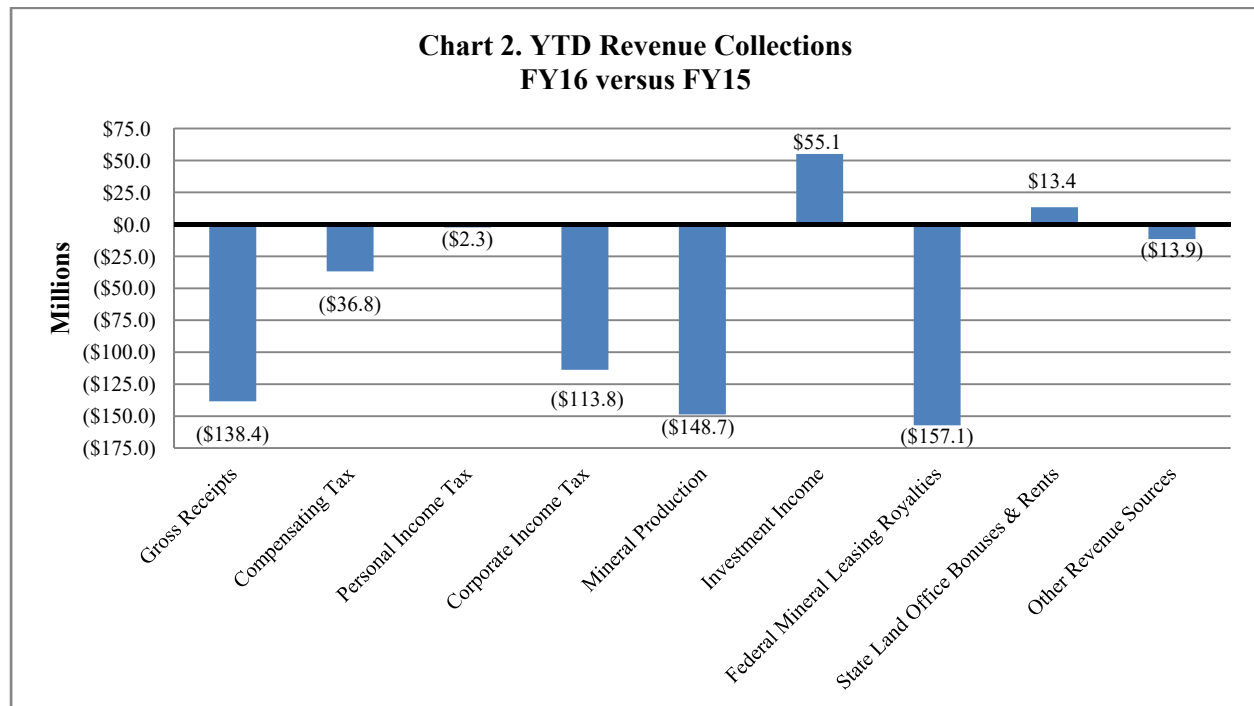


Traditionally projections for revenue collections through the remainder of the fiscal year (June) are based on historical monthly shares of revenue collections by revenue source. Revenues are tracking at \$5.74 billion, or \$159 million below the February guidance. Further, given revenue trends in recent months, one may expect weaker June revenue than the February guidance.

The FY17 General Fund recurring revenue forecast used by the 2016 Legislature (February guidance) is \$6.14 billion. This is \$400 million, or 7 percent, greater than the FY16 tracking figure at \$5.74 billion and seems unlikely to be reached.

May and Year-To-Date Revenues. Chart 2 and Table 1 present the components of fiscal year-to-date (FYTD) revenue through May for FY16 versus FY15. Revenue is -9.7 percent below the same period in 2015, compared with estimated full-year growth of -5.5 percent.

- May gross receipts tax revenue was \$148.2 million, down \$7 million, or 4.6 percent from May 2015. Year to date GRT revenue is down 7.2 percent from the same period in FY15. Depressed activity across several sectors during the month hindered GRT revenue collections. Weakness in the oil and gas industry located in Lea, Eddy and San Juan counties contributed to the decline in GRT.



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

- May compensating tax revenue was \$3.1 million; year-to-date compensating tax revenue is nearly 47 percent below the prior year. The steep decline in drilling activity weighed heavily on compensating tax receipts.
- May corporate income tax revenue was \$18.1 million bringing year-to-date collections to \$114.1 million. CIT is down 50 percent fiscal year to date due to broad weakness in most sectors including manufacturing, transportation and the extractive resources industry.
- Personal income tax withholding in May was \$84.2 million, down \$13 million from May 2015.
- Year-to-date personal income tax (PIT) revenues are down -0.2 percent from FY15, trending well below the full year estimate of 5 percent growth.
- Federal mineral leasing revenues for May 2016 were \$19.7 million.
- License fees were \$2.6 million in May. Typically license fees average \$4 million per month. April reported large annual payments for public utilities and corporate filings.
- May reversions were \$21 thousand.

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 fiscal year.

Table 1. General Fund Revenue Accruals: FY16 vs. FY15

Revenue Category	May Revenue	May Revenue	Fiscal Year-to-Date Through May		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: February Guidance
	FY15	FY16	FY15	FY16			
Gross Receipts	\$ 155.3	\$ 148.2	\$1,916.1	\$1,777.7	(\$138.4)	-7.2%	-2.7%
Compensating Tax	\$ 1.8	\$ 3.1	\$78.8	\$42.0	(\$36.8)	-46.7%	-31.8%
Selective Sales *	\$ 59.0	\$ 64.6	\$446.6	\$473.8	\$27.2	6.1%	3.7%
Personal Income Tax	\$ 121.5	\$ 105.2	\$1,163.4	\$1,161.1	(\$2.3)	-0.2%	4.9%
Corporate Income Tax	\$ 19.3	\$ 18.1	\$227.9	\$114.1	(\$113.8)	-49.9%	-22.2%
Oil & Gas Revenues *	\$ 66.7	\$ 42.2	\$948.8	\$656.4	(\$292.4)	-30.8%	-31.4%
License Fees	\$ 2.7	\$ 2.6	\$52.8	\$51.8	(\$1.0)	-1.9%	-2.5%
Investment Income	\$ 58.2	\$ 61.1	\$645.5	\$700.6	\$55.1	8.5%	7.9%
Tribal Revenue Sharing	\$ 0.0	\$ 0.0	\$50.3	\$49.1	(\$1.2)	-2.4%	-4.3%
Miscellaneous Receipts	\$ 2.3	\$ 1.3	\$34.5	\$26.5	(\$8.0)	-23.3%	0.6%
Reversions	\$ 1.9	\$ 0.0	\$14.1	\$23.6	\$9.4	66.6%	16.6%
Subtotal Recurring Revenue	\$ 488.7	\$ 446.5	\$5,578.9	\$5,076.7	(\$502.2)	-9.0%	-4.9%
Nonrecurring Revenue	\$ 16.3	\$ 0.2	\$41.3	\$0.2	(\$41.1)	-99.5%	-86.7%
Total Revenue	\$ 505.0	\$ 446.7	\$5,620.2	\$5,076.9	(\$543.3)	-9.7%	-5.5%

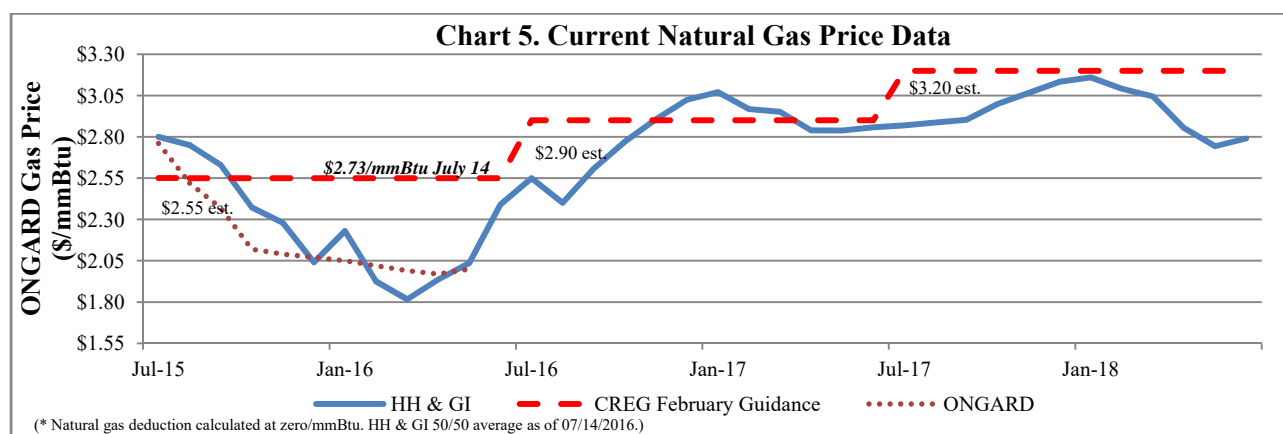
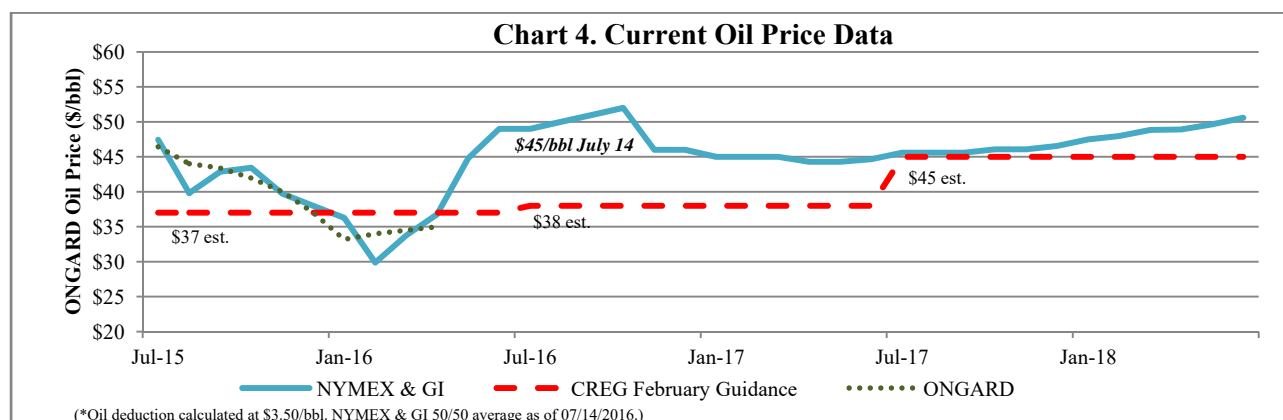
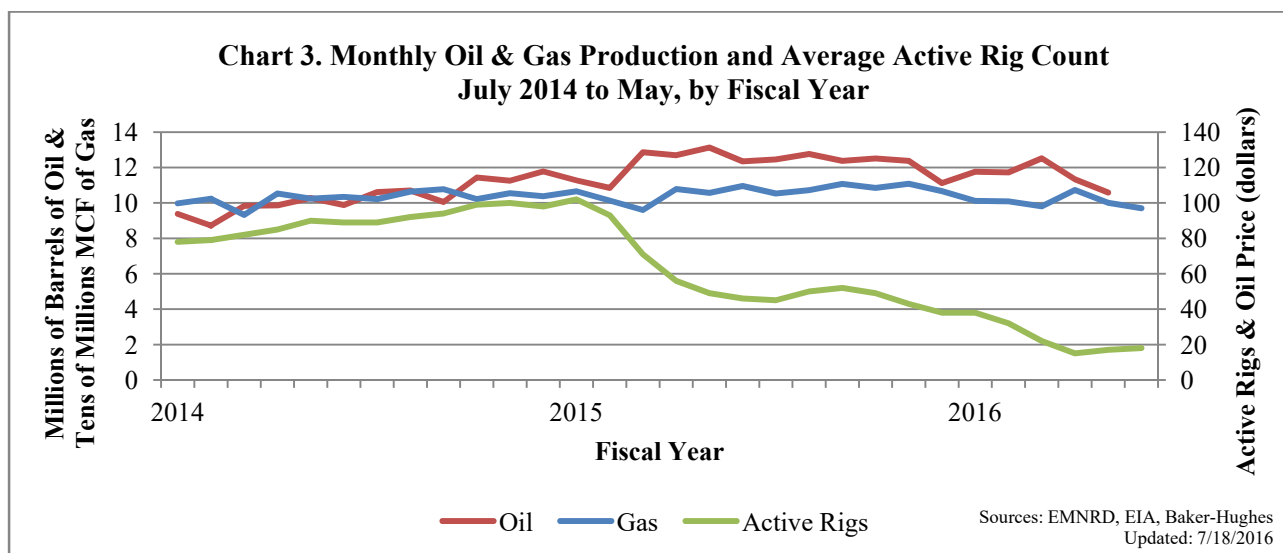
*Includes May estimated revenues for Insurance, Oil and Gas School Tax, and Oil Conservation Tax.

Gross Receipts. Table 2 reports fiscal-year-to-date matched taxable gross receipts (TGR) by industry between FY15 and FY16 through May. Matched TGR reconciles tax returns against payments to account for total revenues generated by business activity within a given month. Total TGR decreased by -6 percent compared with the same period in the prior fiscal year. May gross receipts revenues continued April's trend with no significant changes at the county or industry level. The oil, gas and mining industry continued to lead year-over-year declines at -45.3 percent year-to-date, followed by the manufacturing and transportation and warehousing industries at about -28 percent each. GRT revenues for the fiscal year through May fell 7.2 percent year-over-year, and this was the worst May on record since the depth of the state budget crisis in 2010. It was also the second month of FY16 when revenues fell below FY11 levels. The revenue tracking sheet shows an estimate for GRT of \$195.4 million for June, but this estimate was based on February guidance numbers and may be lower because GRT revenues are tracking significantly lower than the February guidance.

**Table 2. Matched Taxable Gross Receipts by Industry
July 2015 through May 2016**

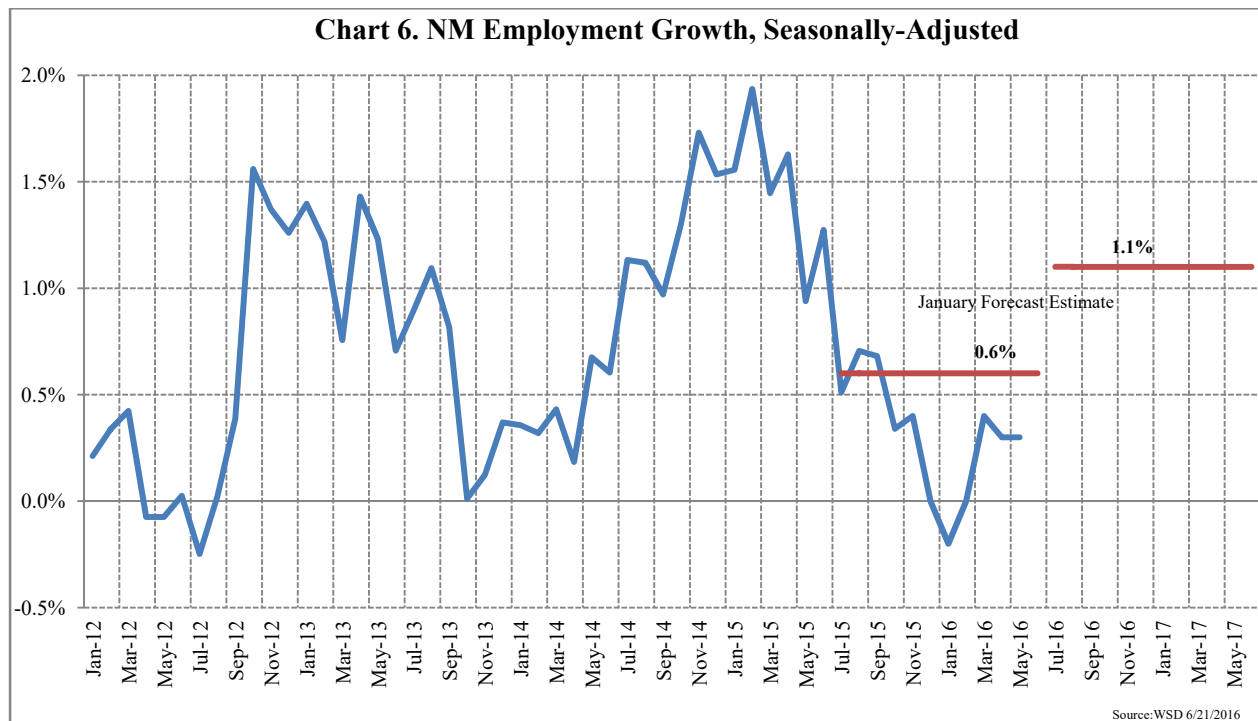
Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$2,129,999,029	-45.3%
Utilities	\$2,072,375,213	-2.7%
Construction	\$5,749,972,893	1.9%
Manufacturing	\$1,493,173,123	-27.8%
Wholesale Trade	\$1,890,426,864	-18.1%
Retail Trade	\$11,045,976,129	-4.1%
Transportation and Warehousing	\$582,456,439	-27.7%
Information	\$2,320,115,744	-0.8%
Real Estate and Rental and Leasing	\$1,128,170,753	1.5%
Professional, Scientific, and Technical Services	\$5,883,218,646	11.9%
Administrative/Support & Waste Management/Remediation Services	\$1,157,302,552	16.8%
Health Care and Social Assistance	\$2,379,581,922	4.8%
Leisure and Hospitality Services	\$3,942,298,836	4.0%
Other Industries	\$5,062,959,280	n/a
Total	\$46,838,027,424	-6.0%

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 was 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 May was 18. Oil markets declined during the last 30 days falling from \$49/bbl to \$45/bbl while gas had a short rally during the month climbing from \$2.68/mcf to \$2.76 on July 18.



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.



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 - ACTUAL THROUGH MAY, JUNE OUTLOOK: COMPARED WITH FEBRUARY GUIDANCE (-5.5%)

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

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Row #		ESTIMATED REVENUE ACCRUALS												FY16	TRACKING CHANGE (Δ)			FY15 Audited	Actual + Estimate vs FY15
		July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	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	148.2	195.4	1,973.1	2,046.6	-3.6%	(73.5)	2,095.2	-5.8%
2	Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	7.2	4.0	4.5	0.8	3.1	5.2	47.2	53.3	-11.4%	(6.1)	71.8	-34.3%
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	151.4	200.6	2,020.3	2,099.9	-3.8%	(79.6)	2,167.0	-6.8%
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	6.7	8.6	77.6	80.7	-3.9%	(3.1)	82.3	-5.8%
5	Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.6	0.5	0.6	0.7	6.8	6.6	3.1%	0.2	26.3	-74.2%
6	Insurance Premiums Tax	0.5	45.7	1.0	1.2	45.1	0.8	1.1	54.4	1.2	5.6	38.7	1.2	196.5	184.1	6.8%	12.4	149.9	31.1%
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.4	13.4	0.0%	-	15.2	-11.5%	
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	12.1	13.0	150.8	147.9	2.0%	2.9	138.7	8.7%
9	Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	4.8	5.4	5.4	5.6	5.5	5.5	5.5	63.7	68.6	-7.3%	(5.0)	70.4	-9.6%
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	7.8%	0.4	5.2	4.9%
11	Other	0.0	0.4	0.4	(0.3)	(0.0)	0.4	0.6	(0.1)	0.2	0.0	0.6	0.3	2.6	3.2	-17.9%	(0.6)	0.5	434.3%
12	TOTAL SELECTIVE SALES TAXES	29.6	73.2	28.2	26.2	68.8	24.9	24.7	76.9	26.4	30.2	64.6	43.0	516.8	509.5	1.4%	7.3	488.5	5.8%
13	Withholding	102.4	86.4	128.0	98.1	84.0	141.0	85.7	86.3	106.8	93.1	84.2	112.7	1,208.8	1,266.9	-4.6%	(58.1)	1,179.1	2.5%
14	Final Settlements	-	13.4	45.3	23.6	12.0	33.1	41.2	13.2	29.6	132.6	25.8	67.0	436.8	456.4	-4.3%	(19.7)	433.5	0.7%
15	Oil and Gas Withholding Tax	-	2.2	6.8	7.7	5.4	4.5	11.3	4.6	6.1	10.2	7.2	19.7	85.6	91.2	-6.1%	(5.5)	101.8	-15.9%
16	Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	0.6	0.6	0.3	2.9	0.4	1.8	(0.9)	6.3	20.6	-69.5%	(14.3)	7.5	-16.4%
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	119.0	198.5	1,737.5	1,835.2	-5.3%	(97.7)	1,721.9	0.9%
18	Transfer to PIT Suspense	6.6	8.6	9.2	11.7	4.7	70.7	99.2	52.4	60.6	16.2	11.4	8.8	359.9	434.6	-17.2%	(74.7)	355.5	1.2%
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	2.7%	0.8	26.7	10.3%
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	13.8	11.4	389.3	463.2	-16.0%	(73.9)	382.2	1.9%
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	105.2	187.1	1,348.2	1,371.9	-1.7%	(23.7)	1,339.7	0.6%
22	Gross Corporate Payments	-	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	13.2	18.1	45.0	159.2	218.4	-27.1%	(59.2)	254.5	-37.4%
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	NET CORPORATE INCOME TAX	-	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	13.2	18.1	45.0	159.2	218.4	-27.1%	(59.2)	254.5	-37.4%
25	TOTAL INCOME TAXES	93.3	86.6	171.4	158.8	85.4	102.4	83.6	21.0	118.4	231.0	123.3	232.2	1,507.4	1,590.3	-5.2%	(82.9)	1,594.2	-5.4%
26	Oil and Gas School Tax	24.6	22.9	23.2	23.8	19.5	16.9	15.2	13.1	17.0	17.1	16.4	16.4	226.3	243.3	-7.0%	(17.1)	375.4	-39.7%
27	Oil Conservation Tax	1.2	1.1	1.1	1.1	0.9	0.9	0.7	0.6	0.8	0.8	0.8	0.8	10.9	13.0	-16.3%	(2.1)	20.1	-45.7%
28	Resources Excise Tax	1.1	1.0	0.4	1.5	0.8	1.1	0.8	0.5	1.3	0.9	0.8	1.1	11.3	12.7	-11.5%	(1.5)	13.3	-15.6%
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	1.8	1.6	20.2	19.3	4.8%	0.9	18.6	8.8%
30	TOTAL MINERAL PROD. TAXES	28.6	26.7	26.5	28.3	23.0	20.4	18.4	15.8	20.9	20.5	19.8	19.9	268.6	288.4	-6.8%	(19.7)	427.5	-37.2%
31	LICENSE FEES	2.2	2.0	2.4	2.0	2.0	8.6	2.6	4.6	9.5	13.3	2.6	3.1	54.9	53.4	2.9%	1.6	55.9	-1.7%
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	46.3	46.3	555.1	541.7	2.5%	13.4	502.8	10.4%
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)	(1.3)	1.2	15.6	14.7	6.4%	0.9	17.0	-8.1%
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	189.5	2.1%	4.0	182.7	5.9%
35	TOTAL INVESTMENT EARNINGS	64.4	62.3	67.7	60.5	59.1	60.8	73.1	64.3	64.7	62.4	61.1	63.6	764.2	745.9	2.5%	18.3	702.5	8.8%
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	19.7	34.3	389.9	391.7	-0.5%	(1.8)	542.2	-28.1%
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	2.7	4.7	56.8	49.0	16.0%	7.8	42.2	34.5%
38	TOTAL RENTS & ROYALTIES	40.8	37.2	36.1	94.7	41.9	33.5	29.7	30.7	17.7	22.9	22.4	39.1	446.7	440.7	1.4%	6.1	584.4	-23.6%
39	TRIBAL REVENUE SHARING	0.8	0.0	15.6	0.7	0.0	14.9	0.7	0.3	15.9	0.1	0.0	15.8	64.8	63.0	3.0%	1.9	67.2	-3.5%
40	MISCELLANEOUS RECEIPTS	0.8	1.0	1.2	1.0	0.9	17.9	1.2	0.9	0.7	(0.5)	1.3	16.8	43.3	55.3	-21.7%	(12.0)	56.2	-22.9%
41	REVERSIONS	0.0	0.0	0.0	0.1	0.1	1.2	1.1	21.9	1.3	(2.1)	0.0	30.8	54.3	49.0	11.0%	5.4	51.5	5.5%
42	TOTAL RECURRING REVENUE	430.3	459.4	497.4	517.9	454.9	492.7	385.9	393.4	453.6	544.5	446.5	664.8	5,741.4	5,895.2	-2.6%	(153.8)	6,194.8	-7.3%
43	Non-Recurring	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	0.0	0.3	(0.2)	(0.0)	0.2	-	0.2	5.5	-96.2%	(5.3)	40.1	-99.5%
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)	0.2	-	0.2	5.5	-96.2%	(5.3)	40.1	-99.5%
45	GRAND TOTAL REVENUE	430.3	459.3	497.2	517.9	455.1	492.6	385.9	393.8	453.4	544.5	446.7	664.8	5,741.7	5,900.7	-2.7%	(159.1)	6,234.9	-7.9%

Notes: estimates are based on Feb guidance and historical monthly spreads (5-year averages in most cases)