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April 21, 2017



**General Fund Revenue Tracking Report: Accruals through February 2017**

This general fund revenue tracking report reflects revenue accruals through February 2017 as reported by the Department of Finance and Administration.

**Summary.** February recurring revenues were \$418 million, up \$23.7 million, or 6 percent, from a year ago. Year-to-date recurring revenues were down \$138.2 million, or 3.8 percent, from last year.

Gross receipts tax (GRT) revenue for February came in \$12 million stronger than last year at \$165.1 million, and GRT year-to-date was up \$29 million, or 2.2 percent. Personal income tax revenues year-to-date were down \$72 million, or 9.5 percent, from this time a year ago. Corporate income tax revenue, while still down substantially from last year, recovered some this month with year-to-date revenue down \$23.2 million from FY16, or 49.7 percent, compared with a decline of \$52.9 million, or 70.1 percent, in January.

Mineral production taxes from the oil and gas industry were up \$29.5 million year-to-date, or 15.7 percent, from this time last year, due to rising oil and gas prices. Rents and royalties from the oil and gas industry are tracking \$59 million below last year; however, this is due to delayed payment of the annual federal lease sale by the Bureau of Land Management (BLM). LFC requested the state's congressional delegation to urge BLM to resolve the outstanding protests and environmental assessment that are holding up payment. BLM responded with assurances that the \$69.9 million owed to New Mexico for the lease sale that occurred in September 2016 will be received before the end of the fiscal year and likely in May.

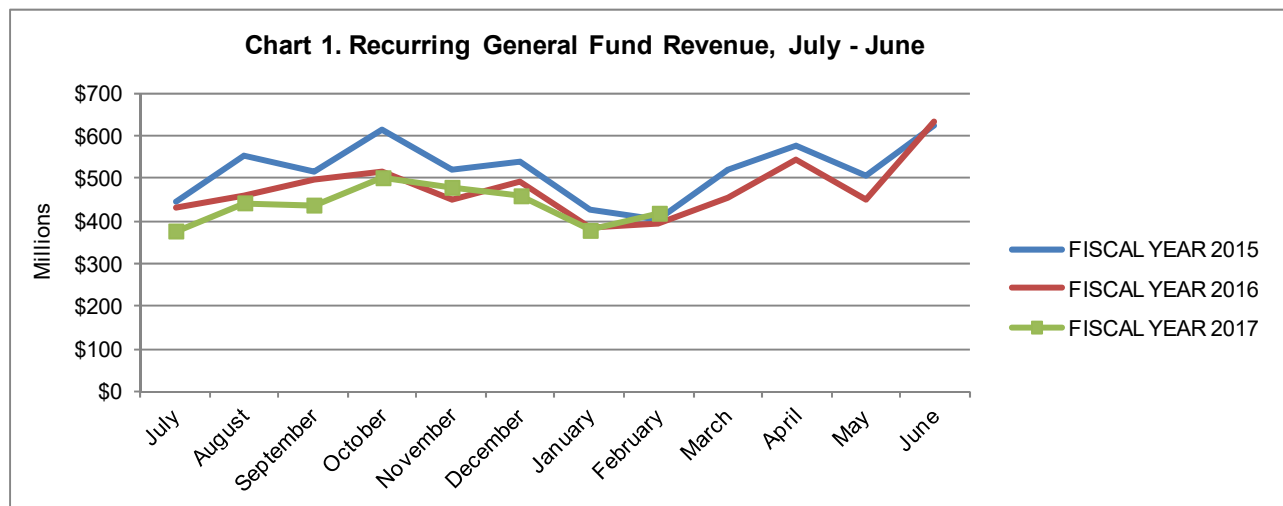


Chart 1 above compares total recurring revenue between FY15, FY16, and FY17. Total recurring revenue collection for FY17 through February was \$3.5 billion, down 3.8 percent from the same period a year ago. This compares with the February 2017 consensus revenue estimate, unchanged from the December 2016 consensus

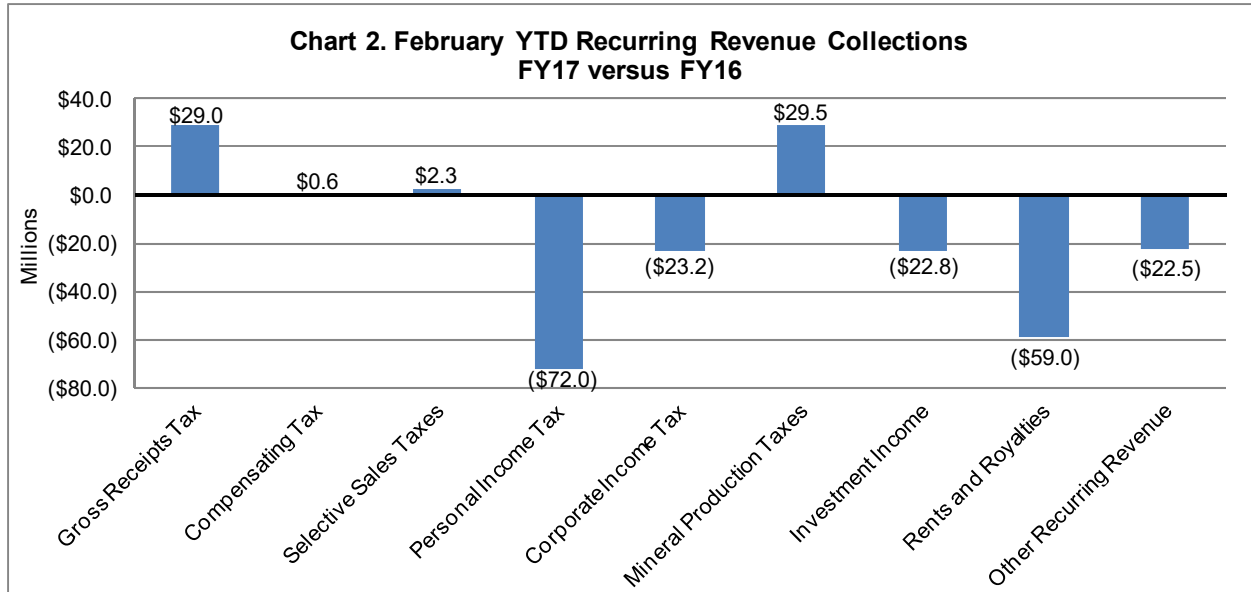
forecast, of a 1.9 percent decrease in revenue for the full fiscal year. However, February was the first month this fiscal year for monthly recurring revenues to come in higher than both FY16 and FY15, and it was the second month this fiscal year for monthly revenues to exceed those of FY16. This was due largely to increased GRT revenues received and the apparent rebound of the oil and gas industry.

Traditionally, projections for revenue collections through the end of the fiscal year are based on historical monthly shares of revenue collections by revenue source. Recurring revenues are tracking at about \$55 million, or 1 percent, above the December estimate of \$5.6 billion (see last page for revenue tracking). Additionally, the Human Services Department announced it would revert about \$16 million in FY17, an amount not previously included in revenue estimates and not currently included in the revenue tracker.

**February and Year-To-Date Revenues.** Table 1 and Chart 2 present the components of fiscal year-to-date (FYTD) revenue through February for FY17 versus FY16.

Table 1. General Fund Revenue Accruals: FY17 vs. FY16							
Revenue Category	February Revenue	February Revenue	Fiscal Year-to-Date Through February		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: Dec. 2016 Forecast
	FY16	FY17	FY16	FY17			
Gross Receipts Tax	\$ 153.1	\$ 165.1	\$1,289.9	\$1,318.9	\$29.0	2.2%	-5.4%
Compensating Tax	\$ 4.0	\$ 5.7	\$33.6	\$34.3	\$0.6	1.9%	6.7%
Selective Sales Taxes *	\$ 77.7	\$ 77.2	\$354.9	\$357.2	\$2.3	0.7%	0.7%
Personal Income Tax	\$ 49.6	\$ 44.5	\$755.8	\$683.8	(\$72.0)	-9.5%	0.3%
Corporate Income Tax	\$ (28.6)	\$ 1.0	\$46.8	\$23.5	(\$23.2)	-49.7%	-40.9%
Mineral Production Taxes *	\$ 15.8	\$ 24.4	\$187.6	\$217.1	\$29.5	15.7%	11.0%
License Fees	\$ 4.6	\$ 3.5	\$26.5	\$26.9	\$0.3	1.3%	1.7%
Investment Income	\$ 64.3	\$ 62.6	\$512.3	\$489.5	(\$22.8)	-4.5%	-3.8%
Rents and Royalties	\$ 30.7	\$ 31.7	\$338.6	\$279.6	(\$59.0)	-17.4%	8.5%
Tribal Revenue Sharing	\$ 0.3	\$ 0.0	\$33.0	\$29.2	(\$3.8)	-11.6%	-0.3%
Miscellaneous Receipts	\$ 0.9	\$ 1.4	\$25.0	\$22.6	(\$2.4)	-9.6%	28.0%
Reversions	\$ 21.9	\$ 0.6	\$24.4	\$7.7	(\$16.6)	n/a	-32.1%
<b>Subtotal Recurring Rev.</b>	<b>\$ 394.2</b>	<b>\$ 418.0</b>	<b>\$3,628.4</b>	<b>\$3,490.2</b>	<b>(\$138.2)</b>	<b>-3.8%</b>	<b>-1.9%</b>
Nonrecurring Revenue	\$ 0.3	\$ 71.5	\$0.2	\$248.0	\$247.8	n/a	n/a
<b>Total Revenue</b>	<b>\$ 394.6</b>	<b>\$ 489.5</b>	<b>\$3,628.6</b>	<b>\$3,738.2</b>	<b>\$109.6</b>	<b>3.0%</b>	<b>2.1%</b>

\*Includes estimates for Insurance, Oil and Gas School Tax, and Oil Conservation Tax



**Revenue Tracking.** The last page provides the general fund revenue tracking report and chart for FY17. The report details the actual revenues received year-to-date and the projected revenues for the remainder of the fiscal year based on the December 2016 consensus revenue estimate.

**Gross Receipts.** GRT revenues in February were stronger than the same time a year ago for the second month in a row. The revenues continue to appear on track to exceed expectations from the December forecast, although significant changes in credit activity are largely responsible for the increase, and credit activity could fluctuate in the remainder of the year in either the positive or negative direction. However, the downside risk appears greater because current credit activity does not seem to account for some projected negative credits in the forecast.

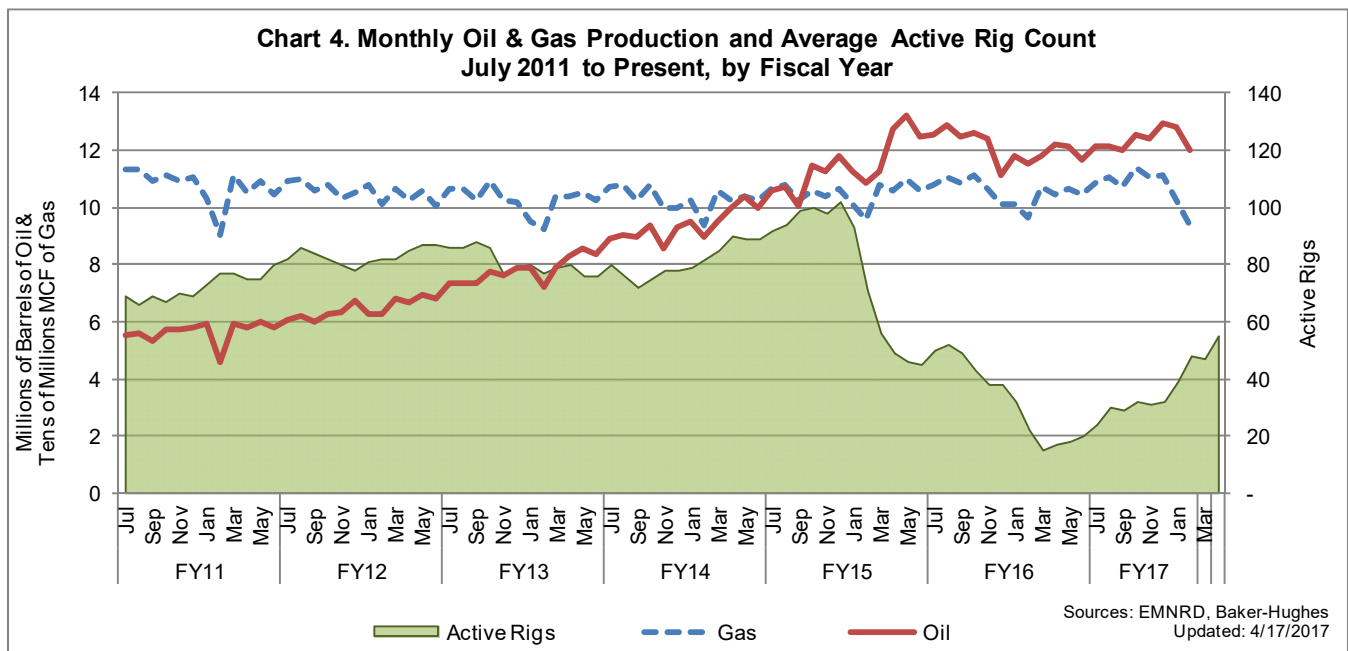
**Table 2. Matched Taxable Gross Receipts by Industry July 2016 - February 2017**

Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$1,395,440,581	-18.4%
Utilities	\$1,634,231,437	3.7%
Construction	\$4,116,697,650	-1.9%
Manufacturing	\$910,208,785	-19.3%
Wholesale Trade	\$1,226,710,982	-15.0%
Retail Trade	\$8,007,362,903	-0.6%
Transportation and Warehousing	\$387,984,043	-10.4%
Information	\$1,678,069,665	-1.3%
Real Estate and Rental and Leasing	\$768,709,269	-7.6%
Professional, Scientific, and Technical Services	\$4,013,614,167	-5.7%
Administrative/Support & Waste Management/Remediation	\$776,520,984	-9.3%
Health Care and Social Assistance	\$1,799,142,396	5.5%
Leisure and Hospitality Services	\$2,880,118,010	2.0%
Other Industries	\$3,556,081,545	n/a
<b>Total</b>	<b>\$33,150,892,416</b>	<b>-3.9%</b>

Underlying economic activity remains weak year-over-year but continues to improve each month; matched taxable gross receipts (MTGR) rose from -4.1 percent year-to-date through January to -3.9 percent through February. MTGR reconciles tax returns against payments to account for total revenues generated by business activity within a given month. The only significant difference in MTGR from January to February was a continuation of the strong trend toward a leveling of declines in the oil and gas industry. GRT and MTGR reporting does not yet account for the GRT revenue Amazon.com is collecting on direct sales during the last quarter of FY17. Assuming the company files the tax returns under retail trade, this additional taxable base could flip the industry back into positive territory.

**Oil and Gas.** Chart 4 presents the oil and gas production data reported by the Energy, Minerals and Natural Resources Department’s Oil Conservation Division. Reporting by producers is due 45 days after the production month. Oil production reported for February was 12 million barrels, up 4.1 percent from 11.5 million barrels in January 2016. Oil production fiscal-year-to-date is tracking above that of a year ago, up 1.7 percent, or 1.6 million barrels. The state added eight active drilling rigs in February, bringing the total average active rigs in the state to 48 by the end of the month, up from 39 in January.

With the already mild winter ending, natural gas production fell in February to 94 billion cubic feet, down 2.5 percent year-over-year from 96.4 billion cubic feet in February 2016. However, natural gas production fiscal-year-to-date is up by 1.7 percent, or 14.6 billion cubic feet, compared with the same period a year ago.



Oil prices rose again this month, with an average West Texas Intermediate (WTI) price of \$53.47/bbl in February, up from \$52.50/bbl in January. The most recent ONGARD data show New Mexico oil was priced at \$49.39/bbl in January, up from \$48.67 in December. The average price differential between New Mexico oil prices and WTI prices this fiscal year is now -\$3.62/bbl.

Chart 5 presents New Mexico oil price data (ONGARD) and an average weighted WTI price as indicated by the U.S. Energy Information Administration (EIA), IHS Global Insight (GI), and NYMEX futures and includes the

average price differential. Future weighted WTI prices are estimated slightly above the CREG forecast for FY17 and on par with the estimate for FY18.

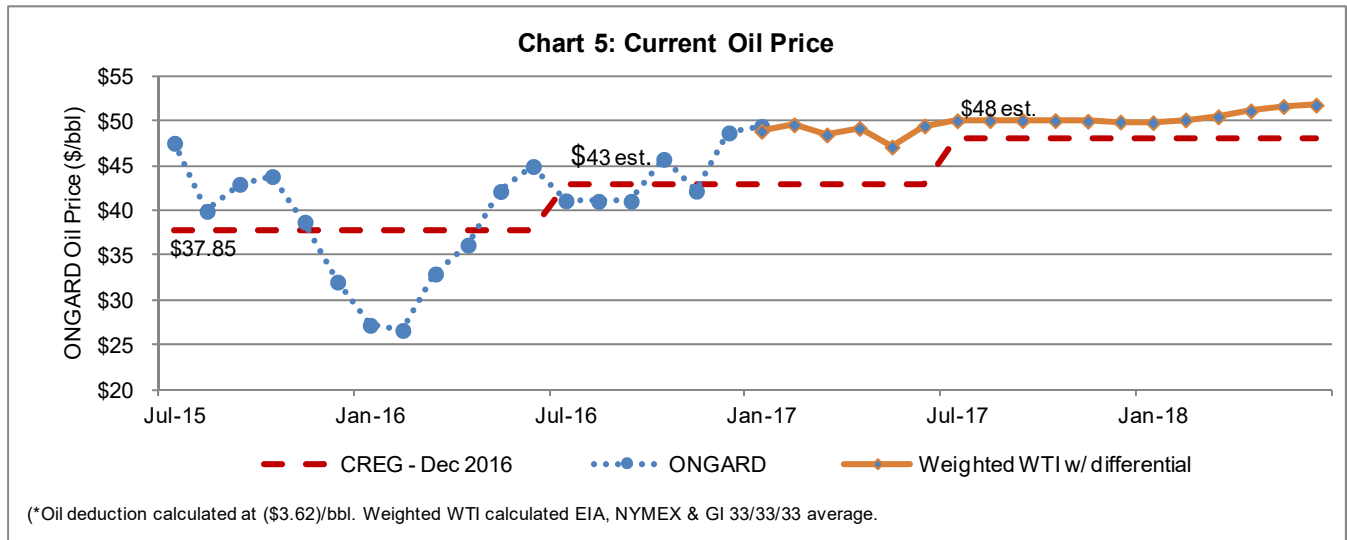
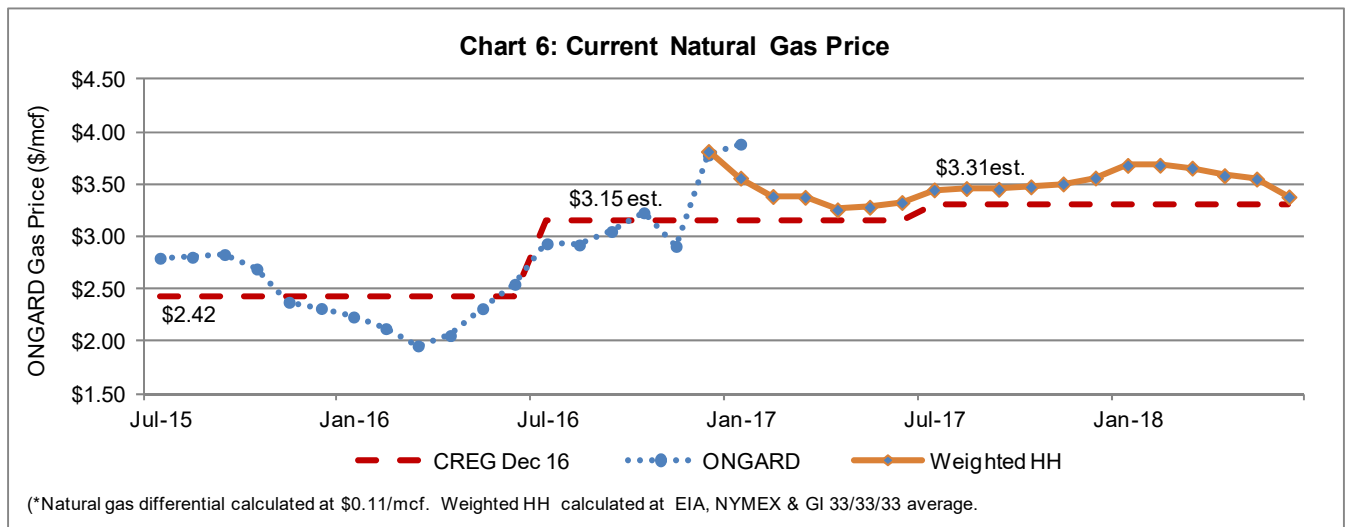


Chart 6 presents natural gas price data (ONGARD) and an average Henry Hub (HH) price as indicated by EIA, GI, and NYMEX. Natural gas price forecasts for FY17 remains on par with the December forecast; however, forecasts for FY18 prices are tracking above the December estimate. Henry Hub gas prices in February fell to \$2.94/mcf, down from \$3.41/mcf in January. Most recent ONGARD data show January New Mexico natural gas prices at \$3.88/mcf. The state’s gas prices in January came in substantially higher than HH, with a differential of positive \$0.47/mcf; however, the average differential for the fiscal year so far is \$0.11/mcf above HH.



**Explanation of Revenue Tracking Method.** Appendix 1 shows the latest consensus revenue estimates and monthly accruals in detail. These estimates were finalized in December 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 “FY17 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY17 Forecast” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms.

**FISCAL YEAR 2017 GENERAL FUND MONTHLY REVENUE TRACKING**

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

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Row #	ESTIMATED REVENUE ACCRUALS												FY17 Actual + Estimate	TRACKING CHANGE (Δ)			
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June		FY17 Dec.	YTD	YTD	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	Est.	Est.	Est.	Est.		<u>Forecast + Solvency</u>	% Δ	\$ Δ	
1	Gross Receipts Tax	148.4	158.8	139.8	195.1	156.4	192.2	163.2	165.1	148.6	159.8	150.1	146.6	1,924.1	1,868.6	3.0%	55.5
2	Compensating Tax	3.9	4.4	7.3	(0.4)	3.8	5.5	4.2	5.7	4.1	3.5	3.5	4.5	50.0	50.0	0.1%	0.0
3	<b>TOTAL GENERAL SALES TAXES</b>	<b>152.2</b>	<b>163.2</b>	<b>147.0</b>	<b>194.6</b>	<b>160.1</b>	<b>197.6</b>	<b>167.4</b>	<b>170.9</b>	152.7	163.4	153.7	151.2	1,974.1	1,918.6	2.9%	55.5
4	Tobacco Products & Cigarette Taxes	6.2	8.2	5.9	7.1	5.6	6.4	4.2	7.1	6.0	6.0	5.7	7.8	76.2	75.0	1.6%	1.2
5	Liquor Excise Tax	0.5	0.6	0.5	0.6	0.6	0.7	0.4	0.5	0.6	0.6	0.6	0.7	6.8	6.9	-1.0%	(0.1)
6	Insurance Premiums Tax	0.2	52.8	1.3	0.2	53.4	0.7	2.2	53.5	2.2	2.2	53.5	2.2	224.7	229.2	-2.0%	(4.5)
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	15.5	15.5	0.0%	-	
8	Motor Vehicle Excise Tax	11.3	13.9	11.0	12.5	10.9	11.7	11.7	10.7	13.1	12.9	13.1	12.5	145.3	142.5	2.0%	2.8
9	Gaming Excise Tax	5.2	4.7	4.7	4.7	4.5	5.1	4.8	5.1	5.5	4.9	5.1	4.6	58.9	58.5	0.8%	0.4
10	Leased Vehicle Surcharge	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.4	0.4	0.5	0.5	5.4	5.4	0.7%	0.0
11	Other	0.1	0.5	(0.1)	0.3	0.1	(0.3)	0.8	(0.0)	0.2	0.2	0.2	0.2	2.2	2.2	0.9%	0.0
12	<b>TOTAL SELECTIVE SALES TAXES</b>	<b>24.2</b>	<b>81.3</b>	<b>23.8</b>	<b>25.9</b>	<b>75.6</b>	<b>24.8</b>	<b>24.4</b>	<b>77.2</b>	28.0	27.2	78.7	44.0	535.1	535.2	0.0%	(0.1)
13	Withholding	99.4	86.0	109.8	83.5	91.6	130.2	89.1	92.8	107.6	94.6	98.9	108.7	1,192.3	1,223.1	-2.5%	(30.8)
14	Final Settlements	-	12.3	41.6	23.6	11.7	31.8	35.3	13.2	34.9	141.8	26.4	64.8	437.3	438.6	-0.3%	(1.3)
15	Oil and Gas Withholding Tax	-	0.2	3.7	5.4	6.7	1.7	8.9	3.1	4.3	10.8	5.5	16.2	66.5	74.5	-10.8%	(8.0)
16	Fiduciary Tax	(0.3)	0.3	(0.2)	0.0	(0.1)	0.2	(0.4)	(0.0)	4.0	0.6	1.6	(0.2)	5.4	7.6	-29.0%	(2.2)
17	<b>Gross Personal Income Tax</b>	<b>99.1</b>	<b>98.9</b>	<b>155.0</b>	<b>112.5</b>	<b>110.0</b>	<b>163.9</b>	<b>132.8</b>	<b>109.0</b>	150.7	247.8	132.3	189.4	1,701.4	1,743.8	-2.4%	(42.4)
18	Transfer to PIT Suspense	(6.4)	(7.4)	(15.5)	(5.8)	(5.8)	(78.9)	(95.7)	(62.4)	(44.8)	(18.6)	(11.0)	(7.1)	(359.3)	(383.2)	-6.2%	23.9
19	Retiree Health Care	(2.7)	(2.7)	(2.7)	(2.7)	(2.2)	(2.2)	(2.2)	(2.2)	(2.4)	(2.4)	(2.4)	(2.6)	(29.2)	(29.6)	-1.2%	0.4
20	<b>Less: Refunds, distributions to other funds</b>	<b>(9.1)</b>	<b>(10.1)</b>	<b>(18.2)</b>	<b>(8.5)</b>	<b>(8.0)</b>	<b>(81.1)</b>	<b>(97.8)</b>	<b>(64.6)</b>	(47.1)	(21.0)	(13.4)	(9.7)	(388.5)	(412.8)	-5.9%	24.3
21	<b>NET PERSONAL INCOME TAX</b>	<b>90.0</b>	<b>88.8</b>	<b>136.8</b>	<b>104.0</b>	<b>102.0</b>	<b>82.7</b>	<b>35.0</b>	<b>44.5</b>	103.6	226.8	118.9	179.7	1,312.9	1,331.0	-1.4%	(18.1)
22	Gross Corporate Payments	-	(4.7)	(9.4)	19.6	7.2	(8.4)	18.3	1.0	11.5	5.6	6.0	15.6	62.3	70.0	-10.9%	(7.7)
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>NET CORPORATE INCOME TAX</b>	<b>-</b>	<b>(4.7)</b>	<b>(9.4)</b>	<b>19.6</b>	<b>7.2</b>	<b>(8.4)</b>	<b>18.3</b>	<b>1.0</b>	11.5	5.6	6.0	15.6	62.3	70.0	-10.9%	(7.7)
25	<b>TOTAL INCOME TAXES</b>	<b>90.0</b>	<b>84.1</b>	<b>127.5</b>	<b>123.5</b>	<b>109.2</b>	<b>74.3</b>	<b>53.3</b>	<b>45.5</b>	115.1	232.5	125.0	195.4	1,375.3	1,401.0	-1.8%	(25.7)
26	Oil and Gas School Tax	22.0	22.1	22.0	23.4	25.0	27.8	30.3	21.6	25.1	24.2	22.9	23.2	289.6	273.3	6.0%	16.3
27	Oil Conservation Tax	1.0	1.0	1.0	1.1	1.2	1.4	1.5	1.2	1.3	1.2	1.4	1.1	14.5	14.3	1.6%	0.2
28	Resources Excise Tax	0.8	0.8	0.9	0.8	0.8	0.9	0.8	0.8	1.2	1.0	1.2	1.2	11.1	13.0	-14.6%	(1.9)
29	Natural Gas Processors Tax	0.9	0.8	1.0	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	10.1	10.0	0.8%	0.1
30	<b>TOTAL MINERAL PROD. TAXES</b>	<b>24.7</b>	<b>24.6</b>	<b>24.9</b>	<b>26.2</b>	<b>27.8</b>	<b>30.9</b>	<b>33.4</b>	<b>24.4</b>	28.4	27.2	26.4	26.3	325.3	310.6	4.7%	14.7
31	<b>LICENSE FEES</b>	<b>2.2</b>	<b>2.7</b>	<b>2.5</b>	<b>2.1</b>	<b>2.2</b>	<b>9.0</b>	<b>2.6</b>	<b>3.5</b>	3.6	3.5	3.7	3.6	41.1	55.8	-26.2%	(14.6)
32	Land Grant Perm. Fund Distributions	45.1	45.1	45.1	45.1	45.1	45.1	45.1	45.1	45.0	45.0	45.0	45.0	541.0	540.5	0.1%	0.5
33	State Treasurer's Earnings	(0.2)	(2.0)	1.1	(1.1)	(4.7)	0.2	0.9	0.8	0.0	1.0	1.0	1.0	(2.0)	-	0.0%	(2.0)
34	Severance Tax Perm. Fund Distributions	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	200.4	200.4	0.0%	0.0
35	<b>TOTAL INVESTMENT EARNINGS</b>	<b>61.6</b>	<b>59.8</b>	<b>62.9</b>	<b>60.7</b>	<b>57.1</b>	<b>62.0</b>	<b>62.7</b>	<b>62.6</b>	61.7	62.7	62.7	62.7	739.4	740.9	-0.2%	(1.5)
36	Federal Mineral Leasing Royalties	19.6	22.3	33.1	53.1	26.5	30.2	26.2	30.2	33.9	28.0	28.0	97.9	429.0	420.0	2.1%	9.0
37	State Land Office Bonuses, Rents	0.1	3.2	2.0	13.3	9.5	3.0	5.7	1.5	20.5	3.9	5.9	5.8	74.5	55.0	35.4%	19.5
38	<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>19.7</b>	<b>25.5</b>	<b>35.1</b>	<b>66.4</b>	<b>36.0</b>	<b>33.2</b>	<b>31.9</b>	<b>31.7</b>	54.4	31.9	33.9	103.7	503.5	475.0	6.0%	28.5
39	<b>TRIBAL REVENUE SHARING</b>	<b>0.7</b>	-	12.2	0.8	0.0	14.5	0.9	0.0	16.5	0.6	0.5	16.4	63.2	64.2	-1.6%	(1.0)
40	<b>MISCELLANEOUS RECEIPTS</b>	<b>1.1</b>	0.9	1.1	0.9	7.9	8.3	1.0	1.4	11.6	5.7	1.0	18.0	58.9	61.5	-4.2%	(2.6)
41	<b>REVERSIONS</b>	<b>-</b>	0.0	0.0	0.2	2.8	4.1	(0.0)	0.6	8.0	0.5	2.2	28.3	46.7	45.1	3.6%	1.6
42	<b>TOTAL RECURRING REVENUE</b>	<b>376.3</b>	<b>442.1</b>	<b>437.1</b>	<b>501.5</b>	<b>478.8</b>	<b>458.8</b>	<b>377.6</b>	<b>418.0</b>	<b>480.1</b>	<b>555.0</b>	<b>487.7</b>	<b>649.4</b>	<b>5,662.5</b>	<b>5,607.8</b>	<b>1.0%</b>	<b>54.7</b>
43	Non-Recurring	8.0	0.2	(0.1)	0.0	0.4	(0.2)	28.0	30.7	-	-	-	-	67.0	-	-	-
44	Additional Transfers	49.0	3.0	5.3	8.6	14.5	17.1	42.6	40.8	-	-	-	182.9	363.9	-	-	
45	<b>TOTAL NON-RECURRING REVENUE</b>	<b>57.0</b>	<b>3.2</b>	<b>5.3</b>	<b>8.6</b>	<b>14.9</b>	<b>16.9</b>	<b>70.5</b>	<b>71.5</b>	-	-	-	182.9	430.9	430.9	-	
46	<b>GRAND TOTAL REVENUE</b>	<b>433.3</b>	<b>445.4</b>	<b>442.4</b>	<b>510.1</b>	<b>493.7</b>	<b>475.7</b>	<b>448.2</b>	<b>489.5</b>	<b>480.1</b>	<b>555.0</b>	<b>487.7</b>	<b>832.4</b>	<b>6,093.4</b>	<b>6,038.7</b>	<b>0.9%</b>	<b>54.7</b>

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns; the FML estimate for June includes \$69.9 million from a BLM lease sale (the month in which the revenue will be received is uncertain); the non-recurring additional transfers amount for June includes amounts expected due to solvency legislation

**Consensus Revenue Estimate  
Recurring Revenue Estimating Difference/Error**

