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May 18, 2017



General Fund Revenue Tracking Report: Accruals through March 2017

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

Summary. March recurring revenues were \$516.1 million, up \$62.5 million, or 13.8 percent, from a year ago. Year-to-date recurring revenues were down \$72.1 million, or 1.8 percent, from last year.

Gross receipts tax (GRT) revenue for March came in \$18 million stronger than last year at \$191.6 million, and GRT revenue year-to-date was up \$47 million, or 3.2 percent. Personal income tax revenues for March were \$31.1 million stronger than a year ago, although revenues year-to-date were down \$40.9 million, or 4.9 percent. Corporate income tax revenue came in at \$6.7 million for March, down \$29.4 million, or 82 percent, from March 2016 and down \$52.7 million, or 64 percent, year-to-date from FY16.

Mineral production taxes from the oil and gas industry were up \$41.9 million year-to-date, or 20.1 percent, from this time last year. Rents and royalties from the oil and gas industry are tracking \$22.1 million below last year as the state continues to await a \$69.9 million payment for the annual federal lease sale by the Bureau of Land Management (BLM), which is still expected to arrive in May.

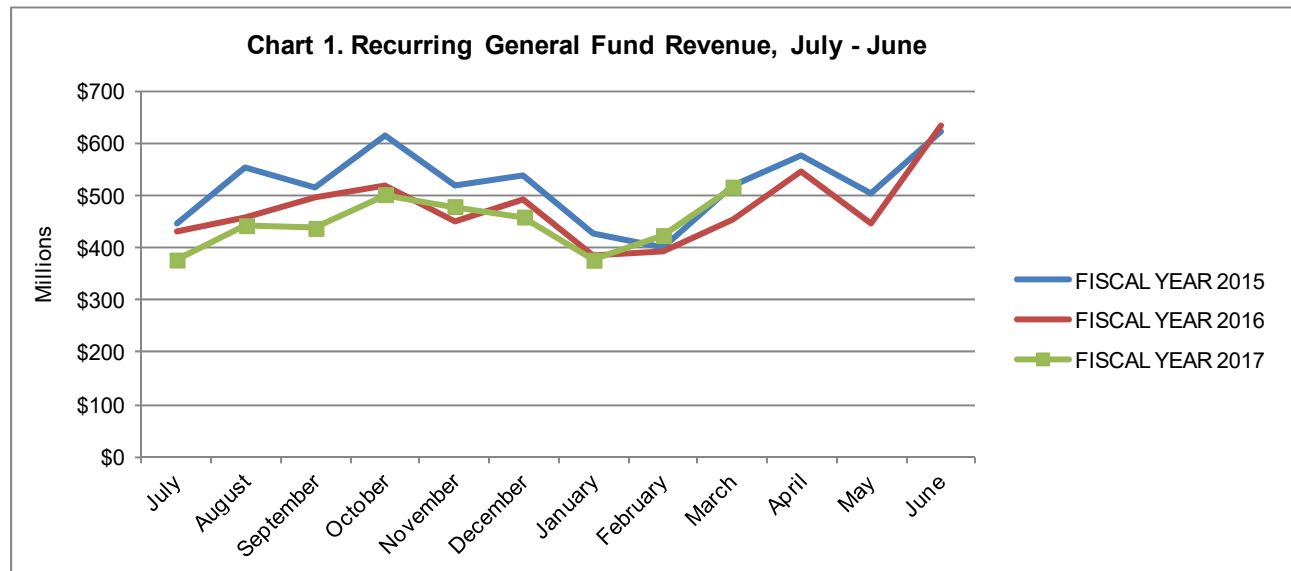


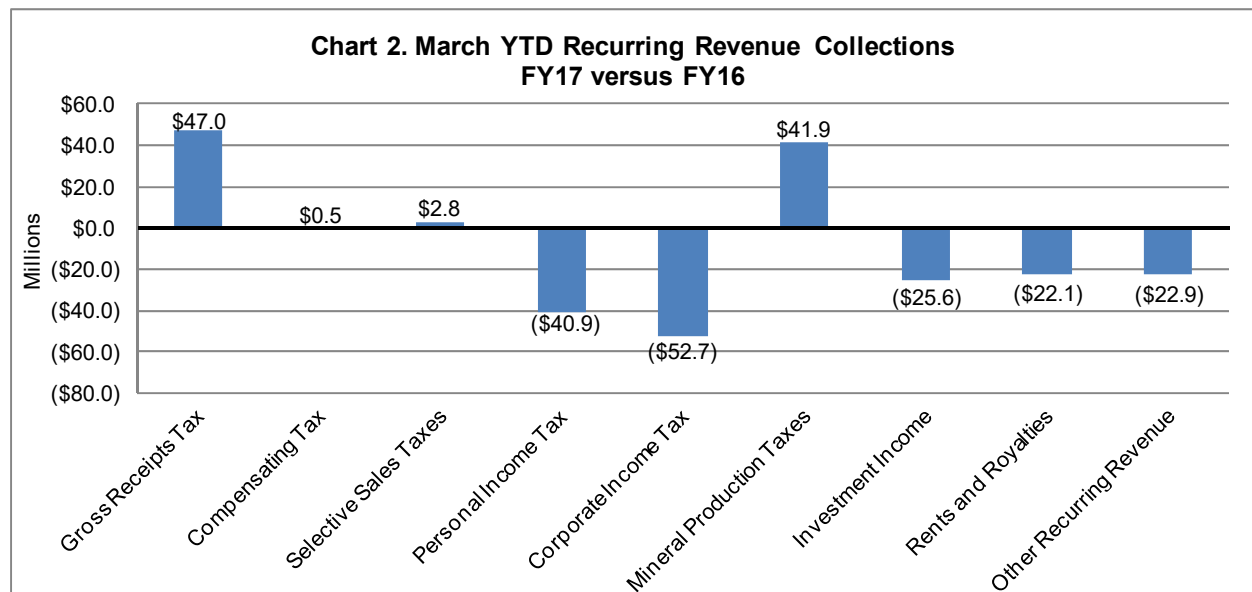
Chart 1 above compares total recurring revenue between FY15, FY16, and FY17. Total recurring revenues for FY17 came in above FY16 for the second month in a row. Collection for FY17 through March was \$4 billion,

down 1.8 percent from the same period a year ago, compared with the consensus revenue forecast of a 1.9 percent decrease in revenue for the full fiscal year.

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

Table 1. General Fund Revenue Accruals: FY17 vs. FY16							
Revenue Category	March Revenue FY16	March Revenue FY17	Fiscal Year-to-Date Through March		Year-over- Year Amount Change	Year- over- Year Growth	Projected Full- Year Growth: Dec. 2016 Forecast
	FY16	FY17	FY16	FY17			
Gross Receipts Tax	\$ 173.6	\$ 191.6	\$1,463.5	\$1,510.5	\$47.0	3.2%	-5.4%
Compensating Tax	\$ 4.5	\$ 4.3	\$38.1	\$38.6	\$0.5	1.3%	6.7%
Selective Sales Taxes *	\$ 26.4	\$ 28.5	\$381.3	\$384.1	\$2.8	0.7%	0.7%
Personal Income Tax	\$ 82.3	\$ 113.4	\$838.1	\$797.1	(\$40.9)	-4.9%	0.3%
Corporate Income Tax	\$ 36.1	\$ 6.7	\$82.9	\$30.2	(\$52.7)	-63.6%	-40.9%
Mineral Production Taxes *	\$ 20.9	\$ 28.2	\$208.5	\$250.4	\$41.9	20.1%	11.0%
License Fees	\$ 9.5	\$ 7.8	\$36.0	\$34.7	(\$1.3)	-3.7%	1.7%
Investment Income	\$ 64.7	\$ 61.9	\$577.0	\$551.4	(\$25.6)	-4.4%	-3.8%
Rents and Royalties	\$ 17.7	\$ 54.6	\$356.3	\$334.2	(\$22.1)	-6.2%	8.5%
Tribal Revenue Sharing	\$ 15.9	\$ 15.2	\$48.9	\$44.4	(\$4.6)	-9.4%	-0.3%
Miscellaneous Receipts	\$ 0.7	\$ 1.1	\$25.7	\$23.7	(\$2.0)	-7.7%	28.0%
Reversions	\$ 1.3	\$ 2.9	\$25.7	\$10.7	(\$15.0)	n/a	-32.1%
Subtotal Recurring Rev.	\$ 453.6	\$ 516.1	\$4,082.0	\$4,009.9	(\$72.1)	-1.8%	-1.9%
Nonrecurring Revenue	\$ (0.2)	\$ 14.7	\$0.0	\$262.7	\$262.7	n/a	n/a
Total Revenue	\$ 453.4	\$ 530.8	\$4,082.0	\$4,272.6	\$190.6	4.7%	2.1%

*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. 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 \$97 million, or 1.7 percent, above the December estimate of \$5.6 billion.

Gross Receipts. GRT revenues in March were surprisingly strong at \$43 million above projections for the month, and this was the third month in a row revenues were stronger than the same time a year ago. Although some of the strength during the fiscal year is due to credit activity that could fluctuate in the remainder of the year and carries some downside risk, a significant portion of the strength appears to be recurring. This is due to economic growth (albeit slow growth) combined with the oil and gas industry no longer acting as a drag on revenues related directly to that industry or indirectly through impacts on other industries.

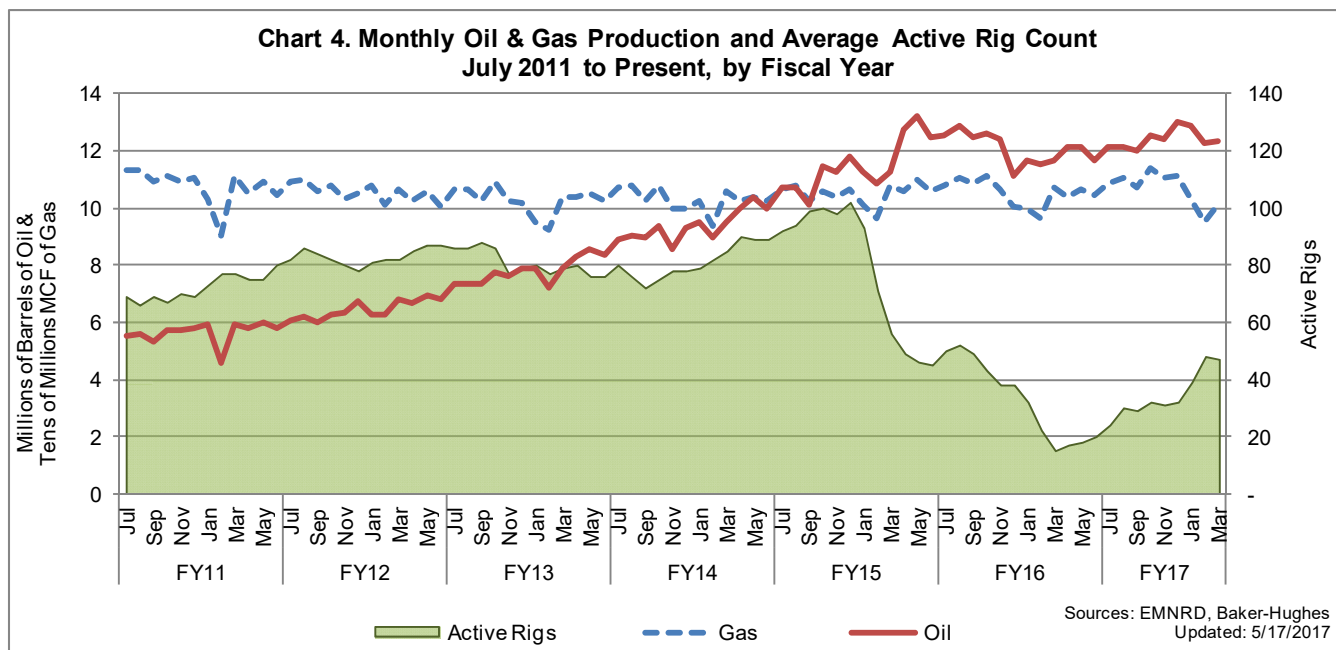
Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$1,635,164,817	-12.1%
Utilities	\$1,830,290,336	4.1%
Construction	\$4,717,329,960	-0.3%
Manufacturing	\$1,031,653,657	-18.1%
Wholesale Trade	\$1,409,715,292	-12.1%
Retail Trade	\$9,066,860,171	-0.4%
Transportation and Warehousing	\$442,000,360	-8.7%
Information	\$1,892,059,453	-1.2%
Real Estate and Rental and Leasing	\$872,782,031	-6.5%
Professional, Scientific, and Technical Services	\$4,550,688,931	-4.9%
Administrative/Support & Waste Management/Remediation	\$903,208,821	-7.6%
Health Care and Social Assistance	\$2,046,418,434	4.8%
Leisure and Hospitality Services	\$3,285,897,562	2.5%
Other Industries	\$4,032,975,781	n/a
Total	\$37,717,045,604	-2.9%

Underlying economic activity remains slightly weak year-over-year but improved significantly in March; matched taxable gross receipts (MTGR) rose from -3.9 percent year-to-date through February to -2.9 percent through March. MTGR reconciles tax returns against payments to account for total revenues generated by business activity within a given month. Significantly, all 13 industries shown above improved on the year-over-year change through March; those few industries that grew more slowly from February to March this year than the prior year still had higher gross receipts for March due to the recent growth trend. The mining and construction industries showed substantial improvement, rising from -18.4 percent to -12.1 percent and from -1.9 percent to -0.3 percent, and other construction-related indicators make it likely that industry returned to positive MTGR growth in April.

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 March was 12.4 million barrels, down 1.7 percent from 12.6 million barrels in

March 2016. Oil production fiscal-year-to-date is tracking above that of a year ago, up 1.7 percent, or 1.9 million barrels. The state had 47 active drilling rigs in March, on par with the 48 active rigs in February.

As typical with the change in seasons, natural gas production rose in March to 101 billion cubic feet, up 6.6 percent from the previous month but down 5.6 percent year-over-year from 107.4 billion cubic feet in March 2016. Natural gas production fiscal-year-to-date is up by 1.2 percent, or 11.8 billion cubic feet, compared with the same period a year ago.



Due to rising global oil inventories, particularly in the U.S., oil prices cooled off in March, with an average West Texas Intermediate (WTI) price of \$49.33/bbl in March, down from \$53.47/bbl in February. The most recent ONGARD data show New Mexico oil was priced at \$50.38/bbl in February, down slightly from \$50.43 January. The average price differential between New Mexico oil prices and WTI prices this fiscal year is now -\$3.43/bbl.

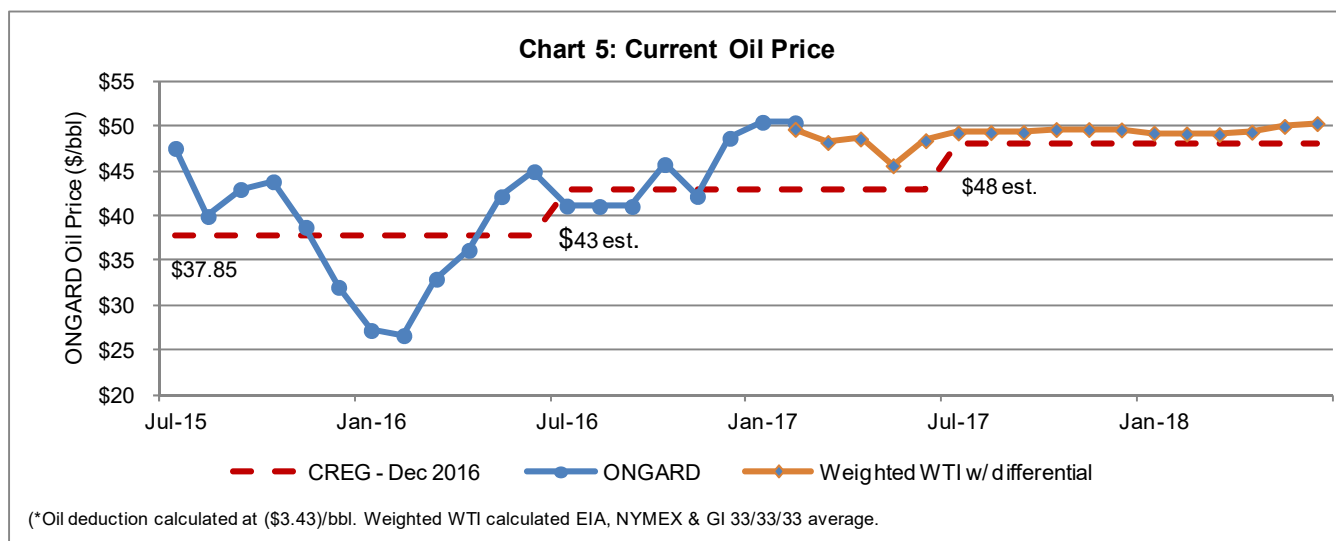
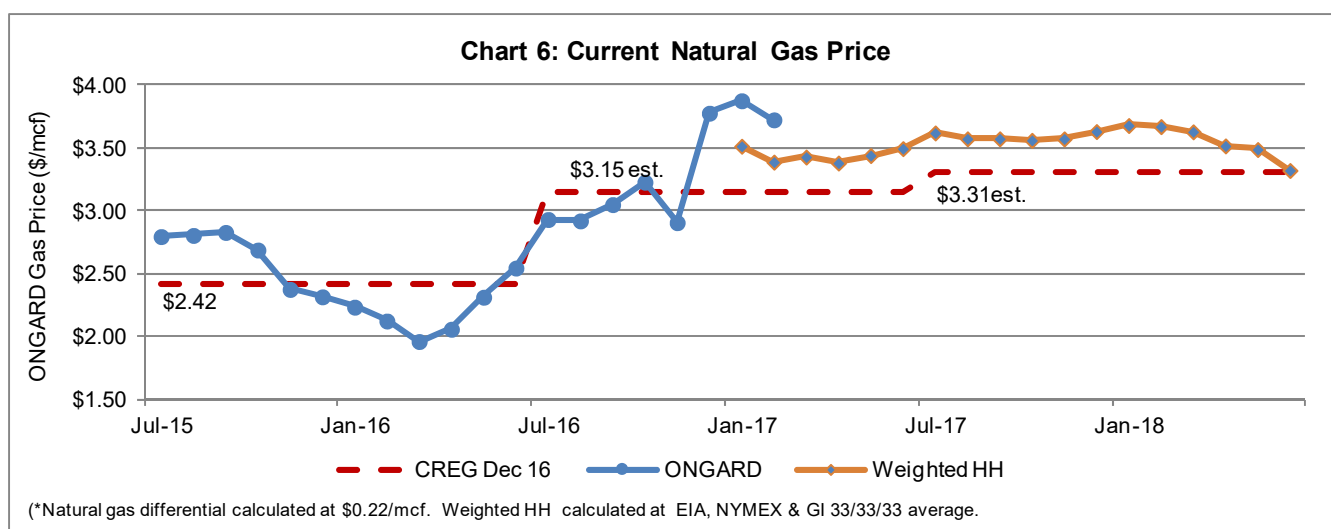


Chart 5 presents New Mexico oil price data (ONGARD) and an average weighted WTI price as indicated by the U.S. Energy Information Administration (EIA), IHS Global Insight (GI), and NYMEX futures and includes the average price differential. Future weighted WTI prices continue to track slightly above the CREG forecast for FY17 and are 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 prices for FY17 are tracking slightly above the December forecast, and forecasts for FY18 prices show relative strength over the December estimate. Henry Hub gas prices in March rose slightly to \$2.97/mcf, up from \$2.94/mcf in February. Most recent ONGARD data show February New Mexico natural gas prices at \$3.72/mcf. For the second month in a row, the state's gas prices came in substantially higher than HH, with a differential in February of positive \$0.78/mcf, and the differential for the fiscal-year-to-date is now \$0.22/mcf above HH.



Employment Trends. Chart 7 below reflects New Mexico year-over-year employment growth. Average employment for FY17 is tracking exactly with the December consensus forecast at 0.4 percent. For the month of March, New Mexico gained 6,800 jobs, or 0.8 percent, year-over-year. The Workforce Solutions Department (WSD) reported despite above average job growth in the month of March, New Mexico's unemployment rate of 6.7 percent in March remains well above the rest of the country with a national unemployment rate of 4.5 percent. In March, the private sector added 7,700 jobs, or 1.2 percent, and private service-producing industries were up 8,500 jobs, or 1.6 percent. Government job losses continue to act as a drag on overall growth.



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	TRACKING CHANGE (Δ)		
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Actual +	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>	<u>Actual</u>	<u>Est.</u>	<u>Est.</u>	<u>Est.</u>	<u>Estimate</u>	<u>Forecast + Solvency</u>	<u>% Δ</u>	<u>\$ Δ</u>
1	Gross Receipts Tax	148.4	158.8	139.8	195.1	156.4	192.2	163.2	165.1	191.6	159.8	150.1	146.6	1,967.1	1,868.6	5.3%	98.5
2	Compensating Tax	3.9	4.4	7.3	(0.4)	3.8	5.5	4.2	5.7	4.3	3.5	3.5	4.5	50.2	50.0	0.4%	0.2
3	TOTAL GENERAL SALES TAXES	152.2	163.2	147.0	194.6	160.1	197.6	167.4	170.9	195.9	163.4	153.7	151.2	2,017.3	1,918.6	5.1%	98.7
4	Tobacco Products & Cigarette Taxes	6.2	8.2	5.9	7.1	5.6	6.4	4.2	7.1	6.7	6.0	5.7	7.8	76.9	75.0	2.6%	1.9
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	-1.4%	(0.1)
6	Insurance Premiums Tax	0.2	52.8	1.3	0.2	53.4	0.7	0.6	53.5	2.2	2.2	53.5	2.2	223.0	229.2	-2.7%	(6.2)
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	15.5	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	13.7	12.9	13.1	12.5	145.9	142.5	2.4%	3.4
9	Gaming Excise Tax	5.2	4.7	4.7	4.7	4.5	5.1	4.8	5.1	5.6	4.9	5.1	4.6	59.1	58.5	1.0%	0.6
10	Leased Vehicle Surcharge	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.5	0.4	0.5	0.5	5.5	5.4	1.7%	0.1
11	Other	0.1	0.5	(0.1)	0.3	0.1	(0.3)	0.8	(0.0)	(0.8)	0.2	0.2	0.2	1.2	2.2	-43.2%	(0.9)
12	TOTAL SELECTIVE SALES TAXES	24.2	81.3	23.8	25.9	75.6	24.8	22.8	77.2	28.5	27.2	78.7	44.0	534.0	535.2	-0.2%	(1.2)
13	Withholding	99.4	86.0	109.8	83.5	91.6	130.2	89.1	92.8	115.5	94.6	98.9	108.7	1,200.2	1,223.1	-1.9%	(22.9)
14	Final Settlements	-	12.3	41.6	23.6	11.7	31.8	35.3	13.2	32.0	141.8	26.4	64.8	434.5	438.6	-0.9%	(4.1)
15	Oil and Gas Withholding Tax	-	0.2	3.7	5.4	6.7	1.7	8.9	3.1	6.7	10.8	5.5	16.2	68.8	74.5	-7.6%	(5.7)
16	Fiduciary Tax	(0.3)	0.3	(0.2)	0.0	(0.1)	0.2	(0.4)	(0.0)	3.9	0.6	1.6	(0.2)	5.3	7.6	-29.7%	(2.3)
17	Gross Personal Income Tax	99.1	98.9	155.0	112.5	110.0	163.9	132.8	109.0	158.1	247.8	132.3	189.4	1,708.8	1,743.8	-2.0%	(35.0)
18	Transfer to PIT Suspense	(6.4)	(7.4)	(15.5)	(5.8)	(5.8)	(78.9)	(95.7)	(62.4)	(42.6)	(18.6)	(11.0)	(7.1)	(357.1)	(383.2)	-6.8%	26.1
19	Retiree Health Care	(2.7)	(2.7)	(2.7)	(2.7)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.4)	(2.4)	(2.6)	(29.1)	(29.6)	-1.8%	0.5
20	Less: Refunds, distributions to other funds	(9.1)	(10.1)	(18.2)	(8.5)	(8.0)	(81.1)	(97.8)	(64.6)	(44.8)	(21.0)	(13.4)	(9.7)	(386.2)	(412.8)	-6.5%	26.6
21	NET PERSONAL INCOME TAX	90.0	88.8	136.8	104.0	102.0	82.7	35.0	44.5	113.4	226.8	118.9	179.7	1,322.7	1,331.0	-0.6%	(8.3)
22	Gross Corporate Payments	-	(4.7)	(9.4)	19.6	7.2	(8.4)	18.3	1.0	6.7	5.6	6.0	15.6	57.5	70.0	-17.9%	(12.5)
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	NET CORPORATE INCOME TAX	-	(4.7)	(9.4)	19.6	7.2	(8.4)	18.3	1.0	6.7	5.6	6.0	15.6	57.5	70.0	-17.9%	(12.5)
25	TOTAL INCOME TAXES	90.0	84.1	127.5	123.5	109.2	74.3	53.3	45.5	120.0	232.5	125.0	195.4	1,380.2	1,401.0	-1.5%	(20.8)
26	Oil and Gas School Tax	22.0	22.1	22.0	23.4	25.0	27.8	30.3	26.6	25.1	24.2	22.9	23.2	294.6	273.3	7.8%	21.3
27	Oil Conservation Tax	1.0	1.0	1.0	1.1	1.2	1.4	1.5	1.4	1.3	1.2	1.4	1.1	14.7	14.3	3.0%	0.4
28	Resources Excise Tax	0.8	0.8	0.9	0.8	0.8	0.9	0.8	0.8	0.9	1.0	1.2	1.2	10.8	13.0	-16.9%	(2.2)
29	Natural Gas Processors Tax	0.9	0.8	1.0	0.9	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.8	10.1	10.0	1.4%	0.1
30	TOTAL MINERAL PROD. TAXES	24.7	24.6	24.9	26.2	27.8	30.9	33.4	29.6	28.2	27.2	26.4	26.3	330.2	310.6	6.3%	19.6
31	LICENSE FEES	2.2	2.7	2.5	2.1	2.2	9.0	2.6	3.5	7.8	3.5	3.7	3.6	45.4	55.8	-18.6%	(10.4)
32	Land Grant Perm. Fund Distributions	45.1	45.1	45.1	45.1	45.1	45.1	45.1	45.1	45.2	45.0	45.0	45.0	541.1	540.5	0.1%	0.6
33	State Treasurer's Earnings	(0.2)	(2.0)	1.1	(1.1)	(4.7)	0.2	0.9	0.8	0.0	1.2	1.0	1.0	(1.8)	-	0.0%	(1.8)
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	TOTAL INVESTMENT EARNINGS	61.6	59.8	62.9	60.7	57.1	62.0	62.7	62.6	61.9	62.9	62.7	62.7	739.7	740.9	-0.2%	(1.2)
36	Federal Mineral Leasing Royalties	19.6	22.3	33.1	53.1	26.5	30.2	26.2	30.2	34.0	30.5	28.0	97.9	431.6	420.0	2.8%	11.6
37	State Land Office Bonuses, Rents	0.1	3.2	2.0	13.3	9.5	3.0	5.7	1.5	20.6	3.9	5.9	5.8	74.6	55.0	35.5%	19.6
38	TOTAL RENTS & ROYALTIES	19.7	25.5	35.1	66.4	36.0	33.2	31.9	31.7	54.6	34.4	33.9	103.7	506.2	475.0	6.6%	31.2
39	TRIBAL REVENUE SHARING	0.7	-	12.2	0.8	0.0	14.5	0.9	0.0	15.2	0.6	0.5	16.4	61.8	64.2	-3.7%	(2.4)
40	MISCELLANEOUS RECEIPTS	1.1	0.9	1.1	0.9	7.9	8.3	1.0	1.4	1.1	5.7	1.0	18.0	48.4	61.5	-21.3%	(13.1)
41	REVERSIONS	-	0.0	0.0	0.2	2.8	4.1	(0.0)	0.6	2.9	0.5	2.2	28.3	41.7	45.1	-7.6%	(3.4)
42	TOTAL RECURRING REVENUE	376.3	442.1	437.1	501.5	478.8	458.8	376.0	423.1	516.1	557.8	487.7	649.4	5,704.8	5,607.8	1.7%	97.0
43	Non-Recurring	8.0	0.2	(0.1)	0.0	0.4	(0.2)	28.0	30.7	11.0	-	-	-	78.0	-	-	-
44	Additional Transfers	49.0	3.0	5.3	8.6	14.5	17.1	42.6	40.8	3.8	-	-	168.2	353.0	-	-	-
45	TOTAL NON-RECURRING REVENUE	57.0	3.2	5.3	8.6	14.9	16.9	70.6	71.5	14.7	-	-	168.2	430.9	430.9	-	-
46	GRAND TOTAL REVENUE	433.3	445.4	442.4	510.1	493.7	475.7	446.6	494.7	530.8	557.8	487.7	817.6	6,135.7	6,038.7	1.6%	97.0

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