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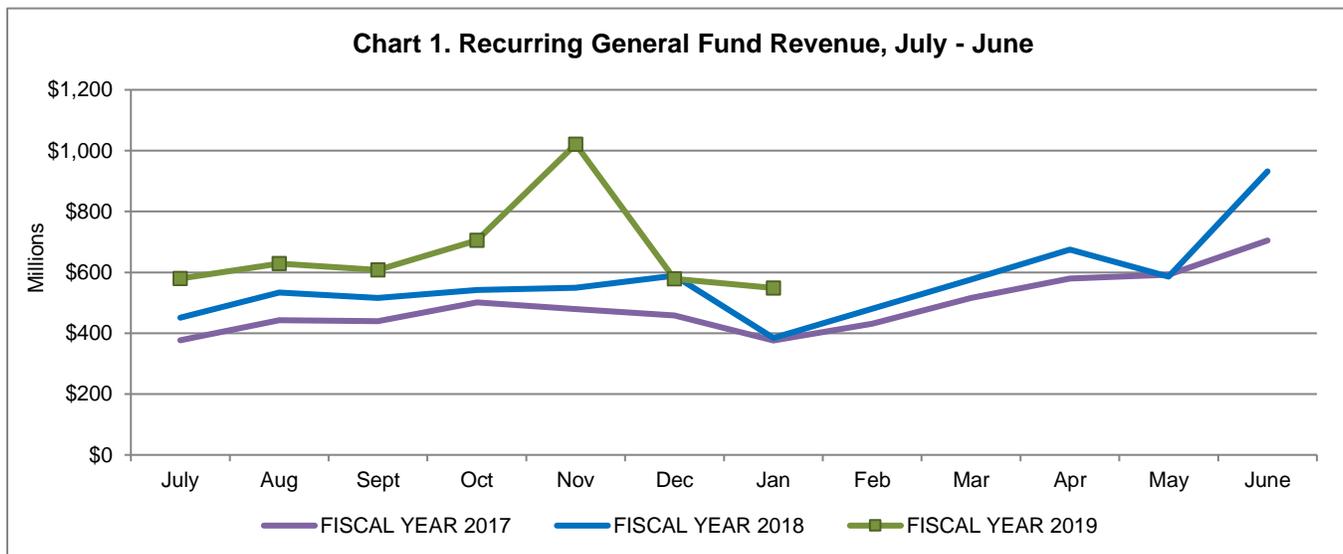
May 17, 2019

General Fund Revenue Tracking Report: Accruals through January 2019

This general fund revenue tracking report reflects revenue accruals through January 2019 as reported by the Department of Finance and Administration.

Summary. General fund recurring revenues were \$548.6 million in January 2019, up \$164.3 million, or 42.8 percent from the same month a year ago. A significant portion of the increase relates to an accounting issue in January 2018, in which a large number of PIT refunds booked were booked in January rather than December, which made the month appear much lower in PIT revenues than the current year. Much of the remaining increase is due to an early distribution of the insurance premium tax quarterly payment, which was expected for February.

Recurring revenue collection for FY19 through January was \$1.1 billion above the same period a year ago, primarily due to an unprecedented bonus payment for federal land lease sales of about \$475 million. Absent this windfall and other direct oil and gas revenues, fiscal year-to-date revenues are tracking about \$395.4 million, or 13.4 percent, above last year.



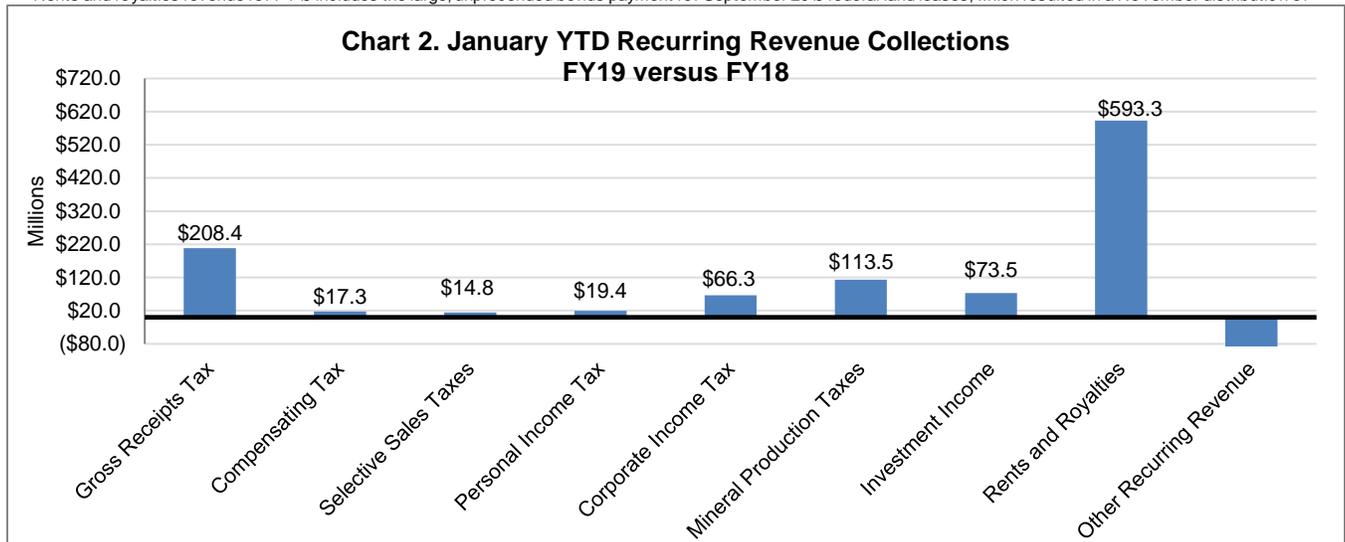
Revenue Tracking. The last page provides the general fund revenue tracking chart for FY19. The chart details the actual revenues received year-to-date and the projected revenues for the remainder of the fiscal year based on the December 2018 consensus revenue estimate. Traditionally, projections for revenue collections through the end of

Revenue Category	January Revenue	January Revenue	Fiscal Year-to-Date Through January		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: Jan. 2018 Forecast
	FY18	FY19	FY18	FY19 Prelim			
Gross Receipts Tax	\$ 194.9	\$ 216.8	\$1,356.3	\$1,564.6	\$208.4	15.4%	8.3%
Compensating Tax	\$ 6.1	\$ 6.6	\$26.0	\$43.3	\$17.3	66.8%	22.8%
Selective Sales Taxes *	\$ 25.2	\$ 75.7	\$294.4	\$309.2	\$14.8	5.0%	2.5%
Personal Income Tax	\$ (29.2)	\$ 41.3	\$713.5	\$732.9	\$19.4	2.7%	4.4%
Corporate Income Tax	\$ 9.1	\$ (8.8)	\$19.2	\$85.6	\$66.3	344.8%	0.0%
Mineral Production Taxes **	\$ 48.8	\$ 48.5	\$249.6	\$363.1	\$113.5	45.5%	-11.0%
License Fees	\$ 2.0	\$ 8.7	\$26.0	\$22.5	(\$3.5)	-13.4%	-11.4%
Investment Income	\$ 64.4	\$ 78.8	\$463.0	\$536.6	\$73.5	15.9%	10.9%
Rents and Royalties ***	\$ 60.2	\$ 61.1	\$358.2	\$951.5	\$593.3	165.6%	29.9%
Tribal Revenue Sharing	\$ 0.4	\$ 18.4	\$32.3	\$38.2	\$5.9	18.2%	13.8%
Miscellaneous Receipts	\$ 1.9	\$ 1.0	\$24.2	\$18.3	(\$5.9)	-24.4%	9.2%
Reversions	\$ 0.6	\$ 0.4	\$4.3	\$3.5	(\$0.8)	-18.4%	8.1%
Subtotal Recurring Rev.	\$ 384.3	\$ 548.6	\$3,567.1	\$4,669.2	\$1,102.2	30.9%	8.0%
Nonrecurring Revenue	\$ 0.0	\$ 0.0	\$43.2	\$0.6	(\$42.6)	n/a	-100.0%
Total Recurring, Excluding Direct Oil & Gas	\$ 275.3	\$ 439.0	\$2,959.2	\$3,354.7	\$395.4	13.4%	6.9%
Total Revenue	\$ 384.3	\$ 548.6	\$3,610.3	\$4,669.9	\$1,059.6	29.4%	6.9%

* Includes estimates for Insurance

** Includes estimates for Oil and Gas School Tax and Oil and Gas Conservation Tax. Note, Oil and Gas School Tax revenue in excess of the five-year average goes to the tax stabilization reserve fund beginning in FY19; revenues are significantly higher in FY19 YTD than the same time a year ago, but the full-year forecast projects a decline due to this new transfer to the reserve fund in late FY19 after the five-year average is reached.

*** Rents and royalties revenue for FY19 includes the large, unprecedented bonus payment for September 2019 federal land leases, which resulted in a November distribution of

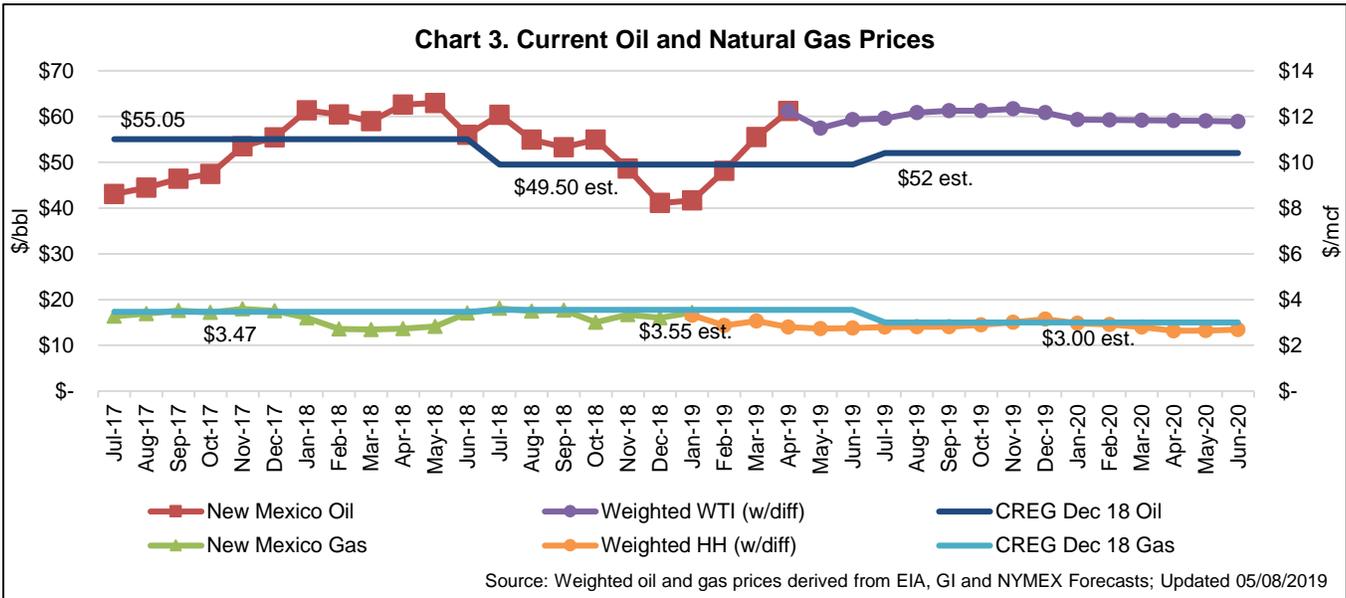


the fiscal year are based on historical monthly shares of revenue collections by revenue source. Table 1 and Chart 2 below present the components of fiscal year-to-date (FYTD) revenue through January for FY19 versus FY18.

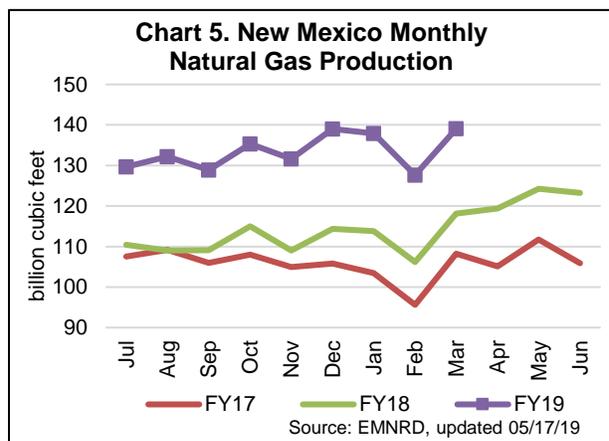
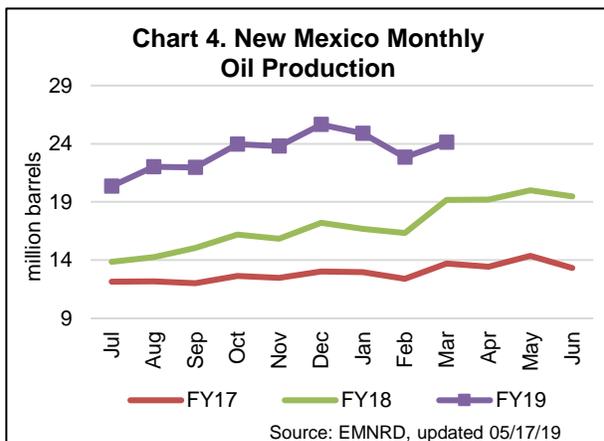
Oil and Gas. New Mexico’s oil price in January was \$41.68/bbl according to GenTax data from TRD, making the differential \$9.79/bbl below the average WTI price that month. However, the price differential between New

Mexico and WTI oil prices shrunk below \$3/bbl in April, based on preliminary industry price data, likely due to the Sunrise Expansion pipeline that came online ahead of schedule and added 500 thousand barrels per day of capacity.

The Henry Hub natural gas price in January was \$3.22 per thousand cubic feet (mcf), while New Mexico’s natural gas price per mcf was \$3.43, according to GenTax data. Typically, average New Mexico natural gas prices carry a positive differential to Henry Hub prices due to premiums on the state’s liquid natural gas.



Oil and gas production data reported by the Energy, Minerals and Natural Resources Department’s Oil Conservation Division (OCD) are shown in Charts 4 and 5. Reporting by producers is due 45 days after the production month.



Preliminary data from OCD shows New Mexico oil production is up 45 percent in FY19 through March, or 65 million barrels. Natural gas production is up 19.5 percent in FY19 through March, or 196.2 billion cubic feet.

Gross Receipts. Underlying economic activity showed continued growth in February, with matched taxable gross receipts (MTGR) up 13.1 percent fiscal year-to-date. This is up from the 12.4 percent growth for the first two

quarters of FY19 and from the 11.6 percent from January 2019. MTGR represents taxable gross receipts matched to tax payments and best represents overall economic activity in the state compared with other tax data.

Industry	Matched Taxable Gross Receipts	Year-over-Year Growth	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$4,402,499,790	\$1,541,722,481	53.9%
Utilities	\$1,733,874,991	\$51,643,201	3.1%
Construction	\$4,950,912,765	\$233,471,741	4.9%
Manufacturing	\$1,276,873,184	\$256,374,528	25.1%
Wholesale Trade	\$2,195,144,975	\$533,247,273	32.1%
Retail Trade	\$8,989,672,938	\$410,759,549	4.8%
Transportation and Warehousing	\$689,716,539	\$181,076,192	35.6%
Information	\$1,696,046,298	\$7,032,339	0.4%
Real Estate and Rental and Leasing	\$1,118,212,226	\$187,018,071	20.1%
Professional, Scientific, and Technical Services	\$4,479,752,807	\$329,567,066	7.9%
Administrative/Support & Waste Management/Remediation	\$1,245,927,917	\$430,793,569	52.8%
Health Care and Social Assistance	\$2,146,980,132	\$172,119,466	8.7%
Leisure and Hospitality Services	\$3,281,988,341	\$401,870,331	14.0%
Other Industries	\$4,282,031,140	\$243,978,897	n/a
Total	\$42,489,634,044	\$4,980,674,704	13.1%

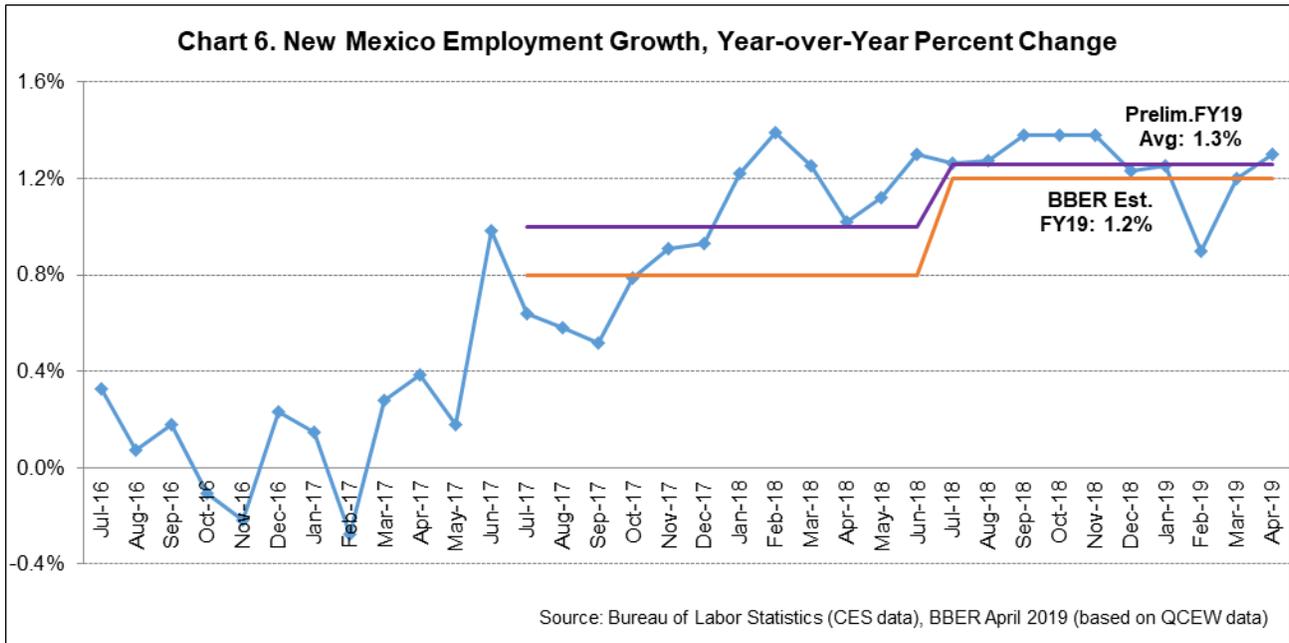
Source: RP500

Eddy and Lea counties account for 82 percent of MTGR growth within the state’s 33 counties and about 59 percent of all MTGR growth, including out-of-state. The oil industry remains the primary driver in MTGR growth, but the industry’s growth is starting to slow, with mining receipts rising by 53.9 percent fiscal year-to-date compared with growth rates of more than 100 percent in some prior months and 78 percent in January. Receipts in Bernalillo County are up 4.2 percent year-to-date and account for about one-tenth of all MTGR growth. All other counties account for just 3 percent of all the state’s growth in gross receipts.

Personal Income Taxes (PIT). January PIT revenues were \$41.3 million, up from -\$29.2 net PIT revenues from the same month a year ago. The large increase is a function of an accounting issue last year, where refunds that should have been paid in December were instead booked in January, making January 2018 appear unusually small and distorting the year-to-date revenue tracking.

Further complicating year-to-date comparisons, a systematic accounting change in December at the Taxation and Revenue Department (TRD) resulted in a change in reporting of individual components of PIT revenues that obscure historical comparisons. This resulted in the abnormal figures on the revenue tracking page showing -\$72.7 million for PIT withholding and \$199.8 million for final settlements in January. Separately reported data for PIT revenues are essential to forecasting procedures since econometric models cannot be accurately used on net (combined) PIT data. LFC staff are working with TRD economists to fix reporting to maintain continuity with previous reporting methods.

Employment Trends. Chart 6 below reflects New Mexico year-over-year employment growth, with preliminary data from the U.S. Bureau of Labor Statistics’ current employment statistics (CES) survey data. The state’s employment growth rebounded to 1.2 percent year-over-year in March and 1.5 percent in April, up from 0.9 percent in February and on par with the 1.3 percent growth in January. The unemployment rate fell 0.1 percent in April from March and matched the unemployment rate from a year ago of 5.0 percent. Eddy County had the lowest unemployment rate in April of 2.8 percent.



The Workforce Solutions Department reports New Mexico added 13,000 jobs between April 2018 and April 2019. The state’s largest employment gains in April were in the mining and construction sector, which added 5,500 jobs, or 7.7 percent. Mining alone was up 3,000 jobs, or 12.4 percent. The state saw additional job gains in education and health services (2.2 percent), professional services (1.1 percent), and manufacturing (1.1 percent), while employment in trade, transportation, and utilities declined 1 percent. Local and federal government jobs increased by 1 percent and 0.3 percent, respectively, or 1,100 jobs combined; however, state government employment decreased by 1,900 jobs, or 3.3 percent.

Explanation of Revenue Tracking Method. Appendix 1 shows the latest consensus revenue estimates and monthly accruals in detail. These estimates were finalized in December 2018. 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 “FY19 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY19 Forecast” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms.

FISCAL YEAR 2019 GENERAL FUND MONTHLY REVENUE TRACKING

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

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	ESTIMATED REVENUE ACCRUALS												FY19	TRACKING CHANGE		
	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Estimate	Mar Estimate	Apr Estimate	May Estimate	June Estimate	Actual + Estimate	FY19 Dec. Forecast	% Diff.	\$ Diff.
Gross Receipts Tax	216.8	229.4	209.1	228.1	222.3	242.1	216.8	222.5	214.4	201.8	220.3	246.3	2,669.8	2,582.7	3.4%	87.1
Compensating Tax	6.4	1.8	6.9	8.0	6.3	7.3	6.6	8.2	6.2	3.3	6.1	7.4	74.5	70.0	6.4%	4.5
TOTAL GENERAL SALES TAXES	223.3	231.3	216.0	236.0	228.6	249.4	223.4	230.6	220.6	205.0	226.4	253.7	2,744.3	2,652.7	3.5%	91.6
Tobacco Products & Cigarette Taxes	5.1	7.6	5.3	6.8	8.1	6.1	3.6	3.6	6.1	6.1	6.6	7.7	72.7	77.4	-6.0%	(4.7)
Liquor Excise Tax	2.0	3.0	1.1	3.2	2.3	2.2	1.0	1.8	2.1	2.0	2.1	2.6	25.4	25.6	-0.7%	(0.2)
Insurance Premiums Tax	0.7	0.9	0.0	67.7	1.2	0.6	52.1	0.6	0.6	0.6	49.7	10.6	185.5	209.7	-11.6%	(24.2)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	18.3	18.3	18.3	0.0%	-
Motor Vehicle Excise Tax	12.3	13.6	12.7	13.3	11.2	11.0	13.2	11.2	13.7	13.2	13.2	13.0	151.6	150.6	0.7%	1.0
Gaming Excise Tax	5.3	5.5	5.2	4.9	5.3	5.3	5.1	5.3	5.3	5.3	5.3	5.3	63.0	63.6	-0.9%	(0.6)
Leased Vehicle Surcharge & Other	(0.3)	0.6	0.7	0.6	1.6	0.6	0.8	0.5	0.6	0.6	0.7	0.7	7.8	8.0	-2.7%	(0.2)
TOTAL SELECTIVE SALES TAXES	25.1	31.3	25.1	96.6	29.6	25.8	75.7	23.0	28.4	27.9	77.6	58.3	524.4	553.2	-5.2%	(28.8)
Withholding	100.7	108.0	103.2	105.7	126.6	7.1	(72.7)	104.8	122.4	106.9	103.1	118.8	1,034.7	1,296.8	-20.2%	(262.1)
Final Settlements	16.4	50.1	24.3	15.3	(1.9)	143.6	199.8	14.2	38.1	135.7	28.2	69.6	733.4	498.8	47.0%	234.6
Oil and Gas Withholding Tax	2.4	2.4	12.3	10.0	(2.8)	9.9	7.1	12.3	10.1	11.2	11.7	23.7	110.2	115.7	-4.8%	(5.5)
Fiduciary Tax	0.2	1.2	(0.6)	(0.2)	(0.7)	0.8	0.1	0.1	2.9	0.2	1.5	(0.1)	5.4	5.9	-8.9%	(0.5)
Gross Personal Income Tax	119.6	161.7	139.2	130.8	121.2	161.5	134.3	131.4	173.6	254.1	144.5	212.0	1,883.7	1,917.3	-1.7%	(33.5)
Transfer to PIT Suspense	(4.3)	(7.4)	(8.1)	(5.8)	(17.7)	(86.0)	(90.8)	(55.5)	(41.1)	(19.4)	(10.1)	(9.0)	(355.1)	(330.1)	7.6%	(25.0)
Retiree Health Care	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(1.9)	(1.9)	(1.9)	(2.1)	(25.2)	(22.9)	10.4%	(2.4)
Less: Refunds, distributions to other funds	(6.5)	(9.6)	(10.3)	(7.9)	(19.9)	(88.2)	(93.0)	(57.7)	(43.0)	(21.3)	(12.0)	(11.1)	(380.3)	(352.9)	7.8%	(27.4)
NET PERSONAL INCOME TAX	113.1	152.1	128.9	122.9	101.3	73.3	41.3	73.7	130.6	232.8	132.5	200.9	1,503.4	1,564.3	-3.9%	(60.9)
CORPORATE INCOME TAX	6.3	7.1	38.8	11.1	1.4	29.5	(8.8)	3.1	13.2	6.2	2.5	14.7	125.2	110.0	13.9%	15.2
TOTAL INCOME TAXES	119.4	159.3	167.7	134.0	102.8	102.8	32.5	76.8	143.8	239.0	135.1	215.6	1,628.7	1,674.3	-2.7%	(45.7)
Oil and Gas School Tax	48.0	51.3	48.2	50.6	47.5	43.1	44.3	41.5	2.0	-	-	-	376.4	373.6	0.7%	2.8
Oil Conservation Tax	2.5	2.6	2.5	2.6	2.4	2.2	2.3	2.0	2.3	1.9	2.6	2.3	28.2	25.5	10.7%	2.7
Resources Excise Tax	0.6	0.7	0.8	0.7	0.6	0.5	0.7	0.5	0.7	0.6	0.6	0.7	7.7	7.5	2.2%	0.2
Natural Gas Processors Tax	1.3	1.2	1.2	1.2	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.3	14.8	15.3	-3.2%	(0.5)
TOTAL MINERAL PROD. TAXES	52.4	55.9	52.6	55.1	51.7	47.0	48.5	45.2	6.3	3.8	4.4	4.2	427.1	421.9	1.2%	5.2
LICENSE FEES	-	5.2	1.9	2.1	0.8	3.8	8.7	3.3	3.5	3.0	3.2	3.1	38.6	54.5	-29.2%	(15.9)
Land Grant Perm. Fund Distributions	53.1	53.1	53.1	53.2	53.2	53.2	53.2	53.0	53.0	53.0	53.0	53.0	637.3	636.2	0.2%	1.0
State Treasurer's Earnings	1.6	4.7	0.3	3.0	6.4	12.5	7.2	3.8	13.1	5.2	2.4	2.4	62.5	28.5	0.0%	34.0
Severance Tax Perm. Fund Distributions	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	220.6	220.6	0.0%	0.0
TOTAL INVESTMENT EARNINGS	73.1	76.2	71.8	74.6	78.0	84.1	78.8	75.2	84.5	76.6	73.8	73.8	920.3	885.3	4.0%	35.0
Federal Mineral Leasing Royalties	67.8	55.8	45.6	100.0	497.3	53.5	53.4	57.1	47.0	50.2	48.0	48.0	1,123.6	1,098.0	2.3%	25.6
State Land Office Bonuses, Rents	17.4	10.7	7.2	6.1	18.6	10.5	7.7	32.5	8.4	6.1	3.5	3.5	132.1	84.4	56.6%	47.7
TOTAL RENTS & ROYALTIES	85.2	66.5	52.8	106.0	515.9	64.0	61.1	89.6	55.4	56.3	51.5	51.5	1,255.7	1,182.4	6.2%	73.3
TRIBAL REVENUE SHARING	-	-	18.7	-	0.9	0.2	18.4	0.4	18.3	0.4	0.4	18.3	76.2	74.8	1.8%	1.4
MISCELLANEOUS RECEIPTS	1.1	1.0	0.8	1.0	12.2	1.0	1.0	1.1	1.1	1.2	1.2	20.8	43.6	48.3	-9.7%	(4.7)
REVERSIONS	-	2.5	0.1	0.1	0.5	(0.0)	0.4	3.1	5.5	1.3	2.5	24.7	40.7	42.5	-4.2%	(1.8)
TOTAL RECURRING REVENUE	579.4	629.1	607.5	705.6	1,021.0	578.1	548.6	548.4	567.4	614.6	575.9	723.9	7,699.6	7,590.0	1.4%	109.6
Non-Recurring	0.0	0.2	(0.0)	0.1	0.4	(0.1)	0.0	-	-	-	-	-	0.7	-	-	-
Additional Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-RECURRING REVENUE	0.0	0.2	(0.0)	0.1	0.4	(0.1)	0.0	-	-	-	-	-	0.7	-	-	0.7
GRAND TOTAL REVENUE	579.4	629.3	607.5	705.7	1,021.4	578.0	548.6	548.4	567.4	614.6	575.9	723.9	7,700.2	7,590.0	1.5%	110.3

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns.

Oil and gas school tax distributions expected to divert to Tax Stabilization Reserve beginning in March 2019.

December and January personal income tax withholding and final settlements reflects a change in reporting that is no longer consistent with prior methods; LFC staff are working with TRD and DFA to match reporting with historical data.