



## General Fund Revenue Tracking Report: FY23 Accruals through January 2023

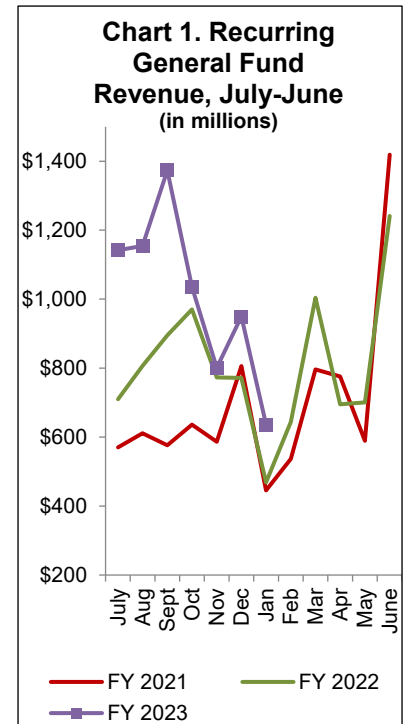
General fund recurring revenues for FY23 through January were \$7.089 billion, up \$1.7 billion, or 31.4 percent, from the same period a year ago.

January recurring revenue collections were \$634.8 million, up \$166 million, or 26 percent, from January 2022. Personal and corporate income tax collections are up \$32 million, or 97 percent, from the same time a year ago. January gross receipts tax collections are up \$29.2 million, or 10.6 percent, over last year. Oil-related collections are up \$740.7 million, or 54.4 percent, above this period last year and are above their five-year averages.

FY23 revenues are showing continued strength after a record-breaking FY22 for several reasons. First, persistently high inflation and a tight labor market are pushing incomes and consumption to record levels. Second, large cash reserves and savings are keeping consumer spending aloft, even in the face of a possible recession and stubborn inflation. Lastly, oil and gas production has continued to soar as strong demand and supply-side constraints incentivize robust activity in the Permian Basin.

Chart 1 shows total monthly revenues. Table 1 and Chart 2 present the components of fiscal year-to-date (FYTD) revenue through January for FY23 versus the same period in FY22.

**THIS REPORT:** This general fund revenue tracking report reflects FY23 revenue accruals as reported by the Department of Finance and Administration and preliminary reports from the Taxation and Revenue Department

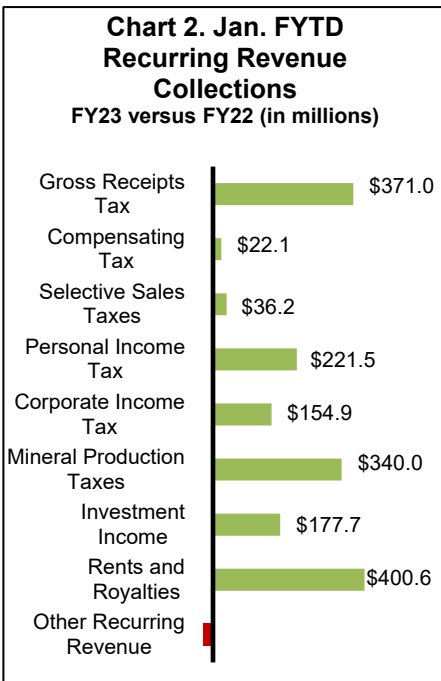
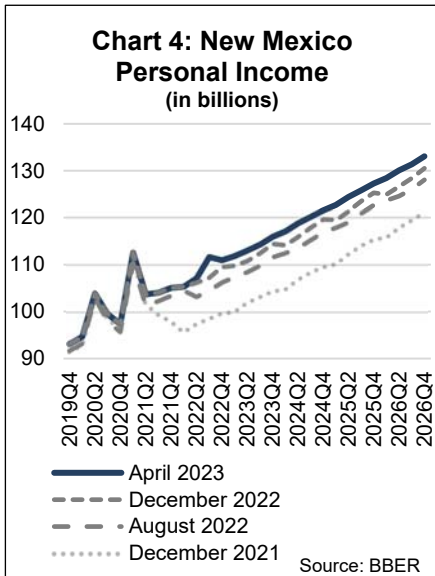
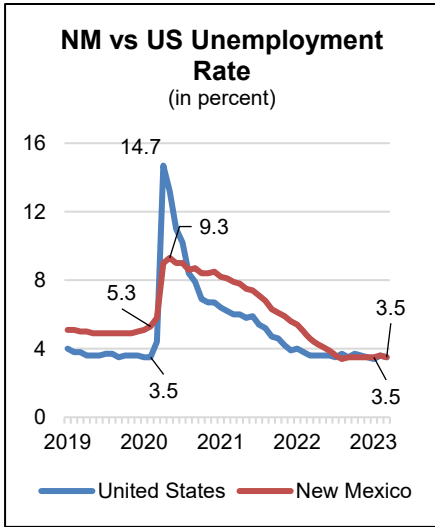


**Table 1. General Fund Revenue Accruals: FY23 vs. FY22**

Revenue Category	January Revenue		Month Year-over-Year Amount Change	Fiscal Year-to-Date Through January		Fiscal YTD Year-over-Year Amount Change	Fiscal YTD Year-over-Year Growth	Projected Full-Year Growth: Dec 22 Forecast
	FY22	FY23		FY22	FY23			
Gross Receipts Tax	\$274.3	\$303.4	\$29.2	\$1,862.8	\$2,233.9	\$371.0	19.9%	8.3%
Compensating Tax	\$5.2	\$9.8	\$4.6	\$39.6	\$61.7	\$22.1	55.7%	8.3%
Selective Sales Taxes *	\$29.5	\$32.7	\$3.2	\$335.4	\$371.5	\$36.2	10.8%	6.6%
Personal Income Tax	\$30.1	\$36.3	\$6.2	\$1,040.0	\$1,261.5	\$221.5	21.3%	2.8%
Corporate Income Tax	\$2.7	\$28.6	\$25.8	\$69.4	\$224.3	\$154.9	123.2%	-15.1%
Mineral Production Taxes **	\$9.6	\$13.7	\$4.1	\$594.3	\$934.3	\$340.0	57.2%	55.4%
License Fees	\$0.8	\$1.0	\$0.2	\$2.9	\$3.1	\$0.2	6.4%	0.1%
Investment Income	\$61.4	\$145.6	\$84.2	\$563.1	\$740.8	\$177.7	31.6%	27.5%
Rents and Royalties	\$1.8	\$14.7	\$12.9	\$767.5	\$1,168.2	\$400.6	52.2%	45.2%
Tribal Revenue Sharing	\$16.3	\$15.1	-\$1.2	\$33.3	\$35.6	\$2.2	6.6%	7.6%
Miscellaneous Receipts	\$0.2	\$28.8	\$28.7	\$35.2	\$32.9	-\$2.3	-6.6%	-5.8%
Reversions	\$36.9	\$5.1	-\$31.8	\$50.4	\$21.8	-\$28.6	-56.7%	-75.8%
<b>Subtotal Recurring Rev.</b>	<b>\$468.8</b>	<b>\$634.8</b>	<b>\$166.0</b>	<b>\$5,393.9</b>	<b>\$7,089.5</b>	<b>\$1,695.6</b>	<b>31.4%</b>	<b>11.4%</b>
Nonrecurring Revenue	\$0.0	\$0.1	\$0.1	-\$2.5	-\$42.0	-\$39.5	1566.0%	-92.4%
<b>Total Revenue</b>	<b>\$468.8</b>	<b>\$634.9</b>	<b>\$166.1</b>	<b>\$5,391.3</b>	<b>\$7,047.5</b>	<b>\$1,656.2</b>	<b>30.7%</b>	<b>22.0%</b>

\* Includes estimates for Insurance

\*\* Includes estimates for Oil and Gas School Tax and Oil and Gas Conservation Tax.



## Revenue Tracking

The last page of this report provides the general fund revenue-tracking chart for FY23. The chart details the actual revenues received year-to-date through January, and preliminary revenues for some revenue sources through March. Generally, projections for revenue collections through the end of the fiscal year are based on historical monthly shares of revenue collections by revenue source.

Total recurring revenues are currently tracking at \$550.6 million above the December 2022 CREG estimate. Most of this increase is attributable to higher-than-expected actual year-to-date income tax revenues, tracking \$265.3 million above December projections. Additional contributors to higher than estimated revenues are State Treasurer’s earnings, which are \$143 million above the December 2022 CREG estimate, and corporate income tax revenues, which are \$75.3 million above the December 2022 CREG estimate. Gross receipts taxes are tracking \$76.8 million above the December estimate.

## Employment and Income

New Mexico’s seasonally adjusted unemployment rate was 3.5 percent in March, down from 9.3 percent in May 2020 (See Chart 3) and below pre-pandemic levels. New Mexico’s unemployment rate has hovered around national averages for several months. However, labor shortages and a sluggish recovery of labor force participation are driving up wages amid a very tight labor market. New Mexico’s labor force participation currently sits at 56.8 percent, which is 1.2 points lower than pre-pandemic.

New Mexico is still collecting unprecedented income tax revenues from increased wages and from oil and gas withholding tax. In addition to the tight labor market, high inflation is driving up incomes and tax receipts. The increase has been particularly pronounced outside of regular wage withholding, a sign that business and capital gains taxes could be driving the trend. Data from the Bureau of Business and Economic Research (BBER) at UNM show income forecasts above where they were one quarter ago (see Chart 4).

## Gross Receipts Tax

Preliminary gross receipts tax data from the Taxation and Revenue Department (TRD) is available through March. Matched taxable gross receipts (MTGR) – taxable gross receipts matched to tax payments and more representative of overall economic activity in the state compared with other tax data – were up 16.1 percent for FY23 through March compared with the same period last year. The largest nominal increase continues to be in the mining sector, up 54.4 percent, or \$3 billion, followed by retail trade (up 8.2 percent, or \$1.1 billion), construction (up 12.4 percent, or \$896 million), and wholesale trade (up 30.5 percent, or \$858 million).

Other industries continue to grow boosted by federal and state spending, strong consumer spending, a recovering economy, and large wind projects throughout eastern New Mexico. Inflation has also persisted, driving up all activity on a nominal basis, to varying degrees. However, the Federal Reserve interest rate

hikes and declining consumer savings increase the risk of recession and inject some pessimism into the GRT outlook for FY24.

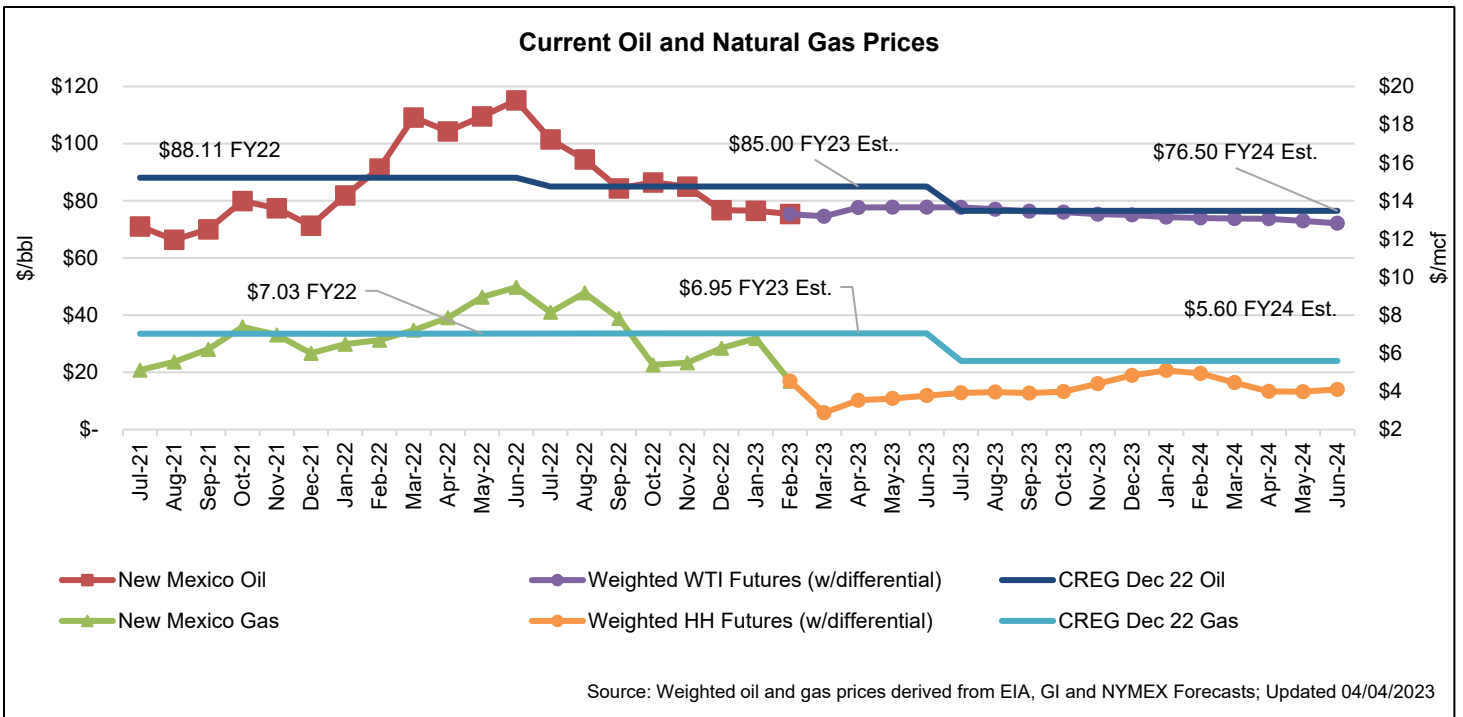
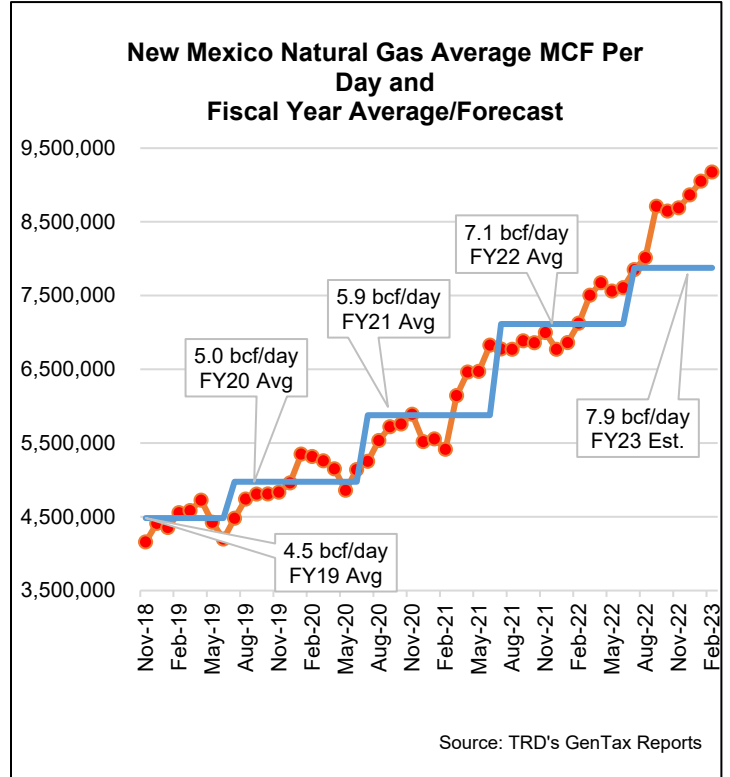
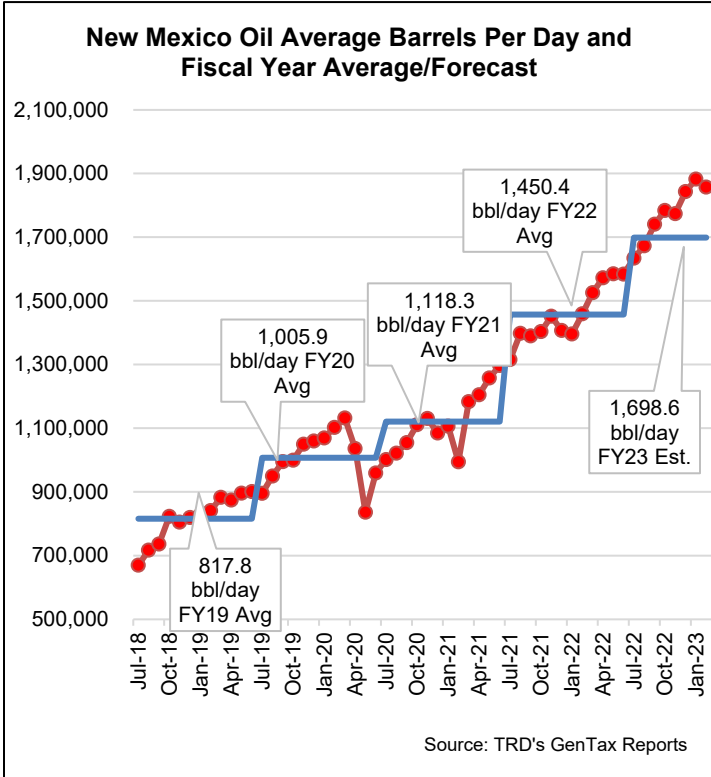
<b>Matched Taxable Gross Receipts by Industry - FY23 vs FY22</b>			
<b>Industry</b>	<b>Matched Taxable Gross Receipts</b>	<b>Year-over-Year Growth</b>	<b>Year-over-Year Change</b>
Mining, Quarrying, and Oil and Gas Extraction	\$8,592,245,428	\$3,028,841,833	54.4%
Utilities	\$2,603,766,207	\$298,577,326	13.0%
Construction	\$8,117,478,719	\$896,296,516	12.4%
Manufacturing	\$2,363,300,724	\$357,544,128	17.8%
Wholesale Trade	\$3,670,855,280	\$857,806,981	30.5%
Retail Trade	\$15,053,159,911	\$1,138,233,451	8.2%
Transportation and Warehousing	\$1,225,630,967	\$411,098,270	50.5%
Information	\$1,738,931,421	\$100,183,111	6.1%
Real Estate and Rental and Leasing	\$1,883,448,935	\$111,883,253	6.3%
Professional, Scientific, and Technical Services	\$6,084,925,392	\$786,127,432	14.8%
Administrative/Support & Waste Management/Remediation	\$3,402,369,617	\$556,616,548	19.6%
Health Care and Social Assistance	\$3,327,279,713	\$123,725,166	3.9%
Leisure and Hospitality Services	\$4,798,090,805	\$432,276,132	29.2%
Other Industries	\$7,044,781,031	\$589,743,645	9.1%
<b>Total</b>	<b>\$69,906,264,150</b>	<b>\$9,688,953,792</b>	<b>16.1%</b>

Source: RP 500

## Oil and Natural Gas

Natural-gas prices for February delivery dropped more than 33 percent reaching \$4.54 per million British thermal units. That is down more than 50 percent from summer highs and is about 32 percent less than what gas cost a year ago, when temperatures were also warmer than normal and before Russia’s invasion of Ukraine jolted energy markets. The plunge is likely to decrease severance tax revenues and royalties estimated at higher prices. Analysts say prices could shoot up again when Europe tries to refill stores for the 2023-24 winter without much Russian gas.

Unlike gas prices, oil prices have held steady when compared with the December revenue estimate. However, production levels for both oil and gas have continued to exceed expectations. In February, New Mexico oil production reached 1.86 million barrels per day while gas production reached 9,175 mmcf.



**FISCAL YEAR 2023 GENERAL FUND MONTHLY REVENUE TRACKING**

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

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	ESTIMATED REVENUE ACCRUALS												FY23	TRACKING CHANGE		
	July <i>Actual</i>	Aug <i>Actual</i>	Sept <i>Actual</i>	Oct <i>Actual</i>	Nov <i>Actual</i>	Dec <i>Actual</i>	Jan <i>Actual</i>	Feb <i>Prelim.</i>	Mar <i>Prelim</i>	Apr <i>Est.</i>	May <i>Est.</i>	June <i>Est.</i>	Actual + Estimate	FY 23 Dec Forecast	% Diff.	\$ Diff.
Gross Receipts Tax	305.8	326.3	333.2	283.9	310.8	370.4	303.4	305.5	357.0	297.8	307.8	277.5	3,779.5	3,723.1	1.5%	56.4
Compensating Tax	7.2	7.6	8.5	8.6	9.6	10.3	9.8	7.0	5.5	1.9	5.9	6.9	88.9	68.4	29.9%	20.5
<b>TOTAL GENERAL SALES TAXES</b>	<b>313.0</b>	<b>334.0</b>	<b>341.8</b>	<b>292.5</b>	<b>320.4</b>	<b>380.7</b>	<b>313.2</b>	<i>312.5</i>	<i>362.5</i>	299.7	313.7	284.3	3,868.4	3,791.5	2.0%	76.8
Cannabis Excise Tax	1.9	1.9	1.7	1.9	1.8	1.9	1.9	2.2	2.3	1.8	2.3	1.9	23.5	23.3	NA	0.3
Tobacco Products & Cigarette Taxes	5.7	7.5	7.3	7.9	7.1	5.2	5.7	5.4	7.1	6.2	7.7	6.7	79.6	79.3	0.4%	0.3
Liquor Excise Tax	2.5	2.2	2.1	1.5	2.1	2.3	1.6	1.7	2.2	1.9	2.3	2.3	24.7	24.9	-0.4%	(0.1)
Insurance Premiums Tax	3.1	(5.3)	73.0	1.9	8.9	72.4	2.6	24.6	116.2	1.0	1.0	84.1	383.5	344.8	11.2%	38.7
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Excise Tax	13.7	14.4	14.1	13.8	12.1	13.5	13.6	11.7	14.8	13.8	14.2	14.3	164.0	162.6	0.8%	1.4
Gaming Excise Tax	6.4	6.1	6.0	5.8	5.5	5.9	5.9	5.8	6.4	5.8	6.2	5.5	71.2	68.7	3.7%	2.5
Leased Vehicle Surcharge & Other	(2.8)	0.8	3.1	4.2	0.9	0.3	1.3	0.3	0.3	0.3	0.4	0.4	9.5	5.1	86.7%	4.4
<b>TOTAL SELECTIVE SALES TAXES</b>	<b>28.4</b>	<b>25.8</b>	<b>107.6</b>	<b>36.9</b>	<b>38.5</b>	<b>101.6</b>	<b>32.7</b>	51.4	149.0	31.0	33.8	115.2	752.0	708.7	6.1%	43.3
Withholding	146.2	151.4	191.5	130.3	152.5	220.5	152.5	151.9	201.7	159.8	157.3	217.3	2,032.8	2,024.8	0.4%	8.0
Final Settlements	29.5	66.2	44.0	10.4	50.2	38.5	3.7	45.2	236.8	119.0	55.5	51.9	750.8	756.4	-0.7%	(5.7)
Oil and Gas Withholding Tax	3.7	37.1	49.2	11.4	18.1	47.8	48.7	16.9	80.6	73.4	26.6	52.4	465.7	359.9	29.4%	105.8
Fiduciary Tax	0.5	5.8	0.8	2.0	2.1	6.4	0.1	6.0	18.0	1.4	3.0	1.2	47.3	12.1	289.8%	35.2
<b>Gross Personal Income Tax</b>	<b>179.9</b>	<b>260.6</b>	<b>285.5</b>	<b>154.1</b>	<b>222.8</b>	<b>313.2</b>	<b>205.0</b>	<i>219.9</i>	<i>537.0</i>	353.6	242.4	322.8	3,296.6	3,153.3	4.5%	143.3
Transfer to PIT Suspende	(27.6)	(11.0)	(22.8)	(7.4)	(4.8)	(96.4)	(165.3)	(122.6)	(135.5)	(28.1)	(28.1)	(23.1)	(672.8)	(719.5)	-6.5%	46.7
Retiree Health Care	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(41.3)	(41.3)	0.0%	(0.0)
<b>Less: Refunds, distributions to other funds</b>	<b>(31.0)</b>	<b>(14.5)</b>	<b>(26.2)</b>	<b>(10.9)</b>	<b>(8.2)</b>	<b>(99.9)</b>	<b>(168.7)</b>	<i>(126.0)</i>	<i>(138.9)</i>	(31.6)	(31.5)	(26.6)	(714.1)	(760.8)	-6.1%	46.7
<b>NET PERSONAL INCOME TAX</b>	<b>148.8</b>	<b>246.1</b>	<b>259.3</b>	<b>143.2</b>	<b>214.6</b>	<b>213.3</b>	<b>36.3</b>	93.9	398.1	322.0	210.9	296.2	2,582.5	2,392.5	7.9%	190.1
<b>CORPORATE INCOME TAX</b>	<b>9.8</b>	<b>(23.2)</b>	<b>120.9</b>	<b>(8.7)</b>	<b>(11.9)</b>	<b>108.9</b>	<b>28.6</b>	24.2	120.0	(36.6)	(45.4)	80.8	367.3	292.0	25.8%	75.3
<b>TOTAL INCOME TAXES</b>	<b>158.6</b>	<b>222.9</b>	<b>380.2</b>	<b>134.5</b>	<b>202.7</b>	<b>322.2</b>	<b>64.8</b>	<i>118.0</i>	<i>518.1</i>	285.4	165.4	377.0	2,949.8	2,684.5	9.9%	265.3
Oil and Gas School Tax **	204.6	205.9	184.8	173.9	68.7	-	-	-	-	-	-	-	838.0	838.0	0.0%	(0.0)
Oil Conservation Tax	11.1	11.0	9.8	9.6	9.4	9.6	9.9	7.5	8.8	8.0	9.5	9.5	113.7	113.6	0.1%	0.1
Resources Excise Tax	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	8.6	7.8	10.6%	0.8
Natural Gas Processors Tax	2.9	3.0	2.8	2.9	2.8	3.0	3.0	3.2	3.5	3.6	3.5	3.5	37.8	42.0	-9.9%	(4.2)
<b>TOTAL MINERAL PROD. TAXES</b>	<b>219.4</b>	<b>220.6</b>	<b>198.2</b>	<b>187.3</b>	<b>81.7</b>	<b>13.4</b>	<b>13.7</b>	11.4	13.0	12.2	13.6	13.6	998.1	1,001.4	-0.3%	(3.2)
<b>LICENSE FEES</b>	<b>0.3</b>	<b>0.9</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>	<b>1.0</b>	0.5	0.5	0.4	0.3	50.0	54.8	56.8	-3.5%	(2.0)
Land Grant Perm. Fund Distributions	73.6	73.6	73.7	73.7	73.8	73.9	73.9	72.9	72.9	72.9	72.9	72.9	881.0	875.4	0.6%	5.6
State Treasurer's Earnings	30.1	(37.8)	(47.7)	3.9	50.0	21.5	49.5	(21.2)	83.7	33.2	2.2	2.2	169.6	26.6	537.5%	143.0
Severance Tax Perm. Fund Distributions	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	265.8	265.8	0.0%	-
<b>TOTAL INVESTMENT EARNINGS</b>	<b>125.9</b>	<b>57.9</b>	<b>48.1</b>	<b>99.8</b>	<b>145.9</b>	<b>117.5</b>	<b>145.6</b>	73.9	178.8	128.3	97.3	97.3	1,316.4	1,167.8	12.7%	148.6
Federal Mineral Leasing Royalties **	289.6	284.9	288.6	256.2	-	-	-	-	-	-	-	-	1,119.3	1,119.3	0.0%	-
State Land Office Bonuses, Rents	5.4	3.1	4.2	6.6	5.3	9.6	14.7	4.5	4.5	4.5	4.5	4.5	71.6	54.4	31.4%	17.1
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>295.0</b>	<b>288.0</b>	<b>292.8</b>	<b>262.7</b>	<b>5.3</b>	<b>9.6</b>	<b>14.7</b>	4.5	4.5	4.5	4.5	4.5	1,190.8	1,173.7	1.5%	17.1
<b>TRIBAL REVENUE SHARING</b>	<b>0.4</b>	<b>-</b>	<b>0.2</b>	<b>16.2</b>	<b>3.4</b>	<b>0.2</b>	<b>15.1</b>	0.3	11.6	7.1	0.7	19.6	74.8	76.9	-2.6%	(2.0)
<b>MISCELLANEOUS RECEIPTS</b>	<b>0.5</b>	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>28.8</b>	1.0	0.9	1.1	1.1	8.6	45.5	38.9	17.0%	6.6
<b>REVERSIONS</b>	<b>0.0</b>	<b>3.2</b>	<b>3.8</b>	<b>4.7</b>	<b>1.8</b>	<b>3.1</b>	<b>5.1</b>	3.8	7.8	(1.0)	(1.7)	44.4	75.0	75.0	0.0%	0.0
<b>TOTAL RECURRING REVENUE</b>	<b>1,141.7</b>	<b>1,154.2</b>	<b>1,373.2</b>	<b>1,035.6</b>	<b>800.5</b>	<b>949.5</b>	<b>634.8</b>	<i>577.4</i>	<i>1,246.7</i>	<i>768.7</i>	<i>628.7</i>	<i>1,014.6</i>	<b>11,325.6</b>	<b>10,775.1</b>	<b>5.1%</b>	<b>550.6</b>
Non-Recurring	0.0	(14.2)	(21.5)	(3.8)	(2.4)	(0.1)	0.1	-	-	-	-	-	(42.0)	(68.8)		26.8
Additional Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
<b>TOTAL NON-RECURRING REVENUE</b>	<b>0.0</b>	<b>(14.2)</b>	<b>(21.5)</b>	<b>(3.8)</b>	<b>(2.4)</b>	<b>(0.1)</b>	<b>0.1</b>	-	-	-	-	-	(42.0)	(68.8)		26.8
<b>GRAND TOTAL REVENUE</b>	<b>1,141.7</b>	<b>1,140.0</b>	<b>1,351.7</b>	<b>1,031.8</b>	<b>798.1</b>	<b>949.3</b>	<b>634.9</b>	<i>577.4</i>	<i>1,246.7</i>	<i>768.7</i>	<i>628.7</i>	<i>1,014.6</i>	<b>11,283.7</b>	<b>10,706.3</b>	<b>5.4%</b>	<b>577.4</b>

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

\*\* Distributions above the five-year average to tax stabilization reserve or early childhood trust fund expected to begin in March