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General Fund Revenue Report: March 2012

Summary. State revenues for FY12 based on actual revenues through March are tracking at \$5,756 million. If compared to the December 2011 revenue estimate in Table 2, total revenues for the year are tracking at \$205 million, or 3.7 percent, greater than the estimate. Of the \$474 million revenue accrual reported for March (table 2), there was strength in revenue from federal mineral leasing, mineral production taxes, and gross receipts taxes. Further, advanced reports from the Taxation and Revenue Department and other sources suggest that this strength will actually build in April. As shown in Table 1, year-to-date general fund recurring revenues were \$4,022 million, an increase of \$262 million, or 7.0 percent, compared to the same period a year ago.

Table 1
General Fund Revenue Accruals: FY12 vs. FY11
(dollar amounts in millions)

Revenue Category	Fiscal Year-to-Date Through March		Year-to-Date Growth	Projected Full-Year Growth: December 2011 Forecast
	FY11 *	FY12		
General Sales Taxes (GRT & Comp)	\$1,385.0	\$1,477.7	6.7%	2.3%
Personal Income Tax	\$663.4	\$689.1	3.9%	-0.6%
Corporate Income Tax	\$139.2	\$136.1	-2.2%	34.9%
Oil & Gas Revenues	\$301.1	\$316.9	5.2%	-3.5%
Investment Income & Other	\$1,271.4	\$1,402.7	10.3%	-0.7%
Total Recurring Revenue	\$3,760.2	\$4,022.4	7.0%	1.6%
Total Recurring Excluding Oil & Gas	\$3,459.1	\$3,705.5	7.1%	2.1%

* FY11 revenues adjusted to conform to the audit. Reversions are reported as recurring revenue.

March Year-to-Date Revenue. As shown in Table 1, general sales taxes (GRT & Comp) year-to-date growth is 6.7 percent compared to FY11. The share of taxable gross receipts attributable to the mining industry is 6.8 percent which is consistent with the experience of the last quarter.

General Fund Revenue Report: March 2012

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To date, personal income tax receipts (PIT) and specifically final settlements are tracking above the estimate. This is principally due to advanced reports of April final settlements which were substantial. However, analysts speculate that this strength is illusory; LFC's estimate of settlements assumed that April processing would "slop" into May. Anecdote and May cash reports suggest that May final settlements might be relatively small and therefore substantially reduce PIT revenue strength. PIT year-to-date growth (Table 1) is 3.9 percent; however, the full-year revenue is forecast at -0.6 percent.

Corporate Income Tax (CIT) receipts are underperforming the estimate by 16 percent. Congressional and state analysts have apparently mistimed the impact of the expiration of a federal provision that allowed businesses to immediately deduct from taxable income the cost of capital equipment. Advanced TRD reports on April have reduced the 20 percent tracking error reported in March. However, an incomplete analysis of May cash reports suggest that underperformance may worsen in May. CIT year-to-date growth (Table 1) is -2.2 percent.

Currently, the strength in oil and gas revenues accounts for almost 80 percent of the revenue estimating error. Mineral production taxes are 11.5 percent over estimate; the equivalent statistic for rents and royalties is 23.6 percent. Revenue estimators were concerned that the midwinter crash in natural gas prices would outweigh strength in oil prices. Clearly this assumption was overly pessimistic. High oil prices and improved oil exploration techniques have caused the demand for federal mineral leases to increase. Oil and gas year-to-date growth (Table 1) is 5.2 percent.

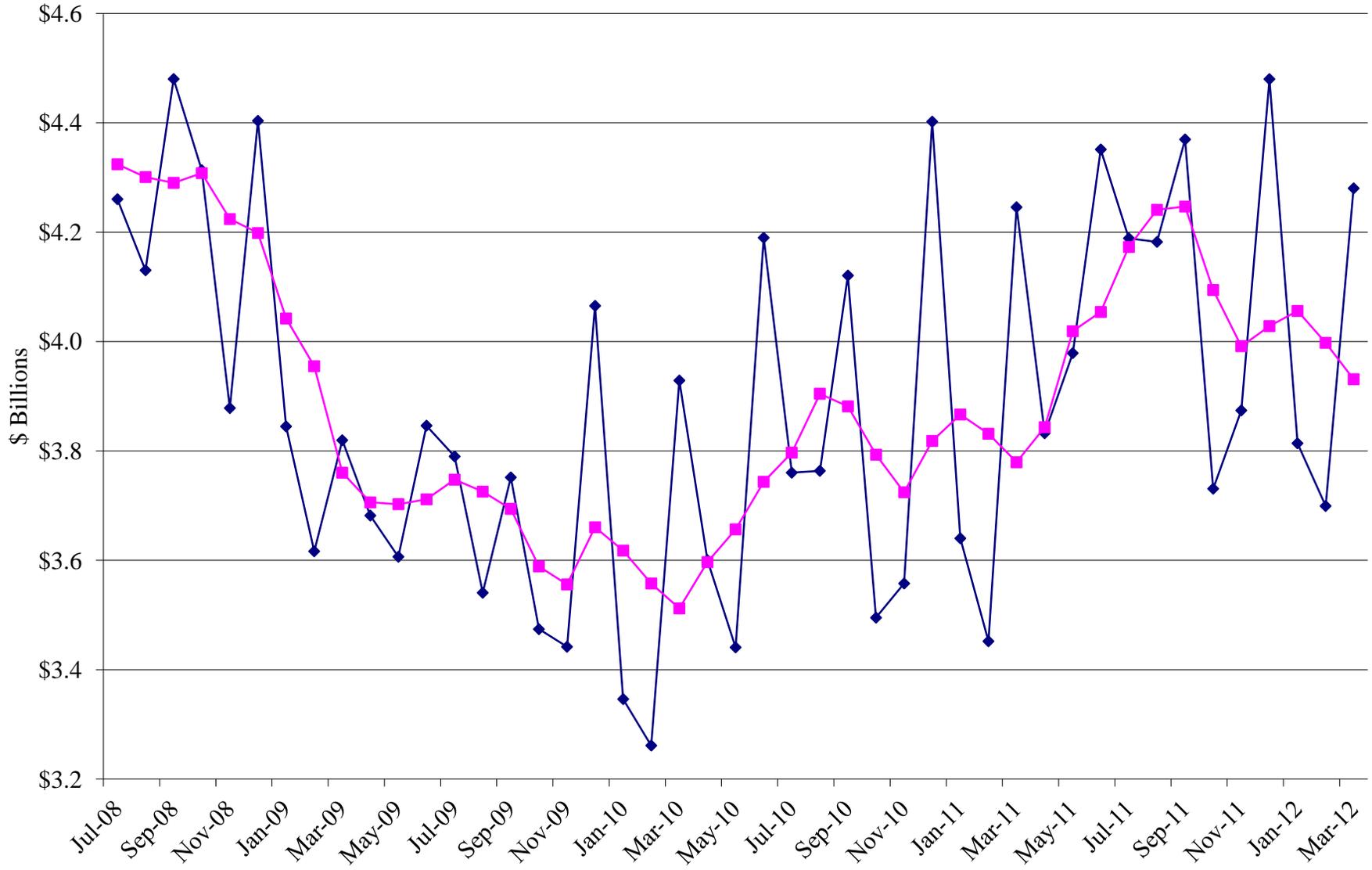
Taxable gross receipts trends (Figure 1). The three-month moving average of taxable gross receipts has trended up in FY12 from FY11. From July 2011 thru March 2012, the year-over-year growth is approximately 6.8 percent. Taxable gross receipts collected in the months of January thru March 2012 showed year-over-year growth rates of 4.8, 7.2, and 0.8 percent, respectively.

During FY12, most industries show positive growth with the highest year-over-year percentage growth in mining and oil and gas extraction (32 percent) followed by manufacturing (30 percent), transportation and warehousing (24 percent) and public administration (23 percent). The largest monetary changes occurred in mining and oil and gas extraction, retail trade, manufacturing, information and cultural industries, and wholesale trade. With natural gas and oil prices beginning to stabilize or decline, the high growth in the mining and oil and gas extraction industry is not expected to continue into FY13.

Explanation of Revenue Tracking Method. Table 2 shows the latest consensus revenue estimates and monthly accruals in detail. These estimates were based on data available through September and finalized in early December 2011. 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 "FY12 Actual + Estimate" is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled "FY12 Dec 11 Estimate" is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms, respectively.

Figure 1. Taxable Gross Receipts



Source: TRD RP500



Table 2
FISCAL YEAR 2012 GENERAL FUND MONTHLY REVENUE TRACKING - Accruals through March
(dollars in millions; italics indicate preliminary actual revenue)

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Row #		ESTIMATED REVENUE ACCRUALS												FY12	TRACKING CHANGE (Δ)			FY11 Audit	Row #
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr Est.	May Est.	June Est.	Actual + Estimate	FY 12 Dec 11 Est	YTD % Δ	YTD \$ Δ		
1	Gross Receipts Tax	163.7	161.1	151.8	146.5	160.8	179.8	151.0	157.7	159.8	155.3	152.8	183.3	1,923.5	1,865.0	3.1%	58.5	1,822.5	1
2	Compensating Tax	5.9	3.9	7.4	5.8	0.5	6.7	4.4	5.3	5.7	5.3	5.0	6.7	62.7	69.5	-9.9%	(6.8)	69.1	2
3	TOTAL GENERAL SALES TAXES	169.5	165.0	159.2	152.3	161.2	186.5	155.5	163.0	165.5	160.6	157.8	190.1	1,986.2	1,934.5	2.7%	51.7	1,891.6	3
4	Tobacco Products & Cigarette Taxes	7.2	7.9	7.5	6.7	6.7	6.6	6.7	7.2	7.1	8.9	6.2	10.3	89.2	86.4	3.2%	2.8	88.2	4
5	Liquor Excise Tax	2.0	2.3	2.3	2.3	2.2	2.7	1.6	1.9	2.1	1.8	2.3	2.0	25.5	25.9	-1.7%	(0.4)	25.7	5
6	Insurance Premiums Tax	0.7	37.1	0.7	0.9	34.4	4.8	1.6	13.8	-	1.1	24.5	4.3	124.0	129.3	-4.1%	(5.3)	132.7	6
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	15.9	15.9	15.9	0.0%	0.0	17.6	7
8	Motor Vehicle Excise Tax	8.8	10.5	9.0	9.1	8.2	8.2	9.6	9.2	10.8	9.2	9.4	9.6	111.6	110.2	1.3%	1.4	103.7	8
9	Gaming Excise Tax	5.9	5.3	5.3	5.3	5.2	5.4	5.3	5.8	6.0	5.7	5.8	5.2	66.3	66.6	-0.5%	(0.3)	65.8	9
10	Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.5	5.3	5.2	1.7%	0.1	5.0	10
11	Other	0.1	0.6	0.6	0.8	0.6	1.4	1.0	0.1	0.3	0.3	0.2	0.3	6.4	2.8	127.9%	3.6	2.4	11
12	TOTAL SELECTIVE SALES TAXES	25.2	64.3	25.9	25.6	57.7	29.6	26.3	38.3	26.9	27.5	48.8	48.1	444.1	442.3	0.4%	1.8	440.9	12
13	Withholding	85.0	78.4	97.1	77.0	83.7	122.9	79.2	77.6	100.5	82.2	83.0	103.3	1,069.7	1,072.0	-0.2%	(2.3)	1,042.3	13
14	Final Settlements & Estimated Payments	(2.0)	13.1	37.5	14.4	8.3	17.1	42.6	9.0	27.6	110.2	32.0	48.6	358.4	357.0	0.4%	1.4	359.3	14
15	Oil and Gas Withholding Tax	(0.0)	0.3	7.5	12.1	(0.7)	4.2	10.3	1.0	3.4	4.0	0.7	5.7	48.5	34.0	42.6%	14.5	23.4	15
16	Fiduciary Tax	0.1	1.6	0.4	0.3	1.6	1.5	0.0	0.1	2.1	0.1	0.3	(0.0)	8.1	1.0	707.0%	7.1	42.6	16
17	GROSS PERSONAL INCOME TAX	83.0	93.4	142.4	103.8	92.9	145.7	132.1	87.8	133.6	196.6	115.9	157.6	1,484.6	1,464.0	1.4%	20.6	1,467.6	17
	Refunds	5.2	4.8	7.6	5.5	5.1	103.1	78.2	56.5	44.3	21.6	16.0	9.2	357.2	355.6	0.4%	1.6	350.2	
	Retiree Health Care	0.2	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.3	1.3	1.5	17.4	16.0	8.9%	1.4	18.0	
18	Less: Refunds, distributions to other funds	7.3	6.7	9.2	7.1	6.7	104.8	79.9	58.2	46.0	23.0	17.3	10.6	376.6	374.0	0.7%	2.6	370.7	18
19	NET PERSONAL INCOME TAX	75.7	86.7	133.2	96.7	86.2	40.9	52.3	29.6	87.7	173.6	98.6	147.0	1,108.0	1,090.0	1.7%	18.0	1,096.9	19
20	Gross Corporate Payments	(3.4)	8.9	2.6	42.3	6.1	5.1	37.5	17.0	19.9	33.0	47.2	44.2	260.5	310.0	-16.0%	(49.5)	229.8	20
21	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	N/A	0.0	0.0	21
22	NET CORPORATE INCOME TAX	(3.4)	8.9	2.6	42.3	6.1	5.1	37.5	17.0	19.9	33.0	47.2	44.2	260.5	310.0	-16.0%	(49.5)	229.8	22
23	TOTAL INCOME TAXES	72.4	95.6	135.8	139.0	92.3	46.0	89.8	46.6	107.5	206.6	145.7	191.2	1,368.5	1,400.0	-2.2%	(31.5)	1,326.8	23
24	Oil and Gas School Tax	37.7	36.7	32.7	32.8	34.9	35.2	34.4	31.6	31.6	31.6	31.5	31.4	402.0	358.6	12.1%	43.4	376.1	24
25	Oil Conservation Tax	1.9	1.8	1.7	1.7	1.8	1.9	1.9	1.7	0.1	1.6	1.7	1.6	19.5	18.5	5.2%	1.0	19.4	25
26	Resources Excise Tax	1.0	0.3	1.7	0.9	0.9	1.1	1.1	1.0	1.0	1.0	1.1	0.7	11.7	10.0	17.1%	1.7	10.1	26
27	Natural Gas Processors Tax	2.0	2.0	2.0	2.0	1.9	2.0	2.0	1.8	1.8	1.8	1.8	1.8	23.0	22.0	4.4%	1.0	18.2	27
28	TOTAL MINERAL PROD. TAXES	42.6	40.8	38.0	37.4	39.5	40.1	39.3	36.1	34.6	36.1	36.1	35.4	456.2	409.1	11.5%	47.1	423.8	28
29	LICENSE FEES	1.8	2.2	1.9	2.0	2.1	7.3	2.1	3.6	7.5	14.5	3.4	2.9	51.2	51.5	-0.5%	-0.3	49.8	29
30	Land Grant Perm. Fund Distributions	38.4	38.4	38.4	38.5	38.5	38.5	38.5	38.5	38.5	38.3	38.3	38.3	461.1	459.7	0.3%	1.4	446.2	30
31	State Treasurer's Earnings	(0.1)	1.6	1.3	1.5	1.9	1.4	1.8	2.9	0.0	(0.6)	1.3	3.6	16.7	17.3	-3.5%	(0.6)	17.6	31
32	Severance Tax Perm. Fund Distributions	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	183.4	183.4	0.0%	0.0	184.6	32
33	TOTAL INVESTMENT EARNINGS	53.6	55.4	55.0	55.3	55.6	55.1	55.6	56.7	53.8	52.9	54.9	57.2	661.2	660.4	0.1%	0.8	648.4	33
34	Federal Mineral Leasing Royalties	42.4	41.0	38.2	46.9	46.8	42.4	42.3	41.0	41.1	36.5	49.3	38.6	506.6	420.0	20.6%	86.6	411.8	34
35	State Land Office Bonuses, Rents	18.5	15.0	12.9	3.7	5.6	2.3	1.1	9.0	4.1	3.5	4.6	4.9	85.2	65.6	29.8%	19.6	65.6	35
36	TOTAL RENTS & ROYALTIES	60.9	56.0	51.2	50.6	52.4	44.7	43.3	50.0	45.3	40.0	53.9	43.5	591.7	478.6	23.6%	113.1	477.4	36
37	TRIBAL REVENUE SHARING	0.1	0.0	16.8	0.1	0.0	15.8	0.3	-	17.9	0.1	0.1	18.5	69.6	70.4	-1.1%	(0.8)	65.9	37
38	MISCELLANEOUS RECEIPTS	0.8	1.4	2.5	1.9	1.7	16.5	1.6	1.3	1.8	1.5	2.5	27.8	61.4	46.0	33.4%	15.4	52.2	38
39	REVERSIONS	0.5	0.0	0.0	0.5	0.0	0.2	7.7	0.8	13.1	3.3	3.1	18.5	47.7	40.0	19.3%	7.7	67.3	39
40	TOTAL RECURRING REVENUE	427.3	480.7	486.4	464.6	462.6	441.8	421.4	396.4	473.8	543.3	506.4	633.2	5,737.8	5,532.8	3.7%	205.1	5,444.1	40
41	Amnesty	-	-	-	-	-	-	-	-	-	-	-	6.9	6.9	6.9	NA	0.0	0.0	41
42	Non-Recurring	0.0	0.3	2.1	0.4	0.2	(0.1)	0.1	0.2	(0.1)	-	-	8.3	11.4	11.4	NA	0.0	39.1	42
43	TOTAL NON-RECURRING REVENUE	0.0	0.3	2.1	0.4	0.2	(0.1)	0.1	0.2	(0.1)	-	-	15.2	18.3	18.3	NA	-	39.1	43
44	GRAND TOTAL REVENUE	427.4	480.9	488.4	465.0	462.8	441.7	421.4	396.6	473.7	543.3	506.4	648.4	5,756.1	5,551.1	3.7%	205.1	5,483.1	44