

Senator John Arthur Smith  
Chairman

Senator Sue Wilson Beffort  
Senator Pete Campos  
Senator Carlos R. Cisneros  
Senator Stuart Ingle  
Senator Carroll H. Leavell  
Senator Mary Kay Papen  
Senator John M. Sapien

*State of New Mexico*  
**LEGISLATIVE FINANCE  
COMMITTEE**

325 Don Gaspar, Suite 101 • Santa Fe, NM 87501  
Phone (505) 986-4550 • Fax: (505) 986-4545

David Abbey  
Director



Representative Luciano "Lucky" Varela  
Vice-Chairman

Representative William "Bill" J. Gray  
Representative Rhonda S. King  
Representative Larry A. Larrañaga  
Representative Henry Kiki Saavedra  
Representative Nick L. Salazar  
Representative Edward C. Sandoval  
Representative Don L. Tripp  
Representative James P. White

June 7, 2011

**MEMORANDUM**

**TO:** Senator John Arthur Smith, Chairman, LFC  
Representative Luciano "Lucky" Varela, Vice-Chairman, LFC

**THROUGH:** David Abbey, Director, LFC

**FROM:** Elisa Walker-Moran, Chief Economist, LFC  
Leila Burrows, Economist, LFC

**SUBJECT:** **May 2011 General Fund Revenue Tracking Report Reflecting Revenue Accruals through February 2011**

**Table 1: General Fund Revenue Accruals:**

- LFC reports fiscal year to date recurring revenues of \$3.25 billion, up 6.4% from the same period last year. This compares to the anticipated full-year growth of 6.8% from the December forecast.
- Personal Income Tax revenue has shown growth of 9.5% over the same period last year, just under the expected growth rate of 10.3%.
- Oil and gas revenues appear much higher than anticipated, but this is driven by low oil and gas prices at the beginning of FY10. Potential increases in oil revenue are expected to be offset by decreases in gas revenue, so year over year growth is expected to level off as the fiscal year progresses. However, Federal Mineral Leasing for FY11 is expected to be about \$30 million greater than forecast.
- The Corporate Income Tax shows year-to-date growth of 261.3%, but growth rate will fall due to pending film refunds.
- Other revenue sources show declines of 7.1% from the same period last year. This can be attributed to unusually large December 2009 reversions due to 2009 legislation that voided general fund projects authorized in previous years.

**Table 2: FY11 Revenue Tracking:**

- Actual recurring revenue accruals through February<sup>1</sup> are tracking approximately \$102 million greater than forecast.
- The major contributor to the surplus is the Gross Receipts Tax, with revenues exceeding expectations by \$50.3 million. Federal Mineral Leasing also surpassed the forecast by approximately \$30.5 million due to larger than anticipated revenues in March 2011.
- Oil and Gas Taxes and the Insurance Premium Tax contributed \$5.5 million and \$9.2 million to the surplus, respectively.
- Personal Income Tax is tracking closely with the forecast, which includes \$60 million in additional revenue due to the repeal of the deduction for state and local taxes.
- Tobacco products and cigarette taxes are also showing a modest increase above estimates of \$7.6 million.

**Outlook for the Remainder of FY11:**

- In May, cash receipts for the Corporate Income Tax were about 58% higher than cash receipts in May 2010. This growth rate is consistent with previous months and may indicate resurgence in corporate income.
- The Gross Receipts Tax, and Compensating Tax are tracking ahead of forecast, and cash receipts in May appear to be consistent with this trend<sup>2</sup>.
- Year-to-date cash receipts for oil and gas were only 2.5% above receipts for the same period last year. However, positive growth in Federal Mineral Leasing in recent months could indicate additional oil and gas revenue are forthcoming.

**Figure 1: Taxable gross receipts trends:**

- Taxable gross receipts in the months of February and March showed growth rates of 5.8, 8.1 percent, respectively, compared to the same months last year.
- During FY11, the industries showing the most growth are Mining and Oil and Gas Extraction, Educational Services, Information and Cultural Services, Manufacturing, and Administration and Support
- Industries that have continued to decline include Construction, Management of Companies and Enterprises, and Agriculture, Forestry, Fishing and Hunting.
- The three month moving average of taxable gross receipts has trended down in recent months, but year-over-year growth continues to be positive.

---

<sup>1</sup> Accrued revenue for February is available for almost all General Fund revenues but some figures are still preliminary. In addition to these accruals, this report reflects preliminary information on revenue sources for March, April, and May. Figures in italics indicate preliminary actual revenues.

<sup>2</sup> Cash receipts generally reflect activity from the previous month.

**Table 1**  
**General Fund Revenue Accruals: FY11 vs FY10**  
(dollar amounts in millions)

Revenue Category	Fiscal Year-to-Date Through February		Year-to-Date Growth	Projected Full-Year Growth: December 2010 Forecast
	FY10	FY11		
General Sales Taxes (GRT & Comp)	\$1,123.2	\$1,209.0	7.6%	7.1%
Personal Income Tax	\$504.1	\$552.0	9.5%	10.3%
Corporate Income Tax	\$30.2	\$109.0	261.3%	75.9%
Oil & Gas Revenues <sup>1</sup>	\$517.9	\$562.5	8.6%	-1.7%
Investment Income & Other <sup>1</sup>	\$877.9	\$815.4	-7.1%	2.4%
<b>Total Recurring Revenue</b>	<b>\$3,053.3</b>	<b>\$3,247.9</b>	6.4%	<b>6.8%</b>
<b>Total Recurring Excluding Oil &amp; Gas</b>	<b>\$2,535.4</b>	<b>\$2,685.4</b>	5.9%	<b>8.5%</b>

1. FY11 year to date amount includes forecast for December 2010.

**Table 2**  
**FISCAL YEAR 2011 GENERAL FUND MONTHLY REVENUE TRACKING: Preliminary July through February Accruals**  
(dollars in millions; italics indicate preliminary actual revenue)

6/7/11 10:05 AM

Row #	PRELIM ACTUAL ACCRUALS												FORECAST REVENUE ACCRUALS				FY11 Actual + Forecast	% Chng FY10	TRACKING ERROR			FY10 Prelim	Row #
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	FY 11	YTD	YTD								
	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Dec. 10	Est % Error	\$ Error								
1	137.9	149.9	148.6	141.0	134.6	171.9	143.5	136.0	171.7	144.6	136.0	171.4	1,787.2	9.3%	1,740.0	2.7%	47.2	1,634.4	1				
2	4.0	7.3	5.7	6.8	4.9	7.1	5.4	4.5	6.1	5.0	4.5	6.3	67.6	32.9%	64.5	4.9%	3.1	50.9	2				
3	<b>141.9</b>	<b>157.2</b>	<b>154.2</b>	<b>147.9</b>	<b>139.5</b>	<b>179.0</b>	<b>148.9</b>	<b>140.5</b>	177.8	149.7	140.6	177.7	1,854.8	10.1%	1,804.5	2.8%	50.3	1,685.3	3				
4	9.2	7.3	7.6	6.0	7.4	5.9	7.7	6.4	7.7	8.0	5.9	8.5	87.7	91.7%	81.0	8.2%	6.7	45.7	4				
5	2.0	2.2	2.2	2.2	2.1	2.7	1.5	1.8	2.2	2.1	1.7	2.7	25.3	-1.0%	25.5	-0.7%	(0.2)	25.6	5				
6	0.6	32.5	12.7	4.9	30.8	0.6	1.1	29.1	1.1	1.3	27.3	4.7	146.5	12.4%	137.3	6.7%	9.2	130.3	6				
7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.3	183.3	266.3%	18.3	0.0%	0.0	5.0	7				
8	8.4	8.7	8.7	8.5	7.2	7.9	7.6	7.8	10.3	9.3	8.5	8.7	101.6	10.1%	98.3	3.3%	3.3	92.3	8				
9	5.6	5.4	5.3	5.4	4.9	5.6	5.6	5.5	6.1	5.6	6.7	5.3	67.0	2.9%	64.9	3.2%	2.1	65.1	9				
10	0.5	0.5	0.5	0.5	0.4	0.2	0.3	0.3	0.5	0.5	0.5	0.6	5.4	-4.7%	5.8	-7.1%	(0.4)	5.7	10				
11	0.1	0.0	-0.3	0.1	0.4	0.4	0.2	0.3	0.3	0.3	0.2	0.6	2.5	-19.5%	3.0	-14.4%	(0.4)	3.2	11				
12	<b>26.4</b>	<b>56.6</b>	<b>36.5</b>	<b>27.7</b>	<b>53.3</b>	<b>23.3</b>	<b>23.9</b>	<b>51.2</b>	28.2	27.1	50.7	49.4	454.3	21.8%	434.1	4.7%	20.2	372.9	12				
13	84.4	77.0	86.1	89.6	75.2	119.6	78.2	79.3	86.2	78.8	78.1	97.7	1,030.3	1.0%	1,035.4	-0.5%	(5.1)	1,020.1	13				
14	0.2	9.3	34.4	9.7	10.2	12.4	52.1	10.0	27.7	112.5	35.9	58.7	373.2	21.8%	343.6	8.6%	29.6	306.4	14				
15	0.0	0.4	0.1	6.1	1.1	0.0	6.6	0.7	0.3	6.0	0.3	7.3	28.9	-7.9%	33.0	-12.6%	(4.1)	31.3	15				
16	-0.1	0.2	-0.7	0.2	0.0	2.8	0.1	0.1	2.3	0.7	0.5	0.0	6.0	-546.2%	1.0	496.3%	5.0	(1.3)	16				
17	<b>84.5</b>	<b>86.9</b>	<b>119.9</b>	<b>105.6</b>	<b>86.5</b>	<b>134.8</b>	<b>136.9</b>	<b>90.1</b>	116.5	198.0	114.9	163.7	1,438.3	6.0%	1,413.0	1.8%	25.3	1,356.5	17				
	8.3	7.8	9.2	9.1	6.0	90.8	86.7	61.8	41.1	23.9	13.8	8.1	366.6	-4.0%	340.0	7.8%	26.6	381.7					
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	1.5	NA	0.0	NA	1.5	0.0					
	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.0	1.2	1.2	1.2	1.3	15.5	-3.0%	15.6	-1.0%	(0.1)	15.9					
	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.4	0.0%	2.4	0.0%	0.0	2.4					
18	10.0	9.5	10.8	10.8	7.7	92.5	88.4	63.5	42.5	25.3	15.2	9.7	385.9	-3.5%	358.0	7.8%	27.9	400.0	18				
19	<b>74.5</b>	<b>77.4</b>	<b>109.0</b>	<b>94.8</b>	<b>78.8</b>	<b>42.4</b>	<b>48.5</b>	<b>26.6</b>	74.0	172.7	99.7	154.0	1,052.4	10.0%	1,055.0	-0.2%	(2.6)	956.5	19				
20	<b>0.0</b>	<b>2.6</b>	<b>3.7</b>	<b>43.6</b>	<b>36.0</b>	<b>-8.2</b>	<b>46.5</b>	<b>-15.2</b>	29.7	12.5	25.1	41.3	217.6	73.9%	220.0	-1.1%	(2.4)	125.1	20				
22	27.8	29.5	26.7	30.0	26.6	33.0	29.5	26.7	31.9	26.5	24.3	20.9	333.2	2.7%	328.5	1.4%	4.7	324.5	22				
23	1.4	1.5	1.4	1.5	1.4	1.7	1.6	1.3	1.3	1.4	1.4	1.4	17.2	5.2%	16.7	3.0%	0.5	16.4	23				
24	0.6	0.5	1.0	1.1	0.8	0.5	1.0	0.8	0.6	1.2	1.2	0.7	9.9	5.2%	10.0	-1.5%	(0.1)	9.4	24				
25	1.6	1.6	1.6	1.6	1.5	1.6	1.4	1.2	1.6	1.9	1.4	1.4	18.4	-54.4%	17.9	2.9%	0.5	40.4	25				
26	<b>31.4</b>	<b>33.0</b>	<b>30.7</b>	<b>34.2</b>	<b>30.3</b>	<b>36.7</b>	<b>33.5</b>	<b>30.0</b>	35.4	30.9	28.3	24.3	378.6	-3.1%	373.1	1.5%	5.5	390.7	26				
27	<b>2.5</b>	<b>2.2</b>	<b>2.3</b>	<b>1.8</b>	<b>2.0</b>	<b>7.0</b>	<b>2.6</b>	<b>3.5</b>	6.6	15.3	3.6	3.2	52.6	4.5%	52.0	1.1%	0.6	50.3	27				
28	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.1	37.1	37.1	37.1	445.7	2.0%	445.2	0.1%	0.5	437.1	28				
29	0.0	0.0	0.0	1.9	1.6	5.3	0.0	0.2	1.1	-1.2	2.7	5.0	16.6	-25.0%	16.2	2.4%	0.4	22.1	29				
30	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	184.6	-1.3%	184.6	0.0%	(0.0)	187.1	30				
31	<b>52.5</b>	<b>52.5</b>	<b>52.6</b>	<b>54.4</b>	<b>54.2</b>	<b>57.9</b>	<b>52.6</b>	<b>52.8</b>	53.6	51.2	55.1	57.5	646.9	0.1%	646.0	0.1%	0.9	646.3	31				
32	29.8	39.1	28.8	36.6	31.6	33.4	33.9	32.6	41.2	25.5	38.0	28.4	398.7	12.2%	368.2	8.3%	30.5	355.3	32				
33	1.8	3.4	5.9	13.4	2.7	3.4	1.8	4.7	4.7	4.1	3.3	4.8	54.1	-20.2%	58.8	-8.1%	(4.7)	67.7	33				
34	31.6	42.5	34.7	50.0	34.4	36.7	35.7	37.3	45.9	29.6	41.3	33.1	452.8	7.0%	427.0	6.0%	25.8	423.0	34				
35	0.1	0.1	16.4	0.1	0.0	15.8	0.3	0.1	16.4	0.1	0.2	15.9	65.2	1.7%	65.4	-0.3%	(0.2)	64.1	35				
36	1.2	4.4	1.4	1.4	1.6	1.2	6.9	1.1	2.7	2.5	1.6	24.5	50.4	13.6%	47.1	7.1%	3.3	44.4	36				
37	0.0	0.0	0.5	0.6	0.2	0.7	4.1	5.2	4.2	3.3	3.1	18.5	40.4	-47.3%	40.0	1.1%	0.4	76.8	37				
38	<b>362.0</b>	<b>428.5</b>	<b>442.0</b>	<b>456.3</b>	<b>430.4</b>	<b>392.3</b>	<b>403.3</b>	<b>333.1</b>	474.4	495.1	449.2	599.5	5,266.1	8.9%	5,164.2	2.0%	102.0	4,835.3	38				
39	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	2.1	NA	2.1	NA	0.0	0.0	39				
40	0.1	0.2	0.0	0.0	0.0	36.0	0.0	0.0	0.0	0.0	0.0	0.0	36.3	NA	36.0	NA	0.3	438.9	46				
41	0.1	0.2	0.0	0.0	0.0	36.0	0.0	0.0	0.0	0.0	0.0	2.1	38.4	NA	38.1	NA	0.3	438.9	47				
42	<b>362.1</b>	<b>428.7</b>	<b>442.0</b>	<b>456.3</b>	<b>430.4</b>	<b>428.3</b>	<b>403.3</b>	<b>333.1</b>	474.4	495.1	449.2	601.7	5,304.6	0.6%	5,202.3	2.0%	102.3	5,274.2	48				

Figure 1. Taxable Gross Receipts

