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General Fund Revenue Report: February 2012

Summary. State revenues for February were down \$17 million from the previous month's revenues but are expected to exceed the amount forecasted for FY12 in the December revenue forecast. Of the \$405 million revenue accrual reported for February (table 2), there was strength in revenue from federal mineral leasing, mineral production taxes, and gross receipts taxes; however, personal income taxes and corporate income taxes were weaker than expected. Table 1 indicates year-to-date general fund recurring revenues were \$3.5 billion, an increase of \$256.1 million, or 7.8 percent, compared to the same period a year ago.

If compared to the December 2011 revenue estimate in table 2, total revenues for the year are tracking at \$134 million, or 2 percent, greater than the estimate.

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

| Revenue Category | Fiscal Year-to-Date Through February | | Year-to-Date Growth | Projected Full-Year Growth: December 2011 Forecast |
|--|--------------------------------------|------------------|---------------------|--|
| | FY11 | FY12 | | |
| General Sales Taxes (GRT & Comp) | \$1,209.0 | \$1,312.2 | 8.5% | 2.3% |
| Personal Income Tax | \$588.0 | \$601.5 | 2.3% | -0.6% |
| Corporate Income Tax | \$109.0 | \$116.2 | 6.6% | 34.9% |
| Oil & Gas Revenues | \$259.8 | \$280.7 | 8.1% | -3.5% |
| Investment Income & Other* | \$1,111.4 | \$1,222.8 | 10.0% | -0.7% |
| Total Recurring Revenue | \$3,277.2 | \$3,533.3 | 7.8% | 1.6% |
| Total Recurring Excluding Oil & Gas | \$3,017.5 | \$3,252.6 | 7.8% | 2.1% |

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

February Year-to-Date Revenue. As indicated in Table 1, general sales taxes (GRT & Comp) year-to-date growth is 8.5 percent compared to FY11. The strength in GRT is from the oil and gas industry. The full year growth is forecast at 2.3 percent.

To date, personal income tax receipts (PIT) and specifically final settlements are tracking less than the December estimate. PIT refunds are also greater than the amount projected in the December estimate. It

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is still too early to draw conclusions regarding PIT activity since the majority of this activity occurs around April 15. PIT year-to-date growth is 2.3 percent; however, the full-year revenue growth is forecast at -0.6 percent.

Corporate income tax (CIT) year-to-date growth is 6.6 percent compared to the full year growth rate forecasted at 34.9 percent. CIT tracking is down 20 percent because congressional and local 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.

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 trends. The three-month moving average of taxable gross receipts has trended up in FY12. From July 2011 thru February 2012, the year-over-year growth is approximately 7.5 percent. Taxable gross receipts collected in the months of December 2011 thru February 2012 showed year-over-year growth rates of 1.8, 4.8, and 7.2 percents, respectively.

During FY12, most industries show positive growth with the highest year-over-year percentage growth in mining and oil and gas extraction followed by manufacturing, public administration, and transportation and warehousing. The largest monetary changes occurred in mining and oil and gas extraction, retail trade, manufacturing, information and cultural industries, and wholesale trade.

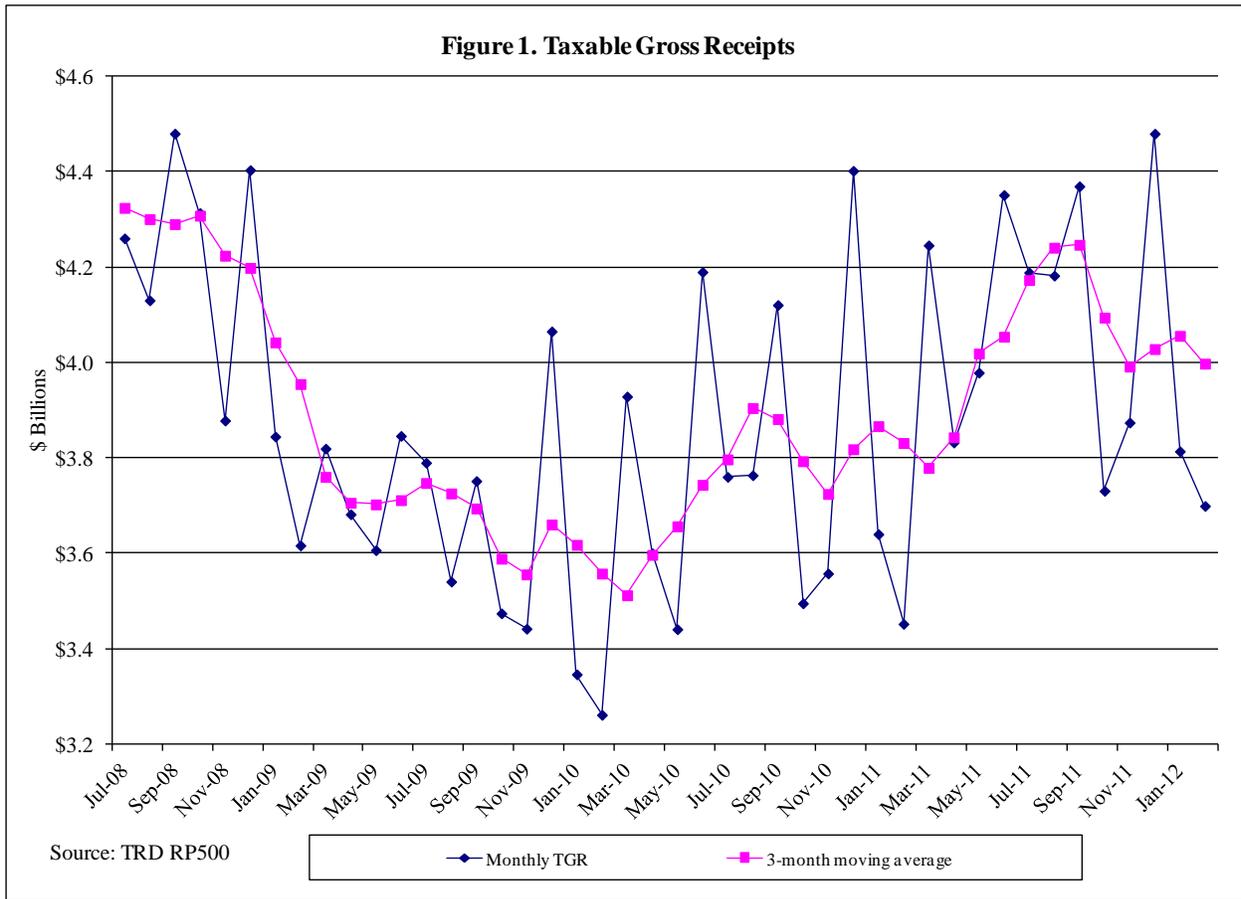


Table 2
FISCAL YEAR 2012 GENERAL FUND MONTHLY REVENUE TRACKING - Accruals through February
(dollars in millions; italics indicate preliminary actual revenue)

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| Row # | | ESTIMATED REVENUE ACCRUALS | | | | | | | | | | | | FY12 | TRACKING CHANGE (Δ) | | | FY11 | Row # |
|-------|---|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|---------------------|---------------|---------------|----------------|-------|
| | | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | Actual + Estimate | FY 12 Dec 11 Est | YTD % Δ | YTD \$ Δ | Audit | |
| 1 | Gross Receipts Tax | 163.7 | 161.1 | 151.8 | 146.5 | 160.8 | 179.8 | 151.0 | 157.7 | 147.8 | 155.3 | 152.8 | 183.3 | 1,911.6 | 1,865.0 | 2.5% | 46.6 | 1,822.5 | 1 |
| 2 | Compensating Tax | 5.9 | 3.9 | 7.4 | 5.8 | 0.5 | 6.7 | 4.4 | 5.3 | 6.8 | 5.3 | 5.0 | 6.7 | 63.8 | 69.5 | -8.2% | (5.7) | 69.1 | 2 |
| 3 | TOTAL GENERAL SALES TAXES | 169.5 | 165.0 | 159.2 | 152.3 | 161.2 | 186.5 | 155.5 | 163.0 | 154.7 | 160.6 | 157.8 | 190.1 | 1,975.4 | 1,934.5 | 2.1% | 40.9 | 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 | 6.5 | 8.9 | 6.2 | 10.3 | 88.6 | 86.4 | 2.6% | 2.2 | 88.2 | 4 |
| 5 | Liquor Excise Tax | 2.0 | 2.3 | 2.3 | 2.3 | 2.2 | 2.7 | 1.6 | 1.9 | 1.7 | 1.8 | 2.3 | 2.0 | 25.0 | 25.9 | -3.4% | (0.9) | 25.7 | 5 |
| 6 | Insurance Premiums Tax | 0.7 | 37.1 | 0.7 | 0.9 | 34.4 | 4.8 | 1.6 | 26.2 | 1.0 | 1.1 | 24.5 | 4.3 | 137.4 | 129.3 | 6.3% | 8.1 | 132.7 | 6 |
| 7 | Fire Protection Fund Reversion | - | - | - | - | - | - | - | - | - | - | - | 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 | 10.0 | 9.2 | 9.4 | 9.6 | 110.7 | 110.2 | 0.5% | 0.5 | 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 | 5.2 | 5.2 | 0.8% | 0.0 | 5.0 | 10 |
| 11 | Other | 0.1 | 0.6 | 0.6 | 0.8 | 0.6 | 1.4 | 1.0 | 0.1 | 0.2 | 0.3 | 0.2 | 0.3 | 6.2 | 2.8 | 122.5% | 3.4 | 2.4 | 11 |
| 12 | TOTAL SELECTIVE SALES TAXES | 25.2 | 64.3 | 25.9 | 25.6 | 57.7 | 29.6 | 26.3 | 50.6 | 25.7 | 27.5 | 48.8 | 48.1 | 455.3 | 442.3 | 2.9% | 13.0 | 440.9 | 12 |
| 13 | Withholding | 85.0 | 78.4 | 97.1 | 77.0 | 83.7 | 122.9 | 79.2 | 77.6 | 104.4 | 82.2 | 83.0 | 103.3 | 1,073.6 | 1,072.0 | 0.1% | 1.6 | 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 | 84.9 | 32.0 | 48.6 | 333.0 | 357.0 | -6.7% | (24.0) | 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 | 3.6 | 4.0 | 0.7 | 5.7 | 48.7 | 34.0 | 43.2% | 14.7 | 23.4 | 15 |
| 16 | Fiduciary Tax | 0.1 | 1.6 | 0.4 | 0.3 | 1.6 | 1.5 | 0.0 | 0.1 | 0.3 | 0.1 | 0.3 | (0.0) | 6.2 | 1.0 | 523.7% | 5.2 | 42.6 | 16 |
| 17 | GROSS PERSONAL INCOME TAX | 83.0 | 93.4 | 142.4 | 103.8 | 92.9 | 145.7 | 132.1 | 87.8 | 135.8 | 171.2 | 115.9 | 157.6 | 1,461.5 | 1,464.0 | -0.2% | (2.5) | 1,467.6 | 17 |
| | Refunds | 5.2 | 4.8 | 7.6 | 5.5 | 5.1 | 103.1 | 78.2 | 56.5 | 55.1 | 21.6 | 16.0 | 9.2 | 367.9 | 355.6 | 3.5% | 12.3 | 350.2 | |
| | Retiree Health Care | 0.2 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.3 | 1.3 | 1.3 | 1.5 | 17.1 | 16.0 | 6.9% | 1.1 | 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 | 56.4 | 23.0 | 17.3 | 10.6 | 387.1 | 374.0 | 3.5% | 13.1 | 370.7 | 18 |
| 19 | NET PERSONAL INCOME TAX | 75.7 | 86.7 | 133.2 | 96.7 | 86.2 | 40.9 | 52.3 | 29.6 | 79.4 | 148.3 | 98.6 | 147.0 | 1,074.5 | 1,090.0 | -1.4% | (15.5) | 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 | 20.4 | 47.2 | 44.2 | 247.9 | 310.0 | -20.0% | (62.1) | 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 | 20.4 | 47.2 | 44.2 | 247.9 | 310.0 | -20.0% | (62.1) | 229.8 | 22 |
| 23 | TOTAL INCOME TAXES | 72.4 | 95.6 | 135.8 | 139.0 | 92.3 | 46.0 | 89.8 | 46.6 | 99.3 | 168.7 | 145.7 | 191.2 | 1,322.3 | 1,400.0 | -5.5% | (77.7) | 1,326.8 | 23 |
| 24 | Oil and Gas School Tax | 37.7 | 36.7 | 32.7 | 32.8 | 34.9 | 35.2 | 34.4 | 28.9 | 31.6 | 31.6 | 31.5 | 31.4 | 399.3 | 358.6 | 11.4% | 40.7 | 376.1 | 24 |
| 25 | Oil Conservation Tax | 1.9 | 1.8 | 1.7 | 1.7 | 1.8 | 1.9 | 1.9 | 0.1 | 1.6 | 1.6 | 1.7 | 1.6 | 19.3 | 18.5 | 4.5% | 0.8 | 19.4 | 25 |
| 26 | Resources Excise Tax | 1.0 | 0.3 | 1.7 | 0.9 | 0.9 | 1.1 | 1.1 | 1.0 | 0.6 | 1.0 | 1.1 | 0.7 | 11.3 | 10.0 | 12.8% | 1.3 | 10.1 | 26 |
| 27 | Natural Gas Processors Tax | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 | 2.0 | 2.0 | 1.8 | 1.9 | 1.8 | 1.8 | 1.8 | 23.0 | 22.0 | 4.6% | 1.0 | 18.2 | 27 |
| 28 | TOTAL MINERAL PROD. TAXES | 42.6 | 40.8 | 38.0 | 37.4 | 39.5 | 40.1 | 39.3 | 31.8 | 35.7 | 36.1 | 36.1 | 35.4 | 453.0 | 409.1 | 10.7% | 43.9 | 423.8 | 28 |
| 29 | LICENSE FEES | 1.8 | 2.2 | 1.9 | 2.0 | 2.1 | 7.3 | 2.1 | 3.6 | 7.8 | 14.5 | 3.4 | 2.9 | 51.6 | 51.5 | 0.2% | 0.1 | 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 | 38.3 | 38.3 | 38.3 | 38.3 | 460.9 | 459.7 | 0.3% | 1.2 | 446.2 | 30 |
| 31 | State Treasurer's Earnings | (0.1) | 1.6 | 1.3 | 1.5 | 1.9 | 1.4 | 1.8 | 2.9 | 1.5 | (0.6) | 1.3 | 3.6 | 18.1 | 17.3 | 4.9% | 0.8 | 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 | 55.0 | 52.9 | 54.9 | 57.2 | 662.5 | 660.4 | 0.3% | 2.1 | 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 | 35.6 | 38.6 | 492.9 | 420.0 | 17.3% | 72.9 | 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 | 3.8 | 3.5 | 4.6 | 4.9 | 84.8 | 65.6 | 29.3% | 19.2 | 65.6 | 35 |
| 36 | TOTAL RENTS & ROYALTIES | 60.9 | 56.0 | 51.2 | 50.6 | 52.4 | 44.7 | 43.3 | 50.0 | 44.9 | 40.0 | 40.2 | 43.5 | 577.6 | 478.6 | 20.7% | 99.0 | 477.4 | 36 |
| 37 | TRIBAL REVENUE SHARING | 0.1 | 0.0 | 16.8 | 0.1 | 0.0 | 15.8 | 0.3 | 0.0 | 16.9 | 0.1 | 0.1 | 18.5 | 68.8 | 70.4 | -2.3% | (1.6) | 65.9 | 37 |
| 38 | MISCELLANEOUS RECEIPTS | 0.8 | 1.4 | 2.5 | 1.9 | 1.7 | 16.5 | 1.6 | 1.3 | 2.0 | 1.5 | 2.5 | 27.8 | 61.6 | 46.0 | 33.8% | 15.6 | 52.2 | 38 |
| 39 | REVERSIONS | 0.5 | 0.0 | 0.0 | 0.5 | 0.0 | 0.2 | 7.7 | 0.9 | 4.2 | 3.3 | 3.1 | 18.5 | 39.0 | 40.0 | -2.6% | (1.0) | 67.3 | 39 |
| 40 | TOTAL RECURRING REVENUE | 427.3 | 480.7 | 486.4 | 464.6 | 462.6 | 441.8 | 421.4 | 404.6 | 446.4 | 505.3 | 492.7 | 633.2 | 5,667.0 | 5,532.8 | 2.4% | 134.3 | 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 | - | - | - | - | - | - | - | - | - | 11.4 | 11.7 | 11.4 | NA | 0.3 | 39.1 | 42 |
| 43 | TOTAL NON-RECURRING REVENUE | 0.0 | 0.3 | - | 18.3 | 18.6 | 18.3 | NA | 0.3 | 39.1 | 43 |
| 44 | GRAND TOTAL REVENUE | 427.4 | 480.9 | 486.4 | 464.6 | 462.6 | 441.8 | 421.4 | 404.6 | 446.4 | 505.3 | 492.7 | 651.5 | 5,685.6 | 5,551.1 | 2.4% | 134.5 | 5,483.1 | 44 |