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*February 25, 2016*



**General Fund Revenue Tracking Report: Accruals through December, 2015**

This general fund revenue tracking report reflects revenue accruals through December 2015 as reported by the Department of Finance and Administration, and some preliminary revenues through January 2016.

December General Fund Revenue was \$493.7 million. December revenues presented some weakness, although were perhaps better than expected. Holiday retail sales were down -7.5 percent year over year. The recovery from the oil and gas sector slowdown hindered revenue collections. The month also saw a transfer to the Personal Income Tax suspense fund of \$73.2 million compared to \$64.5 million in FY15. Unclaimed property revenue, which is booked semi-annually, came in at \$16.6 million, stronger than expected.

Table 1 compares FYTD revenue collections through December for FY16 and FY15. For the first six months of FY16, recurring revenue collection was \$2.83 billion, -11.2 percent, or \$358 million lower than the same period a year ago. The January 27 consensus forecast for the full year was a decline of only -2.8 percent.

Chart 1 and Chart 2 compare total revenue between FY16 and FY15 through December.

At the end of the legislative session, Secretary Clifford in concurrence with Director Abbey presented to legislators an economic and revenue update significantly more negative than the January 27 consensus forecast. Lower oil and gas prices and production contributed to broad-based revenue weakness. In summary, DFA and LFC provided legislators guidance for an additional downward revision to the general fund of \$125 million for FY16 and FY17. The additional revision is not reflected in the right column of Table 1.

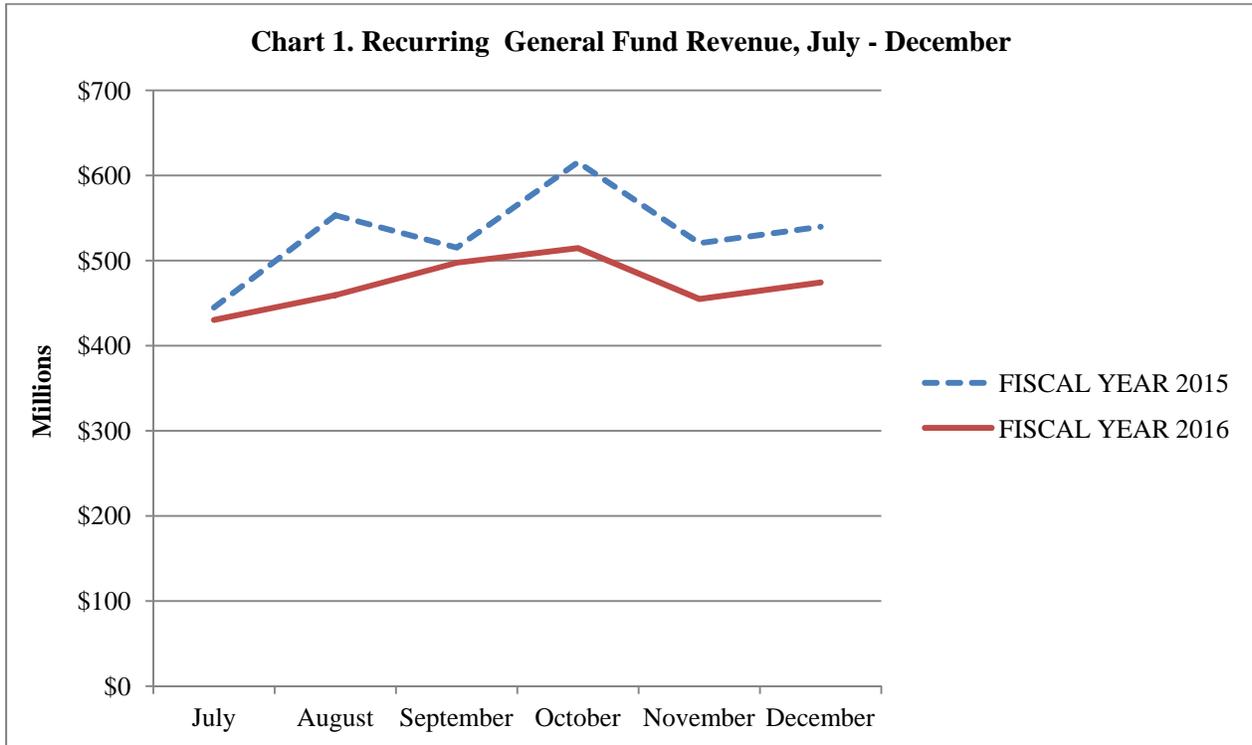
Aside from comparing year-over-year revenue growth, LFC prepares a monthly revenue tracking report combining actual monthly revenues with projections for the remainder of the year based on historical monthly shares of revenue collections by revenue source. This report is presented as Appendix 1 and shows revenues are tracking at \$6.1 billion, at 0.8 percent or \$47.1 million above the consensus revenue estimating group's January forecast. However, as noted above, the timing of transfers to PIT suspense boosted FY16 revenues.

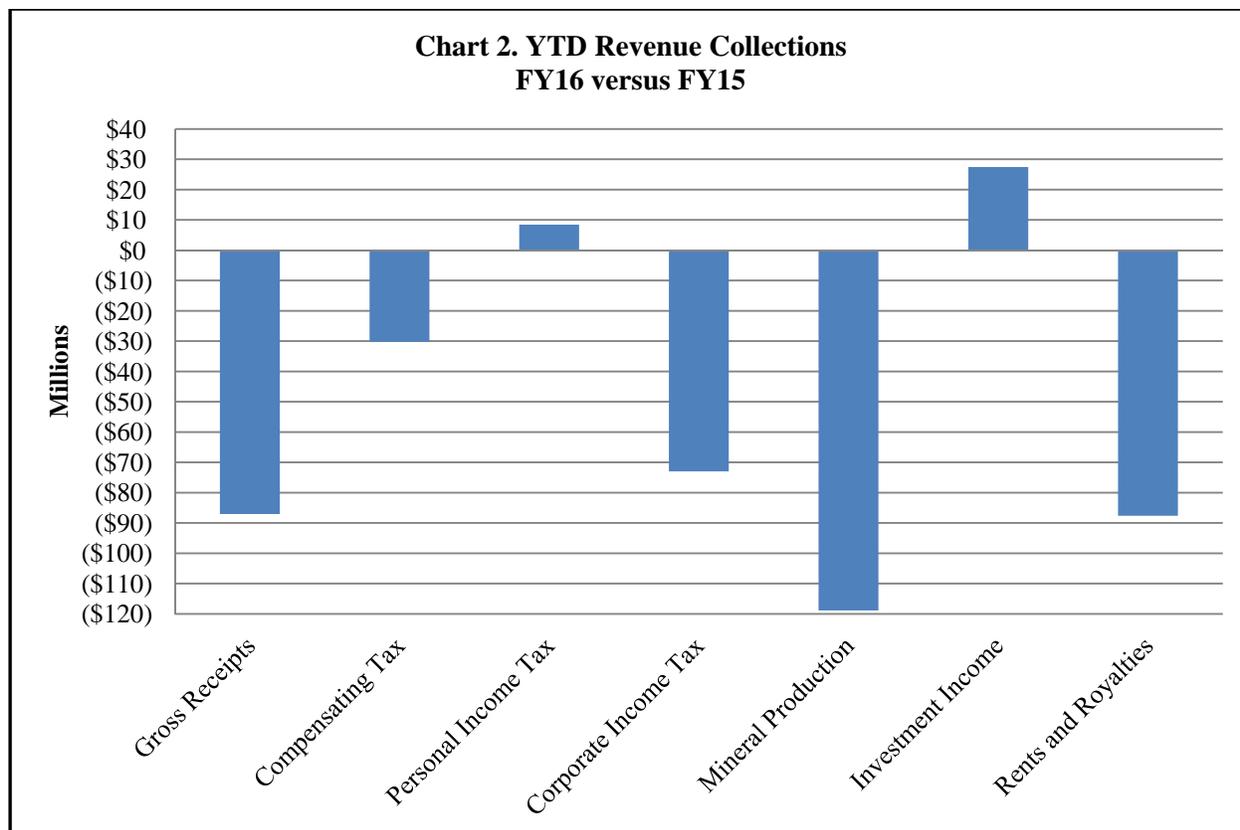
**Table 1. General Fund Revenue Accruals: FY16 vs. FY15**  
(in millions of dollars)

Revenue Category	Fiscal Year-to-Date Through December		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: January 2016 Forecast
	FY15	FY16			
Gross Receipts	\$1,080.2	\$993.2	(\$87.1)	-8.1%	-0.2%
Compensating Tax	\$52.6	\$22.4	(\$30.2)	-57.4%	-24.3%
Personal Income Tax	\$660.6	\$669.0	\$8.4	1.3%	4.6%
Corporate Income Tax	\$101.9	\$28.9	(\$73.0)	-71.6%	-12.4%
Oil & Gas Revenues *	\$622.9	\$436.0	(\$186.9)	-30.0%	-26.4%
License Fees	\$18.3	\$19.3	\$1.1	5.8%	-2.5%
Investment Income	\$347.5	\$375.0	\$27.5	7.9%	8.4%
Miscellaneous Receipts	\$25.4	\$22.9	(\$2.5)	-10.0%	0.6%
Selective Sales	\$245.0	\$250.2	\$5.1	2.1%	6.5%
Tribal Revenue Sharing	\$32.3	\$32.0	(\$0.3)	-0.9%	-4.3%
Reversions	\$2.3	\$1.4	(\$0.9)	-38.8%	-2.9%
<b>Total Recurring Revenue</b>	<b>\$3,189.1</b>	<b>\$2,830.8</b>	<b>(\$358.3)</b>	<b>-11.2%</b>	<b>-2.8%</b>
Nonrecurring Revenue	\$0.6	(\$0.11)	(\$0.7)	-116.6%	-86.3%
<b>Total Recurring Excluding Oil &amp; Gas</b>	<b>\$2,566.1</b>	<b>\$2,394.8</b>	<b>(\$171.3)</b>	<b>-6.7%</b>	<b>1.8%</b>

\*Oil & Gas revenues include mineral production taxes and rents & royalties. Includes estimate for oil & gas school tax.

**Chart 1. Recurring General Fund Revenue, July - December**



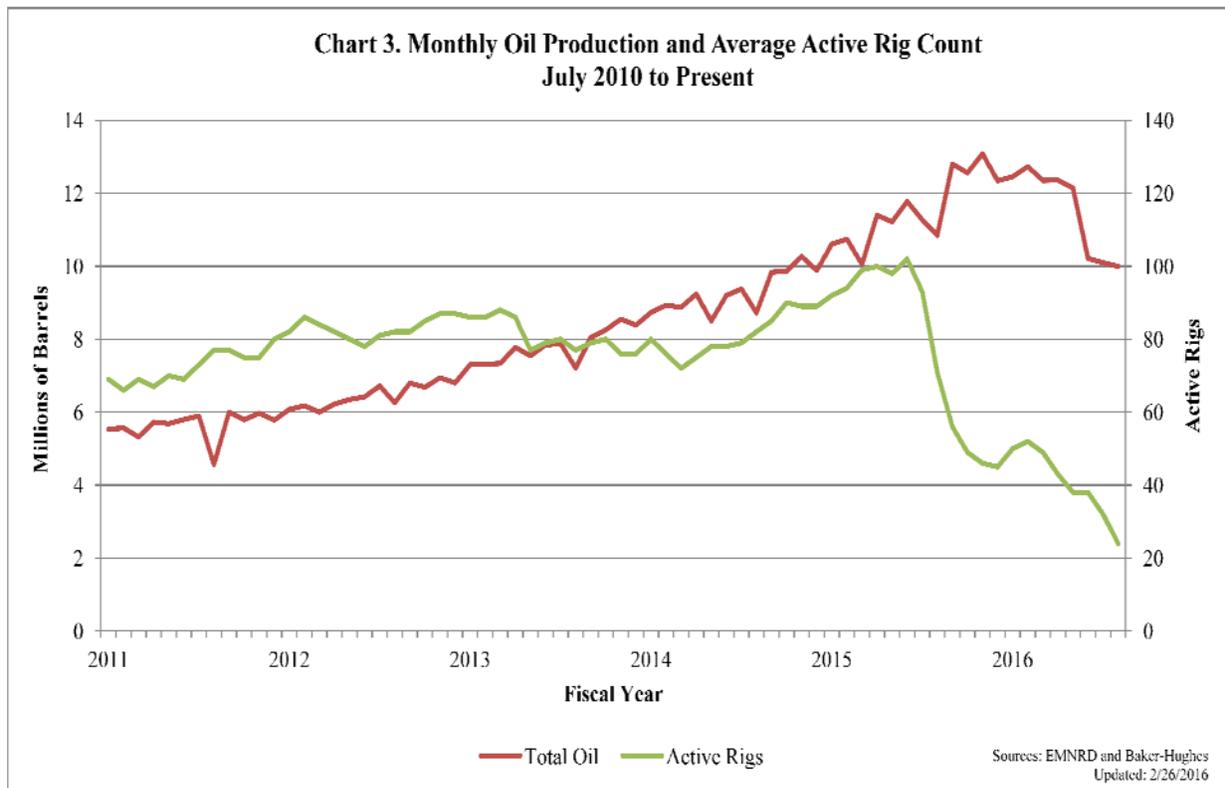


**Taxable Gross Receipts.** Table 2 compares fiscal-year-to-date growth of taxable gross receipts (TGR) by industry between FY15 and FY16 through December for both periods. Overall, total TGR decreased by -6.4 percent compared with the same period in the prior fiscal year. This is a 1 percent decline over the prior quarter. The category of professional services saw the largest positive increase between the two periods with 22 percent growth followed by 8.8 percent in agriculture. Retail trade was down -5.8 percent, while mining and oil and gas extraction was down -44.5 percent, and manufacturing was down -26.7 percent. The impact of tax credits on revenues appears to hinder a recovery in receipts for the remainder of FY16.

<b>Table 2. Gross Receipts Tax -- Sectoral Performance</b>			
<b>July - Dec, 2015 over same period of FY 15</b>			
	<b>Matched Taxable Gross Receipts</b>	<b>General Fund Portion Taxes Paid</b>	<b>General Fund Taxes Pd for Period (millions)</b>
Agriculture	8.8%	6.3%	\$2.3
Mining	-44.5%	-43.0%	\$64.3
Construction	-1.4%	-2.4%	\$141.9
Manufacturing	-26.7%	-27.5%	\$40.3
Wholesale	-14.2%	-15.7%	\$50.1
Retail	-5.8%	-5.7%	\$253.9
Healthcare	5.7%	6.1%	\$51.2
Professional Services	21.8%	22.3%	\$144.4
Unclassified	-62.5%	-40.9%	\$8.1
All Others	-1.5%	-2.1%	\$377.7
All Categories	-6.4%	-6.3%	\$1,134.1

Note: these are RP-500 data and do not include CRS credits or administrative fees from the local governments.

**Oil and Gas.** As observed in the monthly oil production chart, oil companies have slashed drilling activities in response to falling commodity prices, while production levels have continued to decline. Over the last year, operating oil rigs in New Mexico fell from over 100 to 21 in mid-February. Oil storage capacity has reached record levels and may begin to decline throughout the remainder of the fiscal year.



**Explanation of Revenue Tracking Method.** Appendix 1 shows the latest consensus revenue estimates and monthly accruals in detail. These estimates were based on data available through December and finalized in January 2016. 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 “FY16 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY16 Jan 16 Est” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms, respectively.

## FISCAL YEAR 2016 GENERAL FUND MONTHLY REVENUE TRACKING

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

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	ESTIMATED REVENUE ACCRUALS												FY16	TRACKING CHANGE (Δ)		
	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.	Actual + Estimate	FY 16 Jan 16 Est	YTD % Δ	YTD \$ Δ
Gross Receipts Tax	167.2	167.0	143.3	141.9	171.4	202.3	173.2	165.9	175.7	186.1	180.0	213.9	2,088.0	2,090.0	-0.1%	(2.0)
Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	5.4	3.5	5.1	4.8	6.5	6.7	54.4	54.4	-0.1%	(0.0)
<b>TOTAL GENERAL SALES TAXES</b>	<b>169.8</b>	<b>170.3</b>	<b>148.4</b>	<b>145.5</b>	<b>173.7</b>	<b>208.0</b>	178.5	169.4	180.8	190.9	186.5	220.7	2,142.3	2,144.4	-0.1%	(2.1)
Tobacco Products & Cigarette Taxes	6.0	7.2	7.8	6.9	5.4	6.7	6.0	6.4	6.8	6.8	7.1	8.9	82.0	82.400	-0.5%	(0.4)
Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.5	0.5	0.5	0.7	6.8	6.700	0.9%	0.1
Insurance Premiums Tax	0.5	45.7	1.0	1.2	45.1	-	2.8	35.1	1.3	1.5	39.3	2.4	176.1	188.000	-6.3%	(11.9)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.7	13.7	13.700	0.0%	0.0
Motor Vehicle Excise Tax	16.3	13.5	12.7	11.7	12.7	11.1	11.5	10.7	13.2	12.8	13.0	12.7	151.9	151.000	0.6%	0.9
Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	4.8	6.0	6.3	7.0	6.1	6.4	6.0	68.7	70.100	-2.0%	(1.4)
Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.5	0.5	5.2	5.200	0.8%	0.0
Other	0.0	0.4	0.4	(0.3)	(0.0)	0.4	0.8	0.5	0.3	0.3	0.3	0.4	3.4	3.2	NA	0.1
<b>TOTAL SELECTIVE SALES TAXES</b>	<b>29.6</b>	<b>73.2</b>	<b>28.2</b>	<b>26.2</b>	<b>68.8</b>	<b>24.1</b>	27.8	59.7	29.5	28.3	67.1	45.3	507.8	520.3	-2.4%	(12.5)
Withholding	102.4	86.4	128.0	98.1	84.0	141.0	99.3	103.4	131.6	98.6	102.5	120.0	1,295.3	1,293.8	0.1%	1.5
Final Settlements	-	13.4	45.3	23.6	12.0	33.1	57.8	12.3	37.0	152.0	22.9	69.0	478.4	466.1	2.6%	12.3
Oil and Gas Withholding Tax	-	2.2	6.8	7.7	5.4	4.5	12.5	3.5	5.6	11.8	6.1	26.2	92.3	93.1	-0.9%	(0.8)
Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	0.6	0.7	(0.2)	12.3	0.8	4.3	(1.2)	17.9	21.0	-14.7%	(3.1)
<b>Gross Personal Income Tax</b>	<b>102.3</b>	<b>103.0</b>	<b>179.4</b>	<b>129.6</b>	<b>101.6</b>	<b>179.2</b>	170.2	118.9	186.6	263.3	135.7	214.1	1,883.9	1,874.1	0.5%	9.8
Refunds	6.6	8.6	9.2	11.7	4.7	70.7	105.8	79.9	54.2	22.6	15.3	9.4	398.6	443.8	-10.2%	(45.2)
Retiree Health Care	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	29.3	29.3	0.0%	0.0
<b>Less: Refunds, distributions to other funds</b>	<b>9.0</b>	<b>11.0</b>	<b>11.6</b>	<b>14.2</b>	<b>7.1</b>	<b>73.2</b>	108.2	82.4	56.6	25.0	17.7	11.9	427.9	473.1	-9.6%	(45.2)
<b>NET PERSONAL INCOME TAX</b>	<b>93.3</b>	<b>92.0</b>	<b>167.8</b>	<b>115.4</b>	<b>94.5</b>	<b>106.1</b>	62.0	36.6	130.0	238.2	118.0	202.2	1,456.0	1,401.0	3.9%	55.0
Gross Corporate Payments	-	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	7.7	33.4	23.0	12.5	61.3	213.1	223.0	-4.4%	(9.9)
Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	0.0
<b>NET CORPORATE INCOME TAX</b>	<b>-</b>	<b>(5.4)</b>	<b>3.6</b>	<b>43.4</b>	<b>(9.1)</b>	<b>(3.6)</b>	46.4	7.7	33.4	23.0	12.5	61.3	213.1	223.0	-4.4%	(9.9)
<b>TOTAL INCOME TAXES</b>	<b>93.3</b>	<b>86.6</b>	<b>171.4</b>	<b>158.8</b>	<b>85.4</b>	<b>102.4</b>	108.4	44.3	163.3	261.2	130.5	263.5	1,669.1	1,624.0	2.8%	45.1
Oil and Gas School Tax	24.6	22.9	23.2	23.8	19.5	19.5	19.6	17.9	20.8	20.0	18.9	19.2	250.0	248.5	0.6%	1.5
Oil Conservation Tax	1.2	1.1	1.1	1.1	0.9	0.1	1.1	1.0	1.2	1.1	1.3	1.0	12.2	13.3	-8.5%	(1.1)
Resources Excise Tax	1.1	1.0	0.4	-	0.8	1.1	1.7	1.3	1.4	1.2	1.5	1.4	12.8	13.0	-1.3%	(0.2)
Natural Gas Processors Tax	1.6	1.7	1.8	-	1.7	1.5	1.8	1.7	1.9	1.9	1.8	2.0	19.3	19.7	-1.8%	(0.4)
<b>TOTAL MINERAL PROD. TAXES</b>	<b>28.6</b>	<b>26.7</b>	<b>26.5</b>	<b>25.0</b>	<b>23.0</b>	<b>22.2</b>	24.1	21.9	25.2	24.1	23.5	23.6	294.3	294.5	-0.1%	(0.2)
<b>LICENSE FEES</b>	<b>2.190</b>	<b>2.042</b>	<b>2.408</b>	<b>2.042</b>	<b>2.034</b>	<b>8.618</b>	3.814	3.751	8.775	15.054	3.050	2.565	56.344	54.500	3.4%	1.8
Land Grant Perm. Fund Distributions	46.2	46.2	46.2	46.2	46.2	46.3	46.0	46.0	46.0	46.0	46.0	46.0	553.5	553.2	0.0%	0.2
State Treasurer's Earnings	2.1	0.0	5.4	(1.9)	(3.3)	(1.5)	2.7	3.3	1.0	0.7	0.7	2.4	11.7	15.0	-22.0%	(3.3)
Severance Tax Perm. Fund Distributions	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	193.5	193.5	0.0%	(0.0)
<b>TOTAL INVESTMENT EARNINGS</b>	<b>64.4</b>	<b>62.3</b>	<b>67.7</b>	<b>60.5</b>	<b>59.1</b>	<b>60.8</b>	64.8	65.5	63.1	62.9	62.8	64.6	758.7	761.7	-0.4%	(3.1)
Federal Mineral Leasing Royalties	30.9	35.0	29.5	88.7	33.2	29.7	27.4	26.7	26.0	24.5	27.1	27.9	406.8	400.0	1.7%	6.8
State Land Office Bonuses, Rents	9.9	2.2	6.6	6.0	8.6	3.8	2.2	2.2	2.2	1.6	2.6	3.4	51.3	50.0	2.6%	1.3
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>40.8</b>	<b>37.2</b>	<b>36.1</b>	<b>94.7</b>	<b>41.9</b>	<b>33.5</b>	29.6	28.9	28.2	26.1	29.8	31.3	458.1	450.0	1.8%	8.1
<b>TRIBAL REVENUE SHARING</b>	<b>0.8</b>	<b>0.0</b>	<b>15.6</b>	<b>0.7</b>	<b>0.0</b>	<b>14.9</b>	0.2	0.1	15.9	0.1	0.1	15.8	64.2	64.3	-0.1%	(0.1)
<b>MISCELLANEOUS RECEIPTS</b>	<b>0.8</b>	<b>1.0</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>	<b>17.9</b>	3.0	4.7	2.3	4.9	5.3	25.2	68.1	56.5	20.6%	11.6
<b>REVERSIONS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>1.2</b>	4.2	1.7	7.3	0.8	4.7	28.2	48.3	50.0	-3.4%	(1.7)
<b>TOTAL RECURRING REVENUE</b>	<b>430.3</b>	<b>459.4</b>	<b>497.4</b>	<b>514.6</b>	<b>454.9</b>	<b>493.7</b>	<b>444.5</b>	<b>399.8</b>	<b>524.5</b>	<b>614.4</b>	<b>513.2</b>	<b>720.7</b>	<b>6,067.4</b>	<b>6,020.2</b>	<b>0.8%</b>	<b>47.1</b>
Non-Recurring	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	-	-	-	-	-	-	5.4	5.5	NA	(0.1)
<b>TOTAL NON-RECURRING REVENUE</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.1)</b>	-	-	-	-	-	-	<b>5.4</b>	<b>5.5</b>	<b>NA</b>	<b>(0.1)</b>
<b>GRAND TOTAL REVENUE</b>	<b>430.3</b>	<b>459.3</b>	<b>497.2</b>	<b>514.6</b>	<b>455.1</b>	<b>493.6</b>	<b>444.5</b>	<b>399.8</b>	<b>524.5</b>	<b>614.4</b>	<b>513.2</b>	<b>720.7</b>	<b>6,072.7</b>	<b>6,025.7</b>	<b>0.8%</b>	<b>47.0</b>