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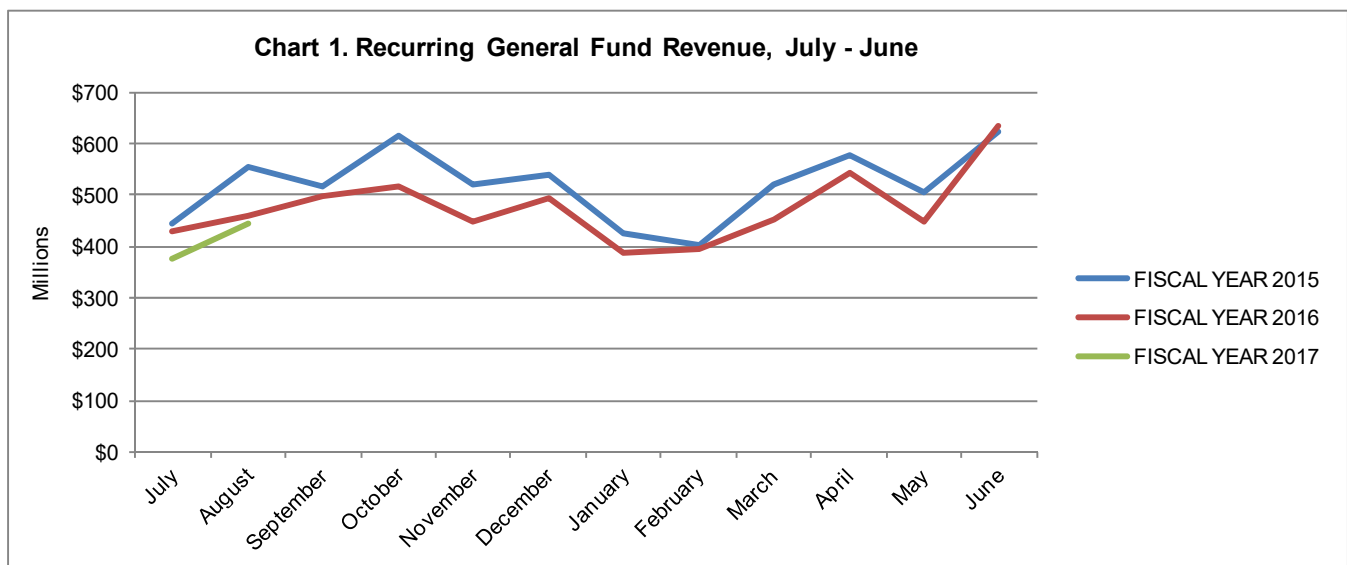
November 15, 2016



General Fund Revenue Tracking Report: Accruals through August 2016

This general fund revenue tracking report reflects revenue accruals through August 2016 as reported by the Department of Finance and Administration. These numbers may change as a result of audit processes.

Summary. Chart 1 compares total recurring revenue between FY15, FY16, and August FY17. Total recurring revenue collection for FY17 through August was \$821.1 million, down 7.7 percent from the same period a year ago. This compares with the August 2016 consensus revenue estimate of a 0.6 percent increase in revenue for the full fiscal year.

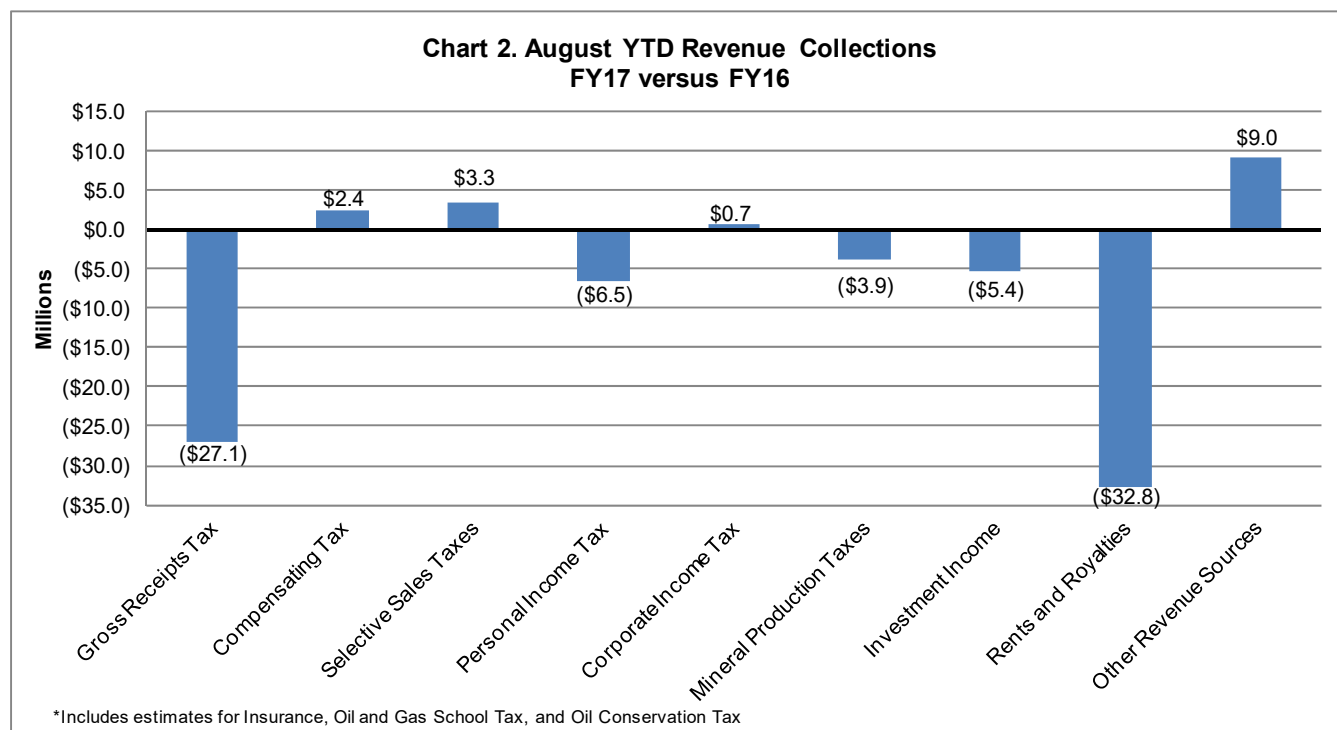


Traditionally, projections for revenue collections through the end of the fiscal year are based on historical monthly shares of revenue collections by revenue source. Recurring revenues are tracking at slightly less than \$5.7 billion, or \$18.9 million below the August estimate of just over \$5.7 billion. However, unaudited June FY16 revenues appeared higher than the estimate. The consensus revenue estimating group made estimates based on historical data of how revenues received at the end of the fiscal year would be booked between FY16 and FY17, and it appears the weakness at the start of FY17 is partly accounting, rather than economic, weakness.

August and Year-To-Date Revenues. Table 1 and Chart 2 present the components of fiscal year-to-date (FYTD) revenue through August for FY17 versus FY16.

Table 1. General Fund Revenue Accruals: FY17 vs. FY16							
Revenue Category	August Revenue FY16	August Revenue FY17	Fiscal Year-to-Date Through August		Year-over- Year Amount Change	Year- over- Year Growth	Projected Full- Year Growth: August 2016 Forecast
	FY16	FY17	FY16	FY17			
Gross Receipts Tax	\$ 167.0	\$ 158.8	\$334.2	\$307.2	(\$27.1)	-8.1%	-0.6%
Compensating Tax	\$ 3.3	\$ 4.4	\$5.8	\$8.2	\$2.4	41.5%	6.0%
Selective Sales Taxes *	\$ 73.2	\$ 82.0	\$102.8	\$106.1	\$3.3	3.2%	3.0%
Personal Income Tax	\$ 92.0	\$ 88.8	\$185.3	\$178.8	(\$6.5)	-3.5%	1.6%
Corporate Income Tax	\$ (5.4)	\$ (4.7)	(\$5.4)	(\$4.7)	\$0.7	-12.8%	-16.7%
Mineral Production Taxes *	\$ 26.7	\$ 26.6	\$55.3	\$51.4	(\$3.9)	-7.1%	18.2%
License Fees	\$ 2.0	\$ 2.7	\$4.2	\$5.0	\$0.7	17.2%	1.3%
Investment Income	\$ 62.3	\$ 59.8	\$126.8	\$121.4	(\$5.4)	-4.3%	-1.1%
Rents and Royalties	\$ 37.2	\$ 25.5	\$78.0	\$45.2	(\$32.8)	-42.1%	-3.4%
Tribal Revenue Sharing	\$ 0.0	\$ -	\$0.8	\$0.7	(\$0.1)	-18.1%	-0.5%
Miscellaneous Receipts	\$ 1.0	\$ 0.9	\$1.8	\$2.0	\$0.2	9.5%	13.1%
Reversions	\$ 0.0	\$ 0.0	\$0.0	\$0.0	\$0.0	n/a	-11.1%
Subtotal Recurring Revenue	\$ 459.4	\$ 444.8	\$889.7	\$821.1	(\$68.6)	-7.7%	0.6%
Nonrecurring Revenue	\$ (0.1)	\$ 0.2	(\$0.1)	\$8.2	\$8.3	n/a	n/a
Total Revenue	\$ 459.3	\$ 445.1	\$889.6	\$829.4	(\$60.3)	-6.8%	1.4%

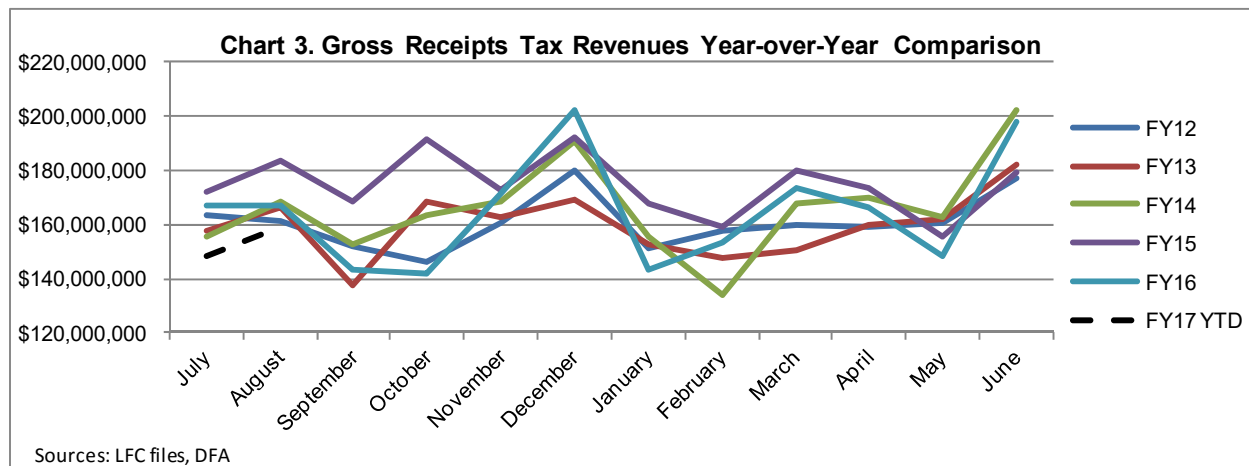
*Includes estimates for Insurance, Oil and Gas School Tax, and Oil Conservation Tax



Gross receipts tax (GRT) revenue for August represented the lowest August number recorded since August 2010, repeating the same occurrence in July. This appears to be due to two factors: the impact of the recent HealthSouth decision allowing hospitals to claim additional medical deductions – a decision that was corrected moving forward through legislation enacted during the 2016 special legislative session – and accounting weakness due to

unexpectedly high unaudited June numbers. Most other revenue sources for the month came in relatively in line with revenues from August 2015, although selective sales taxes came in nearly \$10 million higher, and rents and royalties came in nearly \$12 million lower.

Year-to-date through August, gross receipts taxes were down \$27.1 million, or 8.1 percent, from the same period in the prior year, and rents and royalties were down \$32.8 million, or 42.1 percent. On a positive note, compensating taxes appear to be rising – while only up \$2.4 million year-to-date on a dollar basis, this is a 41.5 percent increase from a year ago. Most other revenue sources exhibited very small changes.



Revenue Tracking. The last page provides the general fund revenue tracking report and chart for FY17. The report details the actual revenues received year-to-date and the estimated revenues for the remainder of the fiscal year. Note that revenues can vary considerably within a given month, and trends are difficult to accurately estimate with less than one full quarter of data for FY17.

Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$295,199,511	-41.3%
Utilities	\$435,817,124	3.9%
Construction	\$1,019,288,310	-1.1%
Manufacturing	\$238,277,243	-26.4%
Wholesale Trade	\$297,426,616	-30.6%
Retail Trade	\$1,958,911,067	-3.3%
Transportation and Warehousing	\$88,809,928	-22.4%
Information	\$423,476,509	-2.2%
Real Estate and Rental and Leasing	\$194,241,188	-12.5%
Professional, Scientific, and Technical Services	\$990,791,236	-6.3%
Administrative/Support & Waste Management/Remediation	\$183,765,364	-2.0%
Health Care and Social Assistance	\$411,207,619	-4.7%
Leisure and Hospitality Services	\$769,588,347	-0.4%
Other Industries	\$877,479,451	n/a
Total	\$8,184,279,513	-8.2%

Gross Receipts. Table 2 reports fiscal-year-to-date matched taxable gross receipts (TGR) by industry between FY16 and FY17 for August. Matched TGR reconciles tax returns against payments to account for total revenues generated by business activity within a given month. Total matched TGR decreased by 8.2 percent compared with the same period in the prior fiscal year – a slight improvement from a drop of 8.5 percent in July. Only one of the 14 industries shown in Table 2, the utilities industry, increased year-over-year, and it was a small gain of 3.9 percent. Mining continued to lead the declines with a drop of 41.3 percent. However, two months of reporting can be highly variable. The first full quarter of data for FY17 should provide more valuable insight into industry trends.

Oil and Gas. Chart 4 presents the oil and gas production data reported by the Energy, Minerals and Natural Resources Department’s Oil Conservation Division. Reporting by producers is due 45 days after the production month. Oil production reported for August was 11.9 million barrels, down 6.8 percent year-over-year from 12.8 million barrels in August 2015. Production declined by 2.8 percent, or 2.8 million barrels, during the first eight months of 2016 compared with the same period a year ago. The average active drilling rig count in August was 30, up six rigs from July but down by 42 percent from the 52 active rigs in August 2015. Oil markets rose only slightly during August to an average of \$44.72/bbl from \$44.65/bbl in June, while gas remained at its July price of \$2.91/mcf in August.

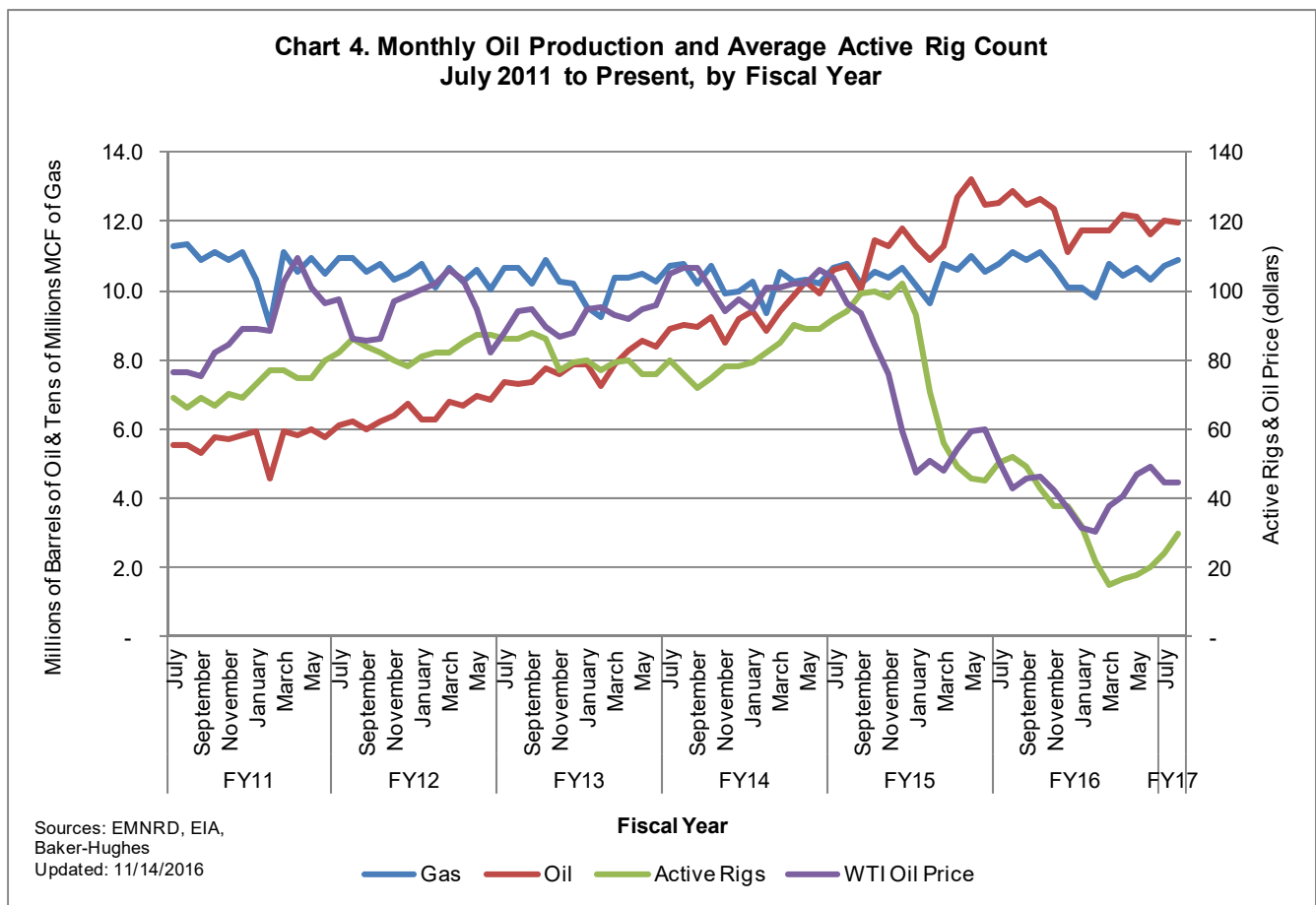


Chart 5 presents oil price data (ONGARD) and an average weighted West Texas Intermediate (WTI) price as indicated by the U.S. Energy Information Administration (EIA), Global Insight (GI), and NYMEX futures. The weighted WTI includes a price differential of -\$4.20/bbl, which represents the average price difference between New Mexico oil prices and WTI prices. Estimates from the major price forecasting entities were revised downward reflecting lower expected oil prices in FY17 and FY18.

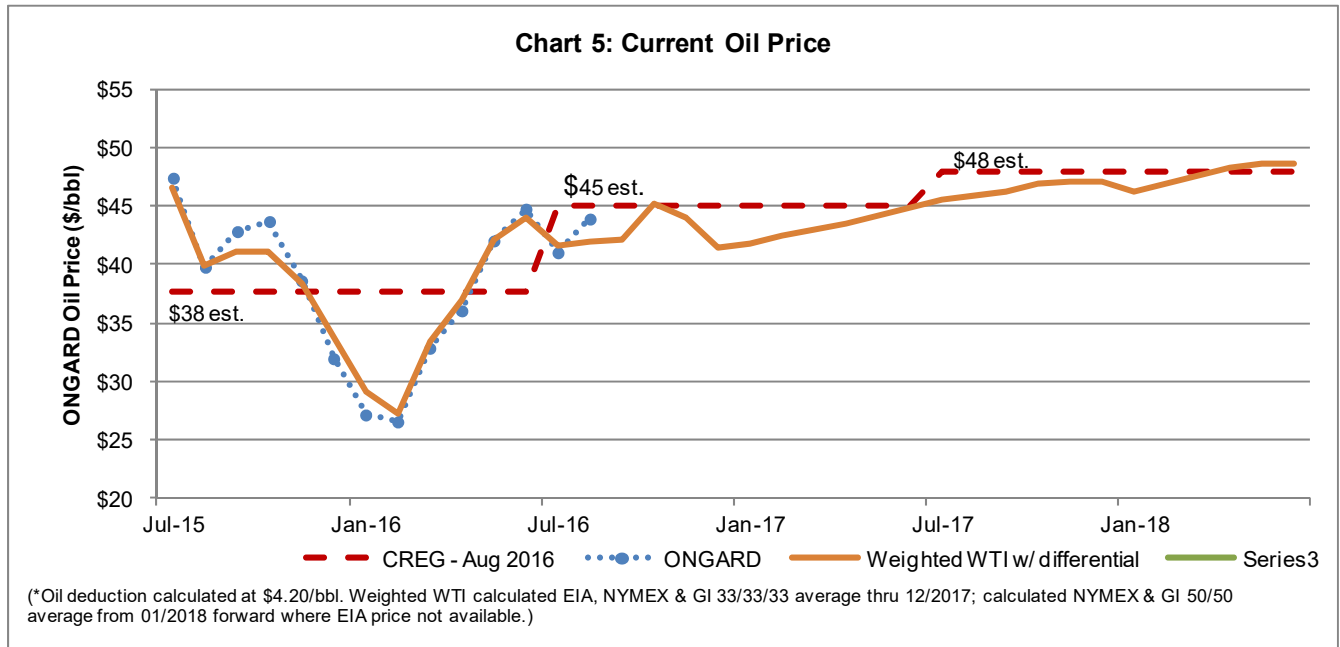
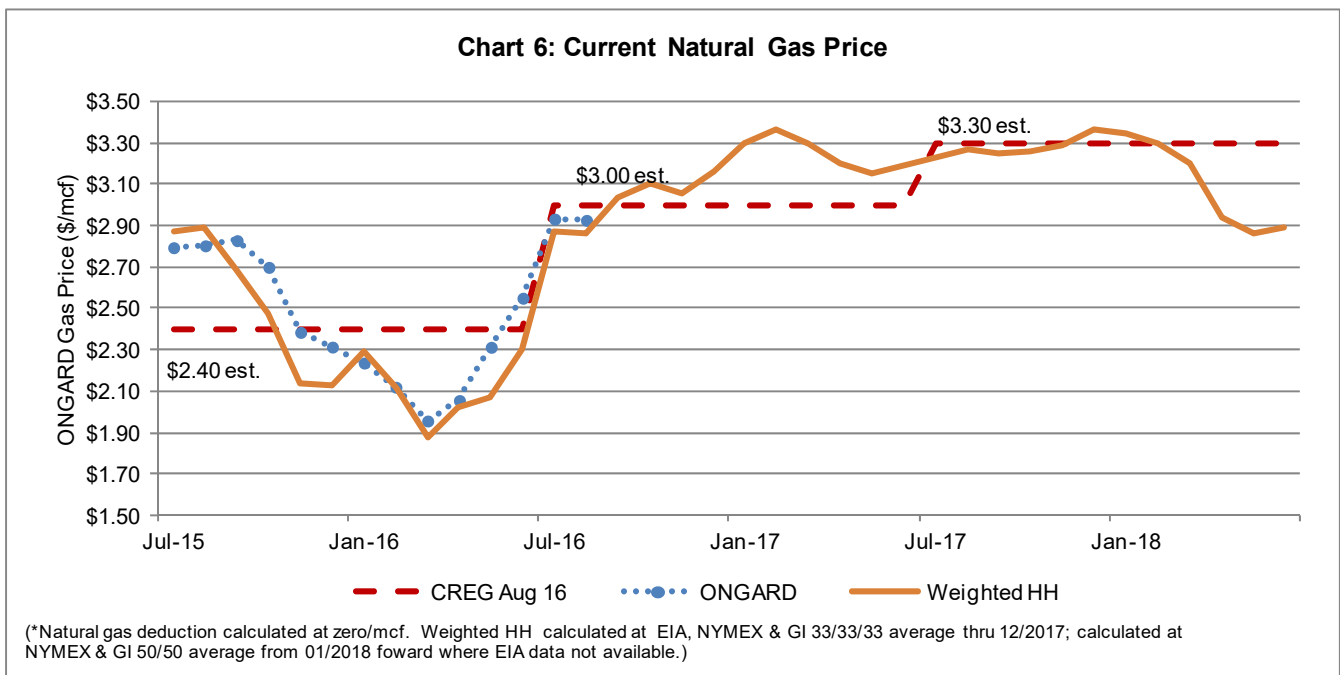
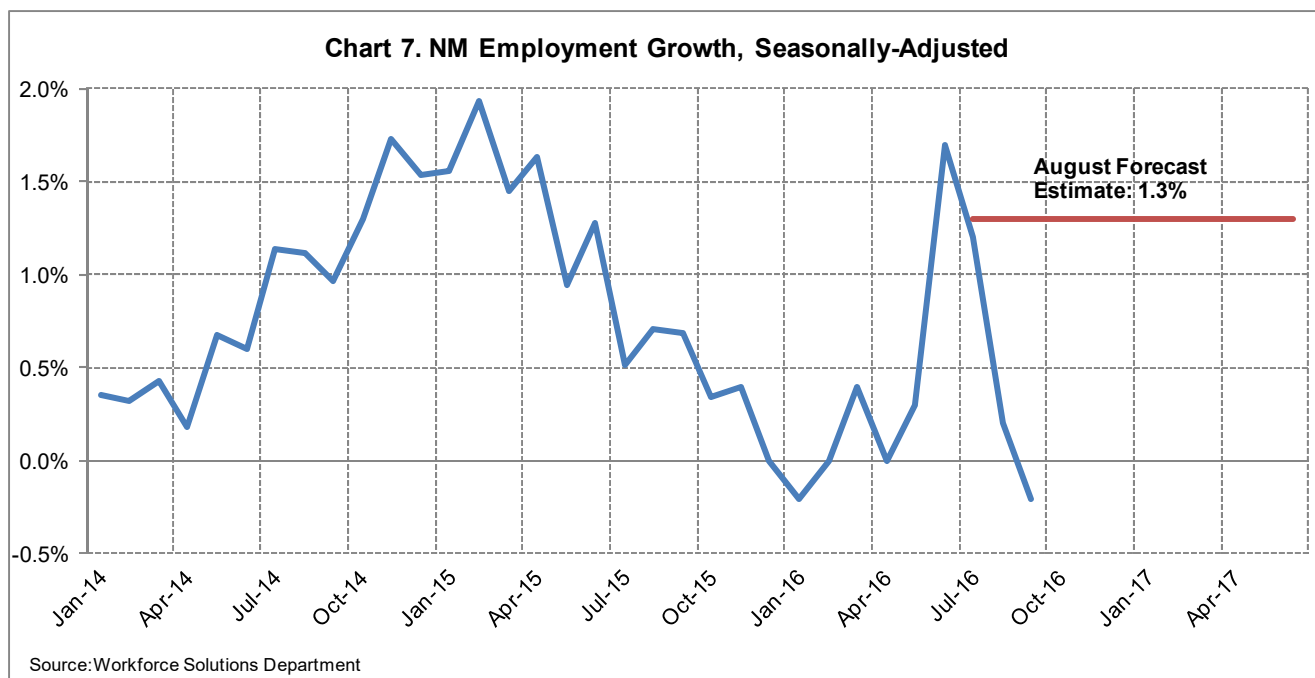


Chart 6 presents natural gas price data (ONGARD) and an average Henry Hub (HH) price as indicated by EIA, GI, and NYMEX. No price differential for natural gas is included in the chart. Natural gas price forecasts for FY17 and FY18 remain on par with forecasts reported in July.





Employment and Income Trends. New Mexico lost 2,000 jobs year-over-year in September, a 0.2 percent decline, according to the Workforce Solutions Department. The economic forecasts used by the consensus revenue estimating group for the August estimate predicted an average of 1.3 percent growth for FY17. National employment growth was 1.7 percent for September. Most states in the region met or exceeded the national growth rate, but Oklahoma and Wyoming also experienced losses of 0.7 percent and 3.2 percent, respectively.

Half of the industry sectors posted job losses and half posted job gains for the month. Education and health services continued to lead job growth in the state, gaining 6,100 jobs, or 4.6 percent year-over-year. Growth in the leisure and hospitality industry slowed from its pace over the last few years to a more modest 1.4 percent – a gain of 1,300 jobs. However, the growth rate in the professional and business services sector increased to 2.6 percent, and the gain of 2,600 jobs was the second largest since August 2007, surpassed only by the 3,900-job gain in June 2016.

Job losses were led by the mining sector with a decline of 6,900 jobs, or 27.9 percent year-over-year. This ties for the second greatest number of job losses in the industry since the peak decline of 7,600 jobs in February, falling below some projections the industry would have hit bottom by now and job losses would have leveled off after oil prices and active rig counts increased over the last six months. The manufacturing sector shed 5.4 percent of its workforce, or 1,500 jobs, wholesale trade lost 4.7 percent, or 1,000 jobs, and retail trade lost 2.3 percent, or 2,100 jobs.

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 May and finalized in August 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 “FY17 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY17 Forecast” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms, respectively.

FISCAL YEAR 2017 GENERAL FUND MONTHLY REVENUE TRACKING

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

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Row #		ESTIMATED REVENUE ACCRUALS												FY17	TRACKING CHANGE (Δ)		
		July Actual	Aug Actual	Sept Est.	Oct Est.	Nov Est.	Dec Est.	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.	Actual + Estimate	FY 17 Forecast	YTD % Δ	YTD \$ Δ
1	Gross Receipts Tax	148.4	158.8	151.1	163.0	163.3	180.7	154.6	148.1	153.5	165.2	155.1	185.7	1,927.4	1,944.5	-0.9%	(17.1)
2	Compensating Tax	3.9	4.4	4.6	4.8	3.7	4.2	3.8	3.7	4.4	3.8	3.9	4.8	50.0	49.5	1.0%	0.5
3	TOTAL GENERAL SALES TAXES	152.2	163.2	155.7	167.8	166.9	184.9	158.4	151.8	157.9	169.0	159.0	190.5	1,977.4	1,994.0	-0.8%	(16.6)
4	Tobacco Products & Cigarette Taxes	6.2	8.2	6.3	6.3	6.1	6.5	5.5	5.9	6.2	6.2	5.9	8.0	77.2	75.0	2.9%	2.2
5	Liquor Excise Tax	0.5	0.6	0.6	0.6	0.6	0.7	0.4	0.5	0.6	0.6	0.6	0.7	6.9	6.9	-0.4%	(0.0)
6	Insurance Premiums Tax	0.2	53.5	2.0	2.0	53.5	2.0	2.0	53.5	2.0	2.0	53.5	2.0	228.2	230.0	-0.8%	(1.8)
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.1	13.1	0.0%	-	
8	Motor Vehicle Excise Tax	11.3	13.9	11.8	12.5	10.5	10.8	12.2	11.2	13.8	13.5	13.7	13.1	148.3	148.5	-0.2%	(0.2)
9	Gaming Excise Tax	5.2	4.7	5.0	4.9	4.9	5.1	5.0	5.2	5.8	5.2	5.5	4.9	61.5	62.0	-0.8%	(0.5)
10	Leased Vehicle Surcharge	0.5	0.6	0.5	0.6	0.4	0.3	0.3	0.3	0.4	0.4	0.5	0.5	5.4	5.4	0.4%	0.0
11	Other	0.1	0.5	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.3	2.1	13.1%	0.3
12	TOTAL SELECTIVE SALES TAXES	24.2	82.0	26.4	27.1	76.1	25.6	25.7	76.8	28.9	28.0	79.8	42.4	542.9	543.0	0.0%	(0.0)
13	Withholding	99.4	86.0	100.8	96.5	93.9	135.2	94.4	98.8	107.7	94.8	99.1	108.8	1,215.5	1,222.8	-0.6%	(7.3)
14	Final Settlements	-	12.3	41.6	17.1	11.5	20.9	52.8	11.6	34.2	139.9	25.7	63.7	431.4	434.0	-0.6%	(2.6)
15	Oil and Gas Withholding Tax	-	0.2	3.7	12.4	2.5	3.7	11.9	3.0	4.2	10.8	5.4	16.3	74.2	75.6	-1.9%	(1.4)
16	Fiduciary Tax	(0.3)	0.3	(0.2)	0.0	0.3	0.9	(0.0)	(0.0)	3.5	0.4	1.4	(0.3)	6.0	7.0	-13.8%	(1.0)
17	Gross Personal Income Tax	99.1	98.9	146.0	126.1	108.2	160.8	159.1	113.4	149.7	246.0	131.6	188.5	1,727.2	1,739.4	-0.7%	(12.2)
18	Transfer to PIT Suspense	(6.4)	(7.4)	(8.2)	(6.4)	(6.9)	(88.2)	(95.6)	(67.7)	(43.6)	(18.5)	(11.2)	(7.4)	(367.6)	(367.7)	0.0%	0.1
19	Retiree Health Care	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(3.0)	(32.7)	(32.7)	0.0%	0.0
20	Less: Refunds, distributions to other funds	(9.1)	(10.1)	(10.9)	(9.1)	(9.6)	(90.9)	(98.3)	(70.4)	(46.3)	(21.2)	(13.9)	(10.4)	(400.3)	(400.4)	0.0%	0.1
21	NET PERSONAL INCOME TAX	90.0	88.8	135.1	116.9	98.6	69.9	60.8	43.0	103.4	224.8	117.6	178.1	1,326.9	1,339.0	-0.9%	(12.1)
22	Gross Corporate Payments	-	(4.7)	1.5	16.2	9.4	(1.0)	22.9	(1.2)	14.7	6.3	6.9	20.6	91.6	100.0	-8.4%	(8.4)
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	NET CORPORATE INCOME TAX	-	(4.7)	1.5	16.2	9.4	(1.0)	22.9	(1.2)	14.7	6.3	6.9	20.6	91.6	100.0	-8.4%	(8.4)
25	TOTAL INCOME TAXES	90.0	84.1	136.5	133.1	108.0	68.9	83.7	41.8	118.1	231.1	124.5	198.8	1,418.5	1,439.0	-1.4%	(20.5)
26	Oil and Gas School Tax	22.0	23.9	22.0	23.8	23.2	24.9	25.1	22.9	26.6	25.6	24.3	24.5	288.8	289.5	-0.2%	(0.7)
27	Oil Conservation Tax	1.0	1.1	1.1	1.2	1.1	1.2	1.1	1.1	1.2	1.1	1.4	1.0	13.7	13.8	-0.7%	(0.1)
28	Resources Excise Tax	0.8	0.8	1.5	1.1	1.2	1.0	1.3	1.0	1.1	0.9	1.1	1.1	13.0	13.0	0.0%	(0.0)
29	Natural Gas Processors Tax	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	10.0	10.0	-0.3%	(0.0)
30	TOTAL MINERAL PROD. TAXES	24.7	26.6	25.5	26.9	26.3	27.9	28.3	25.8	29.8	28.5	27.6	27.5	325.5	326.3	-0.3%	(0.8)
31	LICENSE FEES	2.2	2.7	3.9	3.2	3.1	15.6	7.1	3.3	3.3	3.1	3.3	3.2	54.1	55.5	-2.5%	(1.4)
32	Land Grant Perm. Fund Distributions	45.1	45.1	44.9	44.9	44.9	44.9	44.9	44.9	44.9	44.9	44.9	44.9	538.7	538.2	0.1%	0.5
33	State Treasurer's Earnings	(0.2)	(2.0)	1.1	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	16.4	23.3	-29.6%	(6.9)
34	Severance Tax Perm. Fund Distributions	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	200.6	200.6	0.0%	(0.0)
35	TOTAL INVESTMENT EARNINGS	61.6	59.8	62.7	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	755.6	762.1	-0.8%	(6.5)
36	Federal Mineral Leasing Royalties	19.6	22.3	33.1	52.8	26.4	26.4	26.4	26.4	26.4	26.4	26.4	96.3	409.0	376.0	8.8%	33.0
37	State Land Office Bonuses, Rents	0.1	3.2	7.1	4.6	2.9	4.0	3.7	3.6	3.5	3.3	5.2	5.1	46.2	52.7	-12.4%	(6.5)
38	TOTAL RENTS & ROYALTIES	19.7	25.5	40.2	57.4	29.3	30.4	30.1	30.0	29.9	29.7	31.6	101.4	455.2	428.7	6.2%	26.5
39	TRIBAL REVENUE SHARING	0.7	-	15.3	0.1	0.0	14.4	0.2	0.2	15.6	0.2	0.1	15.5	62.4	61.9	0.9%	0.5
40	MISCELLANEOUS RECEIPTS	1.1	0.9	1.2	1.2	1.7	10.8	2.8	1.1	11.6	6.1	1.6	17.6	57.8	58.0	-0.4%	(0.2)
41	REVERSIONS	-	0.0	0.1	0.2	0.4	0.3	3.1	1.2	7.1	0.4	2.0	25.1	40.0	40.0	0.0%	0.0
42	TOTAL RECURRING REVENUE	376.3	444.8	467.4	480.5	475.5	442.5	402.9	395.6	465.6	559.7	493.0	685.5	5,689.4	5,708.4	-0.3%	(19.1)
43	Non-Recurring	8.0	0.2	-	-	-	-	-	-	-	-	-	54.0	62.2	62.0	0.2	0.2
44	TOTAL NON-RECURRING REVENUE	8.0	0.2	-	-	-	-	-	-	-	-	-	54.0	62.2	62.0	0.2	0.2
45	GRAND TOTAL REVENUE	384.3	445.1	467.4	480.5	475.5	442.5	402.9	395.6	465.6	559.7	493.0	739.5	5,751.6	5,770.4	-0.3%	(18.9)

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns; the FML estimate for June includes \$69.9 million from a BLM lease sale (the month in which the revenue will be received is uncertain)