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February 28, 2017



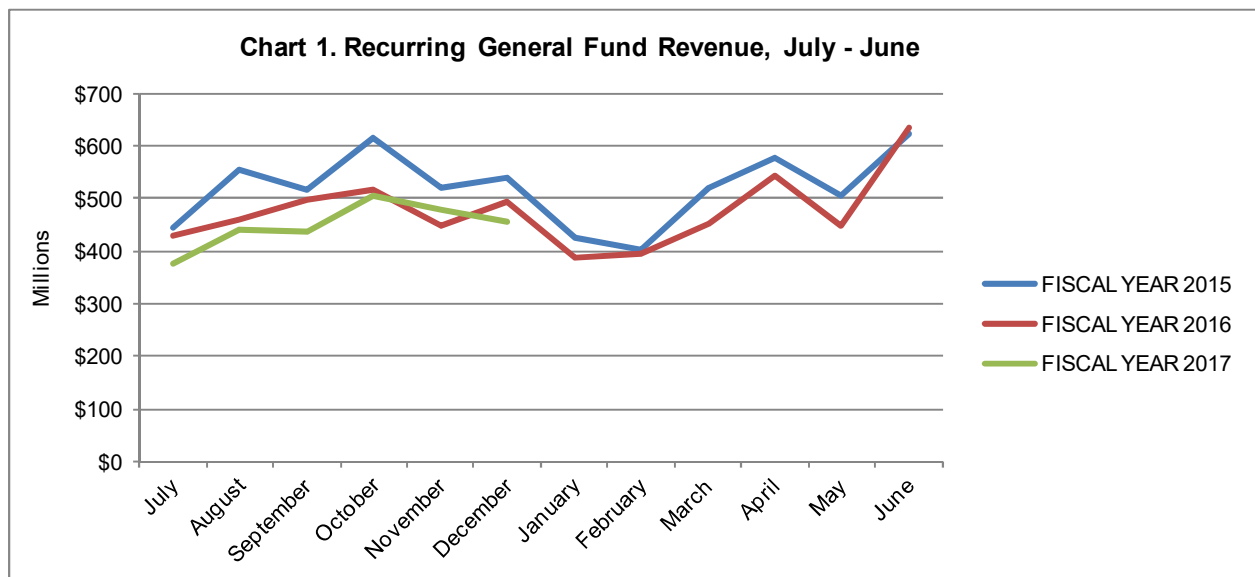
**General Fund Revenue Tracking Report: Accruals through December 2016**

This general fund revenue tracking report reflects revenue accruals through December 2016 as reported by the Department of Finance and Administration.

**Summary.** December recurring revenues were \$455.8 million, down \$37.6 million, or 7.6 percent, from a year ago. Year-to-date recurring revenues are down \$154.4 million, or 5.4 percent, from the first half of FY16. November was the first month of FY17 in which monthly revenues were greater than the prior year, but December revenues and the first half of the fiscal year overall came in below the previous year.

Gross receipts tax (GRT) revenue for December came in slightly weak at \$192.2 million. Personal income tax revenues fell \$23.3 million, or 22 percent, from December 2015. Corporate income tax revenue continued its substantial decline, down \$24.7 million year-to-date, or 85.3 percent, from the year-to-date amount received in FY16. Monthly federal mineral leasing royalties were on par with amounts received a year ago; however, the state has yet to receive an expected \$69.9 million from BLM lease sale revenues. BLM reports this revenue should arrive by March.

Chart 1 compares total recurring revenue between FY15, FY16, and FY17. Total recurring revenue collection for FY17 through December was \$2.7 billion, down 5.4 percent from the same period a year ago. This compares with the December 2016 consensus revenue estimate of a 1.9 percent decrease in revenue for the full fiscal year. In February 2017, the consensus revenue estimating group (CREG) released a memo indicating the state revenue projections are unchanged from the December 2016 forecast.

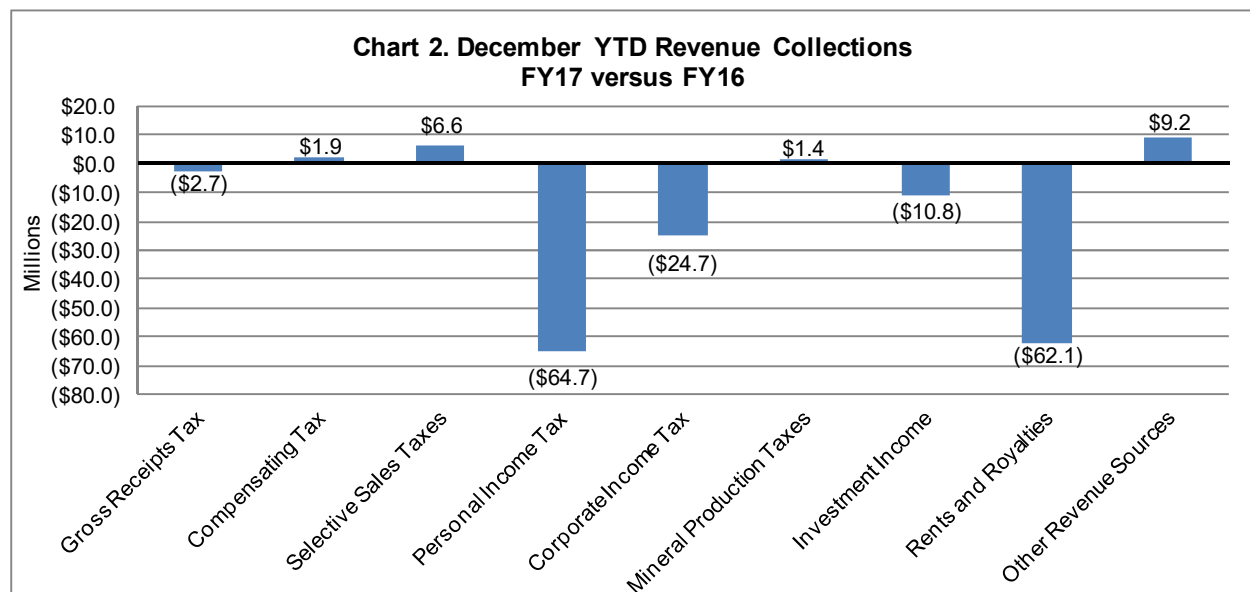


Traditionally, projections for revenue collections through the end of the fiscal year are based on historical monthly shares of revenue collections by revenue source. Recurring revenues are tracking at \$15.4 million, or 0.3 percent, above the December estimate of \$5.6 billion (see last page for revenue tracking).

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

Revenue Category	December Revenue	December Revenue	Fiscal Year-to-Date Through December		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: Dec. 2016 Forecast
	FY16	FY17	FY16	FY17			
Gross Receipts Tax	\$ 202.3	\$ 192.2	\$993.2	\$990.5	(\$2.7)	-0.3%	-5.4%
Compensating Tax	\$ 5.7	\$ 5.5	\$22.4	\$24.3	\$1.9	8.5%	6.7%
Selective Sales Taxes *	\$ 25.6	\$ 26.2	\$252.6	\$259.2	\$6.6	2.6%	0.7%
Personal Income Tax	\$ 106.1	\$ 82.7	\$669.0	\$604.3	(\$64.7)	-9.7%	0.3%
Corporate Income Tax	\$ (3.6)	\$ (8.4)	\$28.9	\$4.3	(\$24.7)	-85.3%	-40.9%
Mineral Production Taxes *	\$ 20.4	\$ 26.5	\$153.4	\$154.8	\$1.4	0.9%	11.0%
License Fees	\$ 8.6	\$ 9.0	\$19.3	\$20.8	\$1.5	7.6%	1.7%
Investment Income	\$ 60.8	\$ 62.0	\$375.0	\$364.1	(\$10.8)	-2.9%	-3.8%
Rents and Royalties	\$ 33.5	\$ 33.2	\$278.1	\$216.0	(\$62.1)	-22.3%	8.5%
Tribal Revenue Sharing	\$ 14.9	\$ 14.5	\$32.0	\$28.2	(\$3.8)	-11.7%	-0.3%
Miscellaneous Receipts	\$ 17.9	\$ 8.3	\$22.9	\$20.2	(\$2.7)	-11.8%	28.0%
Reversions	\$ 1.2	\$ 4.1	\$1.4	\$7.1	\$5.7	n/a	-32.1%
<b>Subtotal Recurring Rev.</b>	<b>\$ 493.4</b>	<b>\$ 455.8</b>	<b>\$2,848.2</b>	<b>\$2,693.8</b>	<b>(\$154.4)</b>	<b>-5.4%</b>	<b>-1.9%</b>
Nonrecurring Revenue	\$ (0.1)	\$ (0.2)	(\$0.1)	\$8.3	\$8.4	n/a	n/a
<b>Total Revenue</b>	<b>\$ 493.3</b>	<b>\$ 455.6</b>	<b>\$2,848.1</b>	<b>\$2,702.1</b>	<b>(\$146.0)</b>	<b>-5.1%</b>	<b>2.1%</b>

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



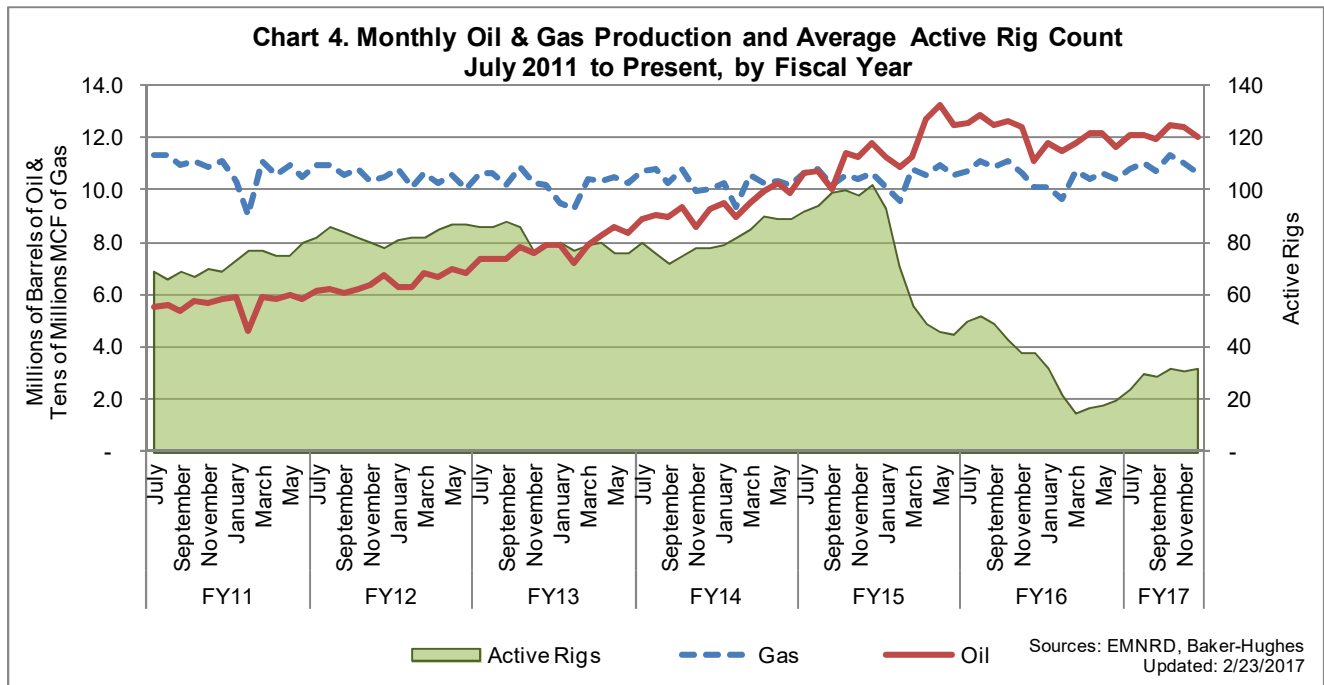
**Revenue Tracking.** The last page provides the general fund revenue tracking report and chart for FY17. The report details the actual revenues received year-to-date and the projected revenues for the remainder of the fiscal year based on the December 2016 consensus revenue estimate.

**Gross Receipts.** GRT revenues for December were slightly weaker than a year ago, but the revenues appear on track to exceed expectations from the December forecast. However, matched taxable gross receipts (MTGR), as shown on Table 2, demonstrates underlying economic activity remains substantially weaker in the first half of FY17 compared with the same period a year ago, down 4.2 percent. MTGR reconciles tax returns against payments to account for total revenues generated by business activity within a given month.

One reason for the strength in revenues compared with economic activity appears to be credit issues. In FY16, the state paid out \$58.2 million in high-wage jobs tax credit claims, while the CREG forecast projects \$36 million for the credit in FY17. Timing of these credits in the current and prior fiscal years could also be significantly impacting the disparity between MTGR and GRT, but reporting on credits paid by month would be needed from the Taxation and Revenue Department (TRD) to verify this assumption. Currently, TRD does not have the capability to run automated monthly credit reports; however, this data would be very useful for revenue estimates and tracking.

<b>Industry</b>	<b>Matched Taxable Gross Receipts</b>	<b>Year-over-Year Change</b>
Mining, Quarrying, and Oil and Gas Extraction	\$1,003,230,968	-26.4%
Utilities	\$1,191,126,426	25.9%
Construction	\$3,186,013,315	-1.4%
Manufacturing	\$681,677,220	-24.4%
Wholesale Trade	\$925,200,157	-19.1%
Retail Trade	\$6,243,430,917	0.2%
Transportation and Warehousing	\$295,008,866	-13.6%
Information	\$1,274,138,414	-2.3%
Real Estate and Rental and Leasing	\$590,966,993	-9.1%
Professional, Scientific, and Technical Services	\$3,025,188,729	-6.9%
Administrative/Support & Waste Management/Remediation	\$616,062,215	-10.3%
Health Care and Social Assistance	\$1,360,596,587	5.7%
Leisure and Hospitality Services	\$2,222,590,833	2.0%
Other Industries	\$2,695,601,096	n/a
<b>Total</b>	<b>\$25,310,832,735</b>	<b>-4.2%</b>

**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 December was 12 million barrels, up 7.9 percent from 11.1 million barrels in December 2015. Oil production declined by 1.7 percent, or 2.5 million barrels, during calendar year 2016 compared with 2015. The average active drilling rig count in December was 32, up one rig from November and down by 15.8 percent from the 38 active rigs in December 2015.



Natural gas production in December was 106.7 billion cubic feet, up 5.6 percent year-over-year from 101.1 billion cubic feet in December 2015. Gas production increased by 0.3 percent, or 3.8 billion cubic feet, in 2016 compared with 2015.

Oil markets rose in December to an average West Texas Intermediate (WTI) price of \$51.97/bbl, up from \$45.71/bbl in November. This represents the first time oil prices have reached over \$50/bbl since July 2015. The most recent ONGARD data show New Mexico oil was priced at \$42.18/bbl in November. Chart 5 presents New Mexico oil price data (ONGARD) and an average weighted 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. Future weighted WTI prices are currently estimated above the CREG forecast for FY17 and FY18, as oil markets have responded favorably to the recent agreement by the Organization of the Petroleum Exporting Countries (OPEC) to cut production.

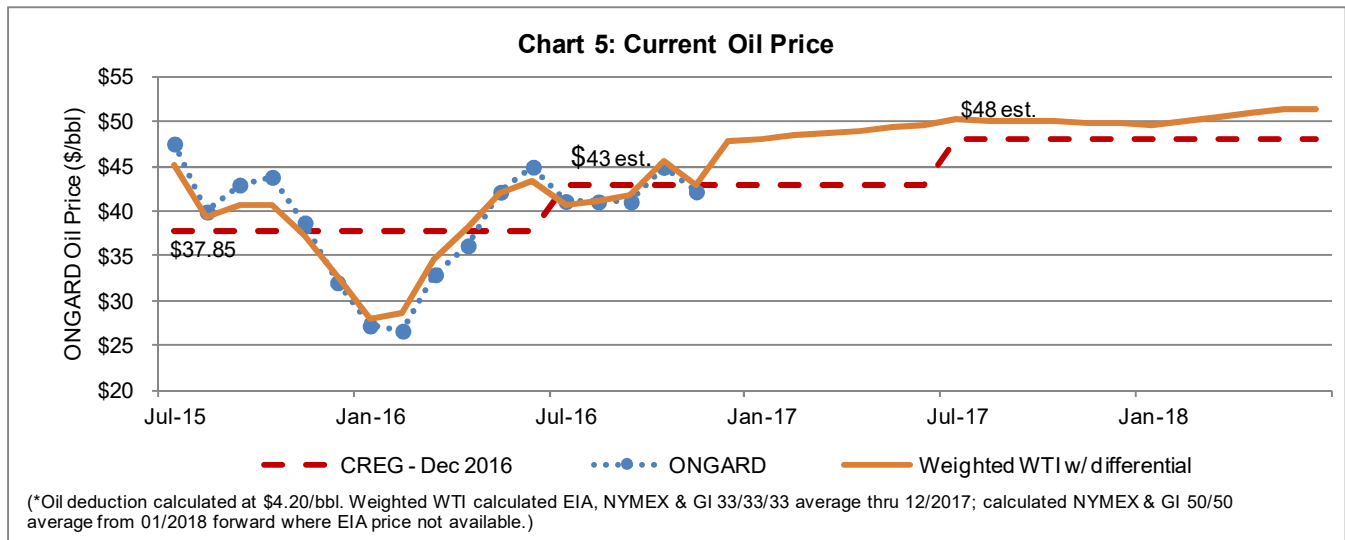
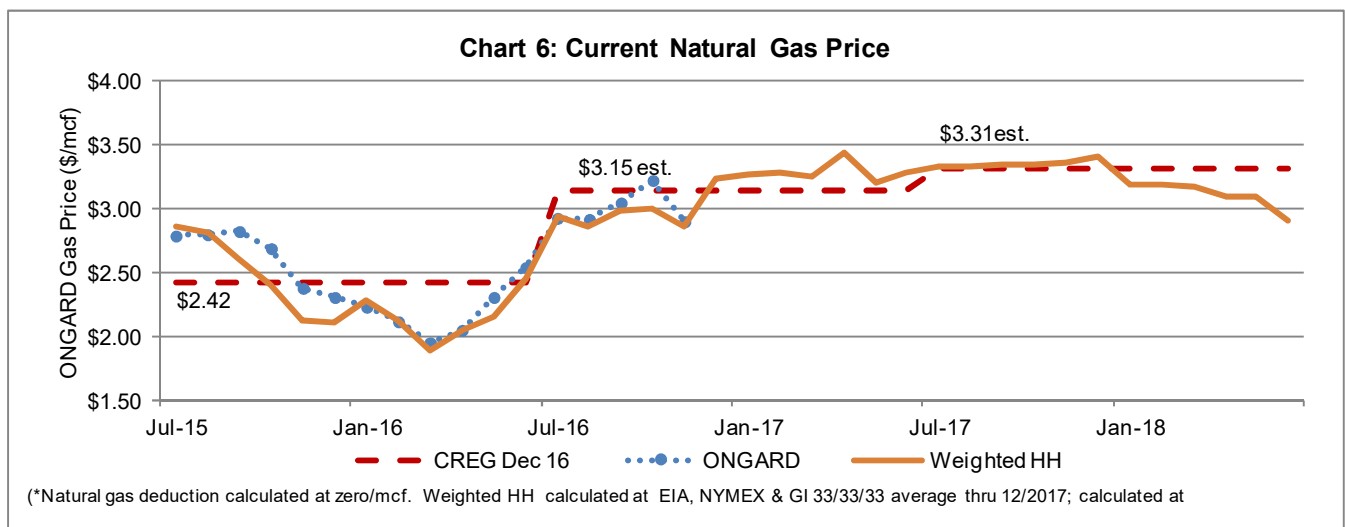


Chart 6 presents natural gas price data (ONGARD) and an average Henry Hub (HH) price as indicated by EIA, GI, and NYMEX. Natural gas price forecasts for FY17 and FY18 remain on par with the December forecast. Henry Hub gas prices in December rose substantially to \$3.71/mcf, up from \$2.63/mcf in November. Most recent ONGARD data show November New Mexico natural gas prices at \$2.91/mcf.



**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 Actual	Oct Actual	Nov Actual	Dec Actual	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.	Actual + Estimate	FY17 Dec. Forecast	YTD % Δ	YTD \$ Δ
1	Gross Receipts Tax	148.4	158.8	139.8	195.1	156.4	192.2	149.7	143.4	148.6	159.8	150.1	146.6	1,888.8	1,868.6	1.1%	20.2
2	Compensating Tax	3.9	4.4	7.3	(0.4)	3.8	5.5	3.5	3.4	4.1	3.5	3.5	4.5	47.0	50.0	-6.0%	(3.0)
3	TOTAL GENERAL SALES TAXES	152.2	163.2	147.0	194.6	160.1	197.6	153.2	146.8	152.7	163.4	153.7	151.2	1,935.8	1,918.6	0.9%	17.2
4	Tobacco Products & Cigarette Taxes	6.2	8.2	5.9	7.1	5.6	6.4	5.3	5.7	6.0	6.0	5.7	7.8	75.9	75.0	1.2%	0.9
5	Liquor Excise Tax	0.5	0.6	0.5	0.6	0.6	0.7	0.5	0.5	0.6	0.6	0.6	0.7	6.9	6.9	0.3%	0.0
6	Insurance Premiums Tax	0.2	52.8	1.3	2.2	53.5	2.2	2.2	53.5	2.2	2.2	53.5	2.2	228.3	229.2	-0.4%	(0.9)
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	15.5	15.5	0.0%	-	
8	Motor Vehicle Excise Tax	11.3	13.9	11.0	12.5	10.9	11.7	11.7	10.7	13.1	12.9	13.1	12.5	145.3	142.5	2.0%	2.8
9	Gaming Excise Tax	5.2	4.7	4.7	4.7	4.5	5.1	4.7	4.9	5.5	4.9	5.1	4.6	58.8	58.5	0.4%	0.3
10	Leased Vehicle Surcharge	0.5	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.5	0.5	5.4	5.4	0.2%	0.0
11	Other	0.1	0.5	(0.1)	0.3	0.1	(0.3)	0.2	0.2	0.2	0.2	0.2	0.2	1.8	2.2	-18.4%	(0.4)
12	TOTAL SELECTIVE SALES TAXES	24.2	81.3	23.8	28.0	75.7	26.2	24.9	75.9	28.0	27.2	78.7	44.0	537.8	535.2	0.5%	2.7
13	Withholding	99.4	86.0	109.8	83.5	91.6	130.2	94.3	98.6	107.6	94.6	98.9	108.7	1,203.2	1,223.1	-1.6%	(19.9)
14	Final Settlements	-	12.3	41.6	23.6	11.7	31.8	53.7	12.1	34.9	141.8	26.4	64.8	454.6	438.6	3.7%	16.0
15	Oil and Gas Withholding Tax	-	0.2	3.7	5.4	6.7	1.7	11.8	3.1	4.3	10.8	5.5	16.2	69.5	74.5	-6.8%	(5.0)
16	Fiduciary Tax	(0.3)	0.3	(0.2)	0.0	(0.1)	0.2	0.1	0.1	4.0	0.6	1.6	(0.2)	6.1	7.6	-20.4%	(1.5)
17	Gross Personal Income Tax	99.1	98.9	155.0	112.5	110.0	163.9	159.9	113.9	150.7	247.8	132.3	189.4	1,733.4	1,743.8	-0.6%	(10.4)
18	Transfer to PIT Suspense	(6.4)	(7.4)	(15.5)	(5.8)	(5.8)	(78.9)	(98.9)	(69.8)	(44.8)	(18.6)	(11.0)	(7.1)	(370.0)	(383.2)	-3.4%	13.2
19	Retiree Health Care	(2.7)	(2.7)	(2.7)	(2.7)	(2.2)	(2.2)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.6)	(29.6)	(29.6)	0.0%	0.0
20	Less: Refunds, distributions to other funds	(9.1)	(10.1)	(18.2)	(8.5)	(8.0)	(81.1)	(101.3)	(72.2)	(47.1)	(21.0)	(13.4)	(9.7)	(399.6)	(412.8)	-3.2%	13.2
21	NET PERSONAL INCOME TAX	90.0	88.8	136.8	104.0	102.0	82.7	58.6	41.7	103.6	226.8	118.9	179.7	1,333.8	1,331.0	0.2%	2.8
22	Gross Corporate Payments	-	(4.7)	(9.4)	19.6	7.2	(8.4)	17.2	0.3	11.5	5.6	6.0	15.6	60.6	70.0	-13.4%	(9.4)
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	NET CORPORATE INCOME TAX	-	(4.7)	(9.4)	19.6	7.2	(8.4)	17.2	0.3	11.5	5.6	6.0	15.6	60.6	70.0	-13.4%	(9.4)
25	TOTAL INCOME TAXES	90.0	84.1	127.5	123.5	109.2	74.3	75.8	42.1	115.1	232.5	125.0	195.4	1,394.4	1,401.0	-0.5%	(6.6)
26	Oil and Gas School Tax	22.0	22.1	22.0	23.4	25.0	23.5	23.7	21.6	25.1	24.2	22.9	23.2	278.7	273.3	2.0%	5.4
27	Oil Conservation Tax	1.0	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.3	1.2	1.4	1.1	14.0	14.3	-2.1%	(0.3)
28	Resources Excise Tax	0.8	0.8	0.9	0.8	0.8	0.9	1.4	1.1	1.2	1.0	1.2	1.2	12.0	13.0	-7.9%	(1.0)
29	Natural Gas Processors Tax	0.9	0.8	1.0	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	10.1	10.0	0.8%	0.1
30	TOTAL MINERAL PROD. TAXES	24.7	24.6	24.9	26.2	27.8	26.5	27.0	24.7	28.4	27.2	26.4	26.3	314.7	310.6	1.3%	4.1
31	LICENSE FEES	2.2	2.7	2.5	2.1	2.2	9.0	7.4	3.7	3.6	3.5	3.7	3.6	46.1	55.8	-17.2%	(9.6)
32	Land Grant Perm. Fund Distributions	45.1	45.1	45.1	45.1	45.1	45.1	45.0	45.0	45.0	45.0	45.0	45.0	540.8	540.5	0.0%	0.3
33	State Treasurer's Earnings	(0.2)	(2.0)	1.1	(1.1)	(4.7)	0.2	1.0	1.0	1.0	1.0	1.0	1.0	(0.8)	-	0.0%	(0.8)
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	200.4	200.4	0.0%	0.0
35	TOTAL INVESTMENT EARNINGS	61.6	59.8	62.9	60.7	57.1	62.0	62.7	62.7	62.7	62.7	62.7	62.7	740.4	740.9	-0.1%	(0.5)
36	Federal Mineral Leasing Royalties	19.6	22.3	33.1	53.1	26.5	30.2	26.1	28.0	28.0	28.0	28.0	97.9	420.7	420.0	0.2%	0.7
37	State Land Office Bonuses, Rents	0.1	3.2	2.0	13.3	9.5	3.0	4.3	4.2	4.1	3.9	5.9	5.8	59.4	55.0	8.0%	4.4
38	TOTAL RENTS & ROYALTIES	19.7	25.5	35.1	66.4	36.0	33.2	30.4	32.2	32.1	31.9	33.9	103.7	480.1	475.0	1.1%	5.1
39	TRIBAL REVENUE SHARING	0.7	-	12.2	0.8	0.0	14.5	0.6	0.6	16.5	0.6	0.5	16.4	63.4	64.2	-1.3%	(0.8)
40	MISCELLANEOUS RECEIPTS	1.1	0.9	1.1	0.9	7.9	8.3	2.2	0.5	11.6	5.7	1.0	18.0	59.1	61.5	-3.8%	(2.4)
41	REVERSIONS	-	0.0	0.0	0.2	2.8	4.1	2.9	1.2	6.6	0.4	1.8	23.6	43.6	37.5	16.3%	6.1
42	TOTAL RECURRING REVENUE	376.3	442.1	437.1	503.5	478.9	455.8	387.3	390.2	457.4	554.9	487.3	644.7	5,615.6	5,600.2	0.3%	15.4
43	Non-Recurring	8.0	0.2	(0.1)	0.0	0.3	(0.2)	-	-	-	-	-	194.7	203.0	202.8		0.2
44	TOTAL NON-RECURRING REVENUE	8.0	0.2	(0.1)	0.0	0.3	(0.2)	-	-	-	-	-	194.7	203.0	202.8		0.2
45	GRAND TOTAL REVENUE	384.3	442.4	437.0	503.5	479.3	455.6	387.3	390.2	457.4	554.9	487.3	839.3	5,818.6	5,803.0	0.3%	15.6

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)