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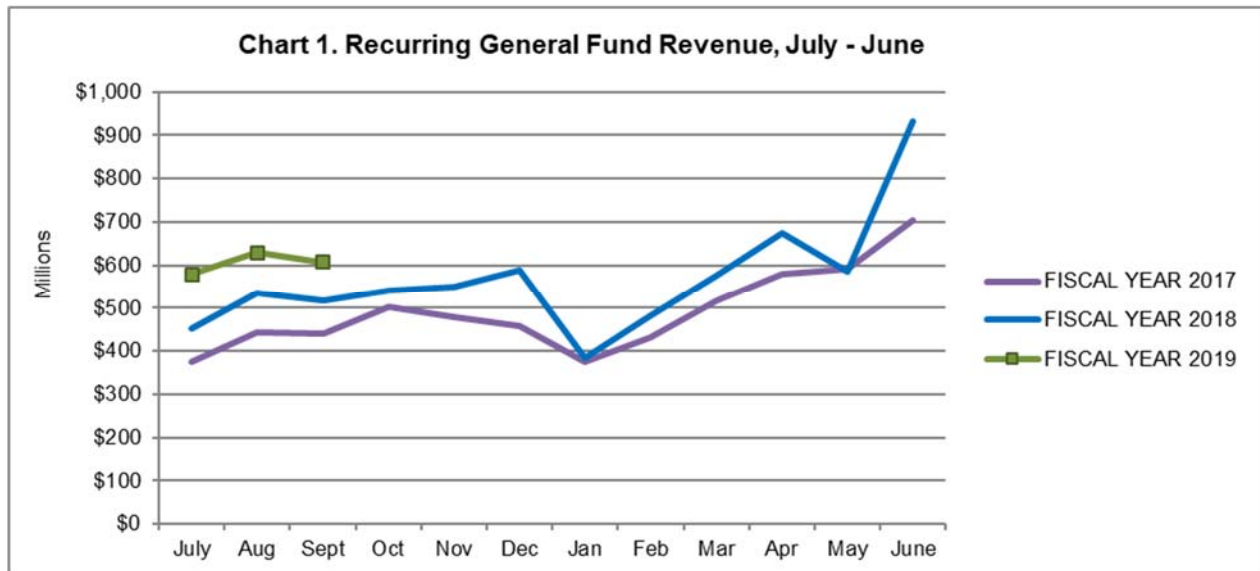


December 27, 2018

General Fund Revenue Tracking Report: Accruals through September 2018

This general fund revenue tracking report reflects revenue accruals through September 2018 as reported by the Department of Finance and Administration.

Summary. September recurring revenues were \$607.5 million, up \$91.2 million, or 17.7 percent, from a year ago. Recurring revenue collection for FY19 through September was \$1.8 billion, up \$314.2 million, or 20.9 percent, from the same period a year ago.



Revenue Tracking. The last page provides the general fund revenue tracking chart for FY19. The chart details the actual revenues received year-to-date and the projected revenues for the remainder of the fiscal year based on the December 2018 consensus revenue estimate. Traditionally, projections for revenue collections through the end of the fiscal year are based on historical monthly shares of revenue collections by revenue source.

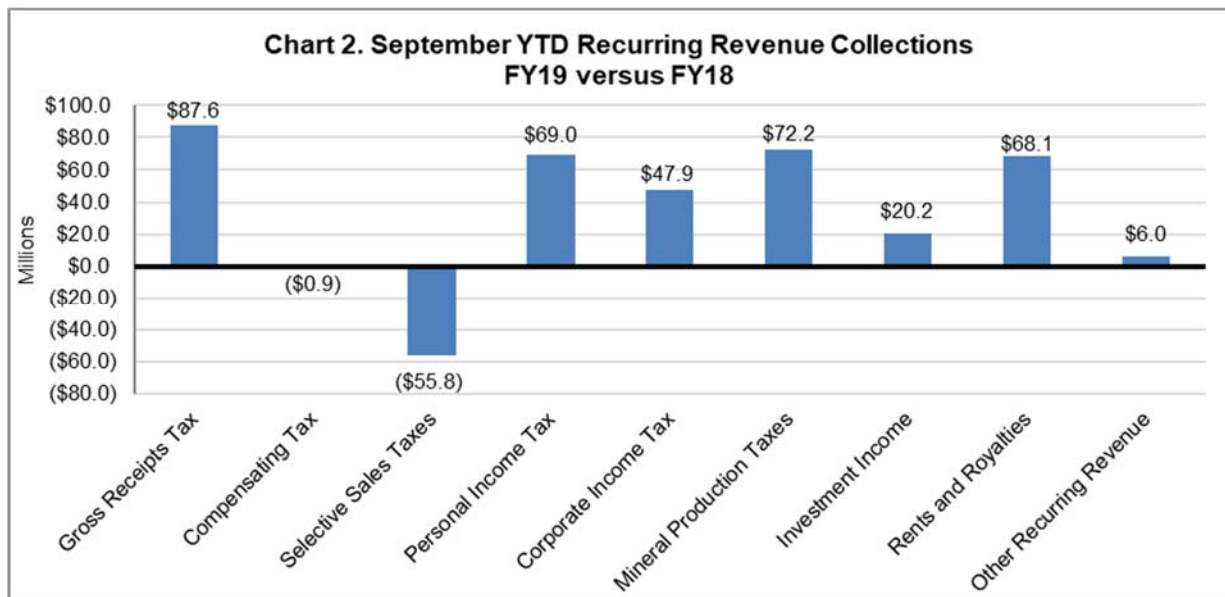
September and Year-To-Date Revenues. Table 1 and Chart 2 below present the components of fiscal year-to-date (FYTD) revenue through September for FY19 versus FY18.

Table 1. General Fund Revenue Accruals: FY19 vs. FY18

Revenue Category	September Revenue	September Revenue	Fiscal Year-to-Date Through September		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: Jan. 2018 Forecast
	FY18	FY19	FY18	FY19 Prelim			
Gross Receipts Tax	\$ 182.7	\$ 209.1	\$567.7	\$655.4	\$87.6	15.4%	8.3%
Compensating Tax	\$ 6.7	\$ 6.9	\$16.1	\$15.1	(\$0.9)	-5.8%	22.8%
Selective Sales Taxes *	\$ 26.5	\$ 25.1	\$137.2	\$81.4	(\$55.8)	-40.7%	2.5%
Personal Income Tax	\$ 143.5	\$ 128.9	\$325.2	\$394.1	\$69.0	21.2%	4.4%
Corporate Income Tax	\$ 0.5	\$ 38.8	\$4.3	\$52.3	\$47.9	1107.8%	0.0%
Mineral Production Taxes **	\$ 30.8	\$ 52.6	\$88.6	\$160.8	\$72.2	81.4%	-11.0%
License Fees	\$ 2.2	\$ 1.9	\$7.0	\$7.1	\$0.2	2.4%	-11.4%
Investment Income	\$ 64.3	\$ 71.8	\$200.8	\$221.0	\$20.2	10.1%	10.9%
Rents and Royalties	\$ 42.6	\$ 52.8	\$136.4	\$204.4	\$68.1	49.9%	29.9%
Tribal Revenue Sharing	\$ 15.7	\$ 18.7	\$15.8	\$18.7	\$2.9	18.4%	13.8%
Miscellaneous Receipts	\$ 0.8	\$ 0.8	\$2.6	\$3.0	\$0.4	13.8%	9.2%
Reversions	\$ 0.0	\$ 0.1	\$0.0	\$2.6	\$2.6	7827.1%	8.1%
Subtotal Recurring Rev.	\$ 516.4	\$ 607.5	\$1,501.8	\$1,816.0	\$314.2	20.9%	8.0%
Nonrecurring Revenue	\$ 0.5	\$ (0.0)	\$0.0	\$0.2	\$0.2	n/a	-100.0%
Total Revenue	\$ 516.9	\$ 607.5	\$1,515.8	\$1,816.2	\$300.4	19.8%	6.9%

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

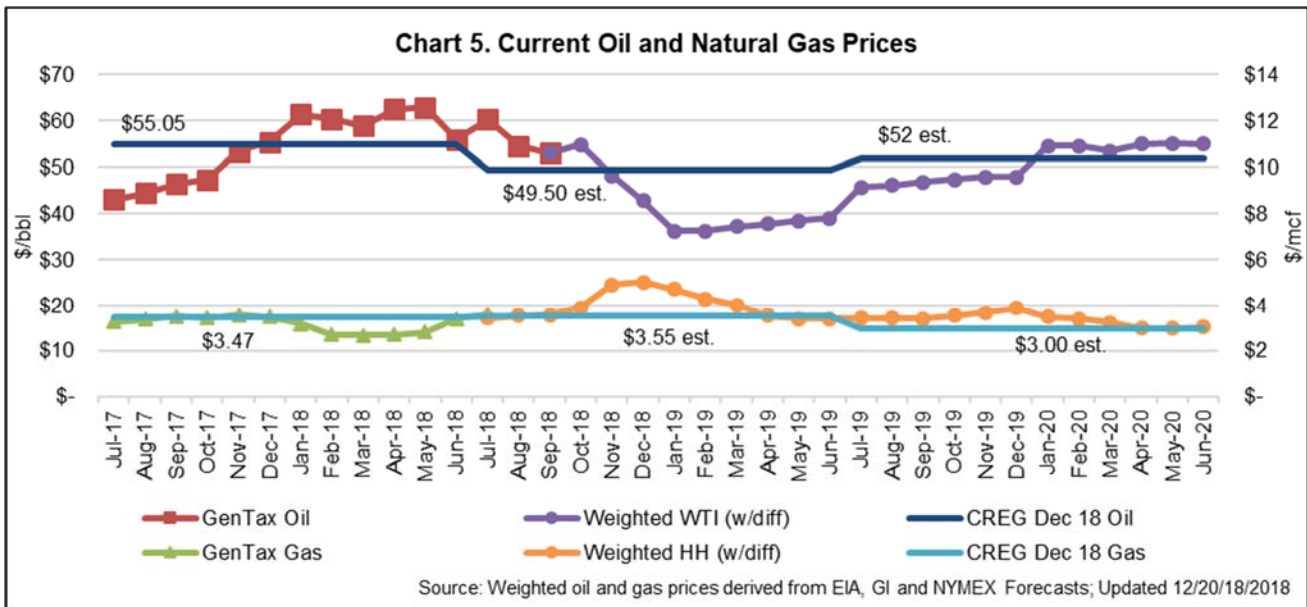
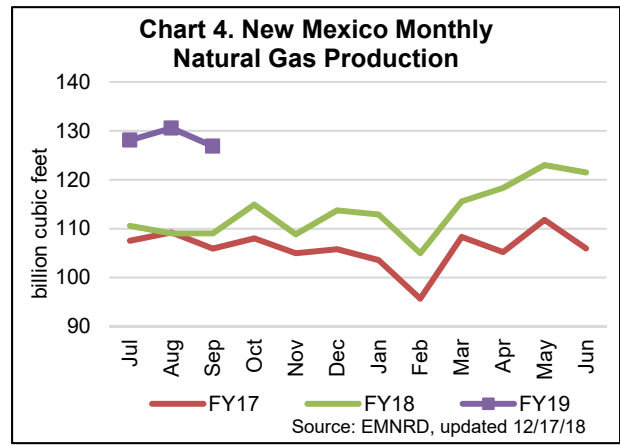
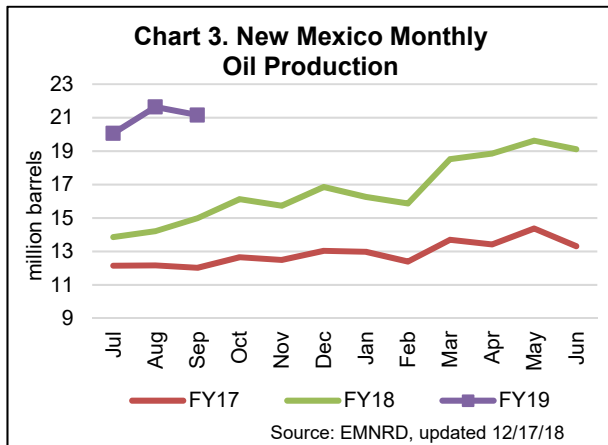
**Oil and Gas School Tax revenue in excess of the five-year average goes to the tax stabilization reserve fund beginning in FY19; revenues are significantly higher in FY19 YTD than the same time a year ago, but the full-year forecast projects a decline due to this new transfer to the reserve fund in late FY19 after the five-year average is reached



Oil and Gas. Oil and gas production data reported by the Energy, Minerals and Natural Resources Department’s Oil Conservation Division (OCD) are shown in Charts 3 and 4. Reporting by producers is due 45 days after the production month. New Mexico had 101 active drilling rigs in September, up from 72 active rigs a year ago. The average West Texas Intermediate (WTI) oil price in September was \$70.23 per barrel, up from \$68.06 in August. New Mexico’s oil price in September was \$53.13/bbl, bringing the differential below WTI to \$16.89 due to pipeline

constraints in the Permian basin. The Henry Hub natural gas price in September was \$3.11 per thousand cubic feet (mcf), up 4 cents from August, while New Mexico’s natural gas price per mcf was \$3.54.

Production data from the Taxation and Revenue Department shows per day oil production in New Mexico averaged 681 thousand in the first quarter of FY19, up 45 percent from the same period a year ago. In September the state produced 21 million barrels of oil. Along with oil production increases, New Mexico’s natural gas production for the first quarter of FY19 is up 21 percent from last year, reaching 4.4 billion cubic feet per day.

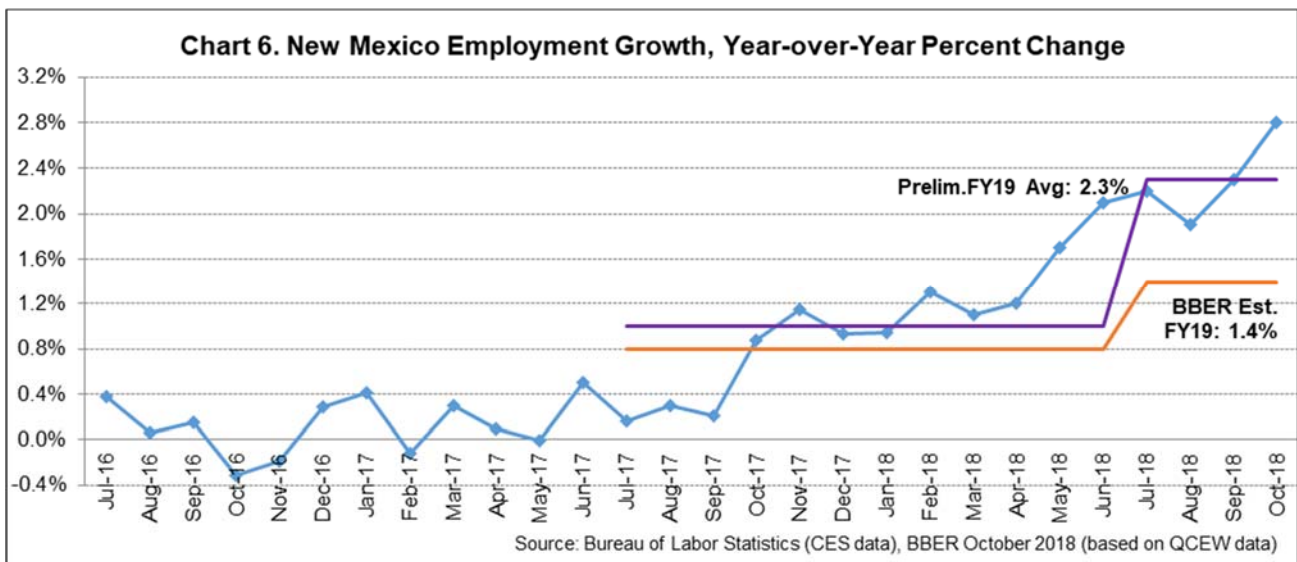


Gross Receipts. Underlying economic activity showed continued strength in September, with matched taxable gross receipts (MTGR) up 11.1 percent fiscal year-to-date. About 95 percent of all MTGR growth within the state’s 33 counties occurred in just two: Eddy and Lea counties. The oil industry is the primary driver in MTGR growth, and Eddy and Lea counties grew about 60 percent year-over-year in the first quarter of FY19, exceeding the significant surge in oil production. However, a significant drop in oil prices leading to slower production growth could swing gross receipts tax revenue in the opposite direction within two to three months, causing growth of the state’s largest general fund revenue source to decline sharply.

Industry	Matched Taxable Gross Receipts	Year-over-Year Growth	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$1,617,116,983	\$716,309,013	79.5%
Utilities	\$670,542,619	-\$5,554,769	-0.8%
Construction	\$1,905,135,813	\$98,793,192	5.5%
Manufacturing	\$483,149,934	\$106,906,225	28.4%
Wholesale Trade	\$819,723,232	\$219,425,405	36.6%
Retail Trade	\$3,329,496,932	\$155,846,487	4.9%
Transportation and Warehousing	\$261,141,056	\$76,130,426	41.1%
Information	\$628,387,986	-\$7,182,685	-1.1%
Real Estate and Rental and Leasing	\$419,930,861	\$60,568,259	16.9%
Professional, Scientific, and Technical Services	\$1,825,618,469	\$78,611,610	4.5%
Administrative/Support & Waste Management/Remediation	\$390,223,722	\$96,017,518	32.6%
Health Care and Social Assistance	\$791,052,059	\$33,334,756	4.4%
Leisure and Hospitality Services	\$1,268,327,429	\$111,252,952	9.6%
Other Industries	\$1,606,593,573	\$120,823,941	n/a
Total	\$16,016,440,668	\$1,861,282,330	11.1%

Source: RP500

Employment Trends. Chart 6 below reflects New Mexico year-over-year employment growth, with preliminary data from the U.S. Bureau of Labor Statistics’ current employment statistics (CES) survey data. The state’s employment growth was 2.3 percent year-over-year in September and 2.8 percent in October.



Explanation of Revenue Tracking Method. Appendix 1 shows the latest consensus revenue estimates and monthly accruals in detail. These estimates were finalized in December 2018. 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 “FY19 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY19 Forecast” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms.

FISCAL YEAR 2019 GENERAL FUND MONTHLY REVENUE TRACKING

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

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	ESTIMATED REVENUE ACCRUALS												FY19	TRACKING CHANGE		
	July Actual	Aug Actual	Sept Actual	Oct <i>Prelim.</i>	Nov Estimate	Dec Estimate	Jan Estimate	Feb Estimate	Mar Estimate	Apr Estimate	May Estimate	June Estimate	Actual + Estimate	FY19 Dec. Forecast	% Diff.	\$ Diff.
Gross Receipts Tax	216.8	229.4	209.1	228.0	216.7	219.6	202.3	195.2	218.9	196.3	214.8	240.8	2,588.1	2,582.7	0.2%	5.4
Compensating Tax	6.4	1.8	6.9	8.0	3.8	6.8	6.6	6.2	6.2	3.3	6.1	7.4	69.6	70.0	-0.6%	(0.4)
TOTAL GENERAL SALES TAXES	223.3	231.3	216.0	236.0	220.4	226.5	208.9	201.4	225.1	199.6	220.9	248.3	2,657.7	2,652.7	0.2%	5.0
Tobacco Products & Cigarette Taxes	5.1	7.6	5.3	6.5	6.2	6.7	5.3	6.7	6.1	6.1	6.6	7.7	75.9	77.4	-1.9%	(1.5)
Liquor Excise Tax	2.0	3.0	1.1	2.1	2.3	2.6	1.6	1.8	2.1	2.0	2.1	2.6	25.3	25.6	-1.0%	(0.3)
Insurance Premiums Tax	0.7	0.9	0.0	5.4	53.7	5.4	5.4	62.0	5.4	5.4	54.5	5.4	204.4	209.7	-2.5%	(5.3)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	18.3	18.3	0.0%	-	
Motor Vehicle Excise Tax	12.3	13.6	12.7	12.7	11.2	11.1	12.4	11.2	13.7	13.2	13.2	13.0	150.4	150.6	-0.1%	(0.2)
Gaming Excise Tax	5.3	5.5	5.2	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	63.7	63.6	0.1%	0.1
Leased Vehicle Surcharge & Other	(0.3)	0.6	0.7	0.9	0.7	0.7	0.7	0.7	0.8	0.7	0.8	0.8	7.8	8.0	-2.4%	(0.2)
TOTAL SELECTIVE SALES TAXES	25.1	31.3	25.1	32.9	79.4	31.9	30.7	87.7	33.3	32.8	82.5	53.2	545.9	553.2	-1.3%	(7.3)
Withholding	100.7	108.0	103.2	97.8	96.0	146.1	96.8	103.7	121.3	105.8	102.0	117.7	1,299.2	1,296.8	0.2%	2.3
Final Settlements	16.4	50.1	24.3	25.7	9.8	37.4	49.1	14.2	38.1	135.7	28.2	69.6	498.7	498.8	0.0%	(0.2)
Oil and Gas Withholding Tax	2.4	2.4	12.3	18.4	2.8	0.1	14.3	8.7	9.5	10.7	11.1	23.1	115.7	115.7	0.0%	(0.0)
Fiduciary Tax	0.2	1.2	(0.6)	0.0	0.2	0.4	0.3	0.1	2.9	0.2	1.5	(0.1)	6.3	5.9	6.7%	0.4
Gross Personal Income Tax	119.6	161.7	139.2	141.9	108.9	184.0	160.5	126.7	171.9	252.4	142.8	210.3	1,919.8	1,917.3	0.1%	2.5
Transfer to PIT Suspense	(4.3)	(7.4)	(8.1)	(6.6)	(5.6)	(70.8)	(88.3)	(55.9)	(41.5)	(19.8)	(10.5)	(9.5)	(328.3)	(330.1)	-0.5%	1.8
Retiree Health Care	(2.2)	(2.2)	(2.2)	(2.2)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(2.1)	(24.0)	(22.9)	5.2%	(1.2)
Less: Refunds, distributions to other funds	(6.5)	(9.6)	(10.3)	(8.7)	(7.5)	(72.7)	(90.2)	(57.8)	(43.4)	(21.7)	(12.4)	(11.5)	(352.4)	(352.9)	-0.2%	0.6
NET PERSONAL INCOME TAX	113.1	152.1	128.9	133.1	101.4	111.3	70.3	68.9	128.5	230.7	130.4	198.7	1,567.4	1,564.3	0.2%	3.1
CORPORATE INCOME TAX	6.3	7.1	38.8	18.6	(0.2)	(9.0)	24.4	(10.2)	13.2	6.2	2.5	14.7	112.5	110.0	2.2%	2.5
TOTAL INCOME TAXES	119.4	159.3	167.7	151.8	101.2	102.3	94.7	58.6	141.7	236.8	132.9	213.4	1,679.9	1,674.3	0.3%	5.6
Oil and Gas School Tax	48.0	51.3	48.2	41.5	41.5	41.5	41.5	41.5	18.6	-	-	-	373.6	373.6	0.0%	0.0
Oil Conservation Tax	2.5	2.6	2.5	2.1	2.0	2.1	2.1	2.0	2.3	1.9	2.6	2.3	27.0	25.5	5.8%	1.5
Resources Excise Tax	0.6	0.7	0.8	0.7	0.6	0.6	0.7	0.5	0.7	0.6	0.6	0.7	7.8	7.5	4.4%	0.3
Natural Gas Processors Tax	1.3	1.2	1.2	1.3	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.3	15.1	15.3	-1.5%	(0.2)
TOTAL MINERAL PROD. TAXES	52.4	55.9	52.6	45.6	45.4	45.5	45.5	45.2	22.9	3.8	4.4	4.2	423.5	421.9	0.4%	1.6
LICENSE FEES	-	5.2	1.9	3.2	3.0	15.5	6.7	3.3	3.5	3.0	3.2	3.1	51.7	54.5	-5.2%	(2.8)
Land Grant Perm. Fund Distributions	53.1	53.1	53.1	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	636.5	636.2	0.0%	0.3
State Treasurer's Earnings	1.6	4.7	0.3	3.0	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	28.6	28.5	0.0%	0.1
Severance Tax Perm. Fund Distributions	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	220.6	220.6	0.0%	0.0
TOTAL INVESTMENT EARNINGS	73.1	76.2	71.8	74.4	73.8	73.8	73.8	73.8	73.8	73.8	73.8	73.8	885.7	885.3	0.0%	0.4
Federal Mineral Leasing Royalties	67.8	55.8	45.6	99.7	497.0	47.5	47.5	47.5	47.5	47.5	47.5	47.5	1,098.3	1,098.0	0.0%	0.3
State Land Office Bonuses, Rents	17.4	10.7	7.2	6.1	18.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	84.4	84.4	0.0%	(0.0)
TOTAL RENTS & ROYALTIES	85.2	66.5	52.8	105.8	515.7	51.0	51.0	51.0	51.0	51.0	51.0	51.0	1,182.7	1,182.4	0.0%	0.3
TRIBAL REVENUE SHARING	-	-	18.7	0.4	0.4	18.3	0.4	0.4	18.3	0.4	0.4	18.3	76.4	74.8	2.2%	1.6
MISCELLANEOUS RECEIPTS	1.1	1.0	0.8	1.1	0.8	16.1	1.2	1.1	1.1	1.2	1.2	20.8	47.5	48.3	-1.7%	(0.8)
REVERSIONS	-	2.5	0.1	0.4	0.4	1.8	2.7	3.1	5.5	1.3	2.5	24.7	45.0	42.5	6.0%	2.5
TOTAL RECURRING REVENUE	579.4	629.1	607.5	651.8	1,040.6	582.7	515.6	525.6	576.2	603.8	572.8	710.8	7,595.9	7,590.0	0.1%	5.9
Non-Recurring	0.0	0.2	(0.0)	-	-	-	-	-	-	-	-	-	0.2	-	-	-
Additional Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-RECURRING REVENUE	0.0	0.2	(0.0)	-	-	-	-	-	-	-	-	-	0.2	-	-	0.2
GRAND TOTAL REVENUE	579.4	629.3	607.5	651.8	1,040.6	582.7	515.6	525.6	576.2	603.8	572.8	710.8	7,596.1	7,590.0	0.1%	6.1

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns.
Oil and gas school tax distributions expected to divert to Tax Stabilization Reserve beginning in March 2019.