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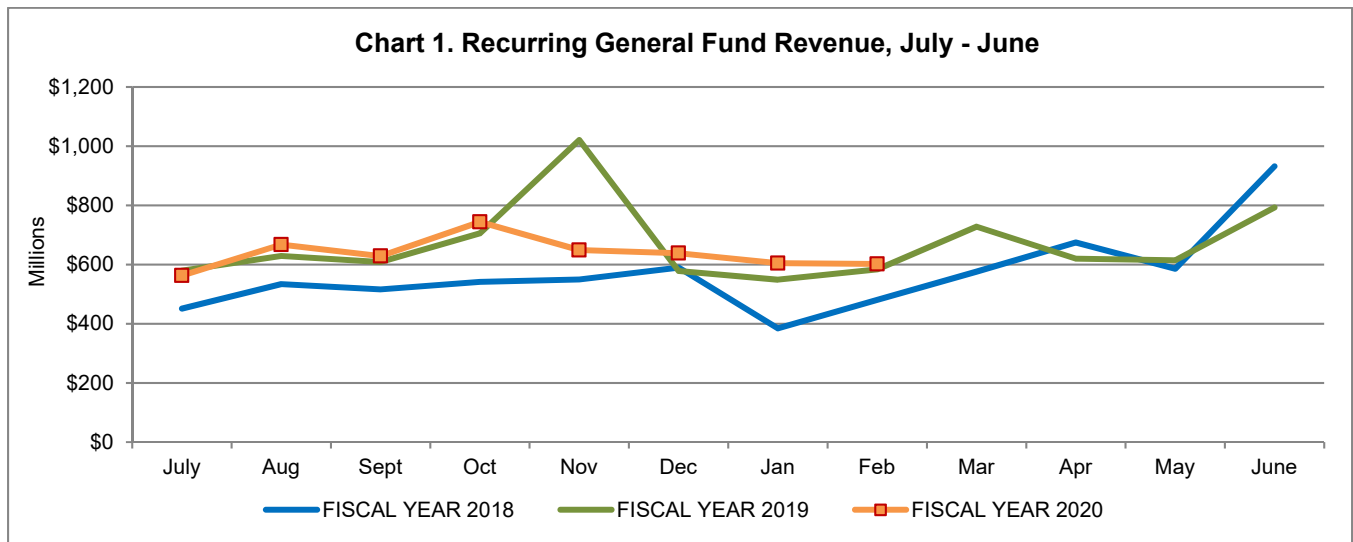


May 22, 2020

General Fund Revenue Tracking Report: Accruals through February 2020

****DISCLAIMER: This general fund revenue tracking report reflects FY20 revenue accruals through February 2020 as reported by the Department of Finance and Administration and preliminary revenue data for March 2020. Although not entirely reflected in this report, LFC staff are actively tracking revenues and economic activity as circumstances surrounding the COVID-19 pandemic continually evolve.****

Summary. General fund recurring revenues for FY20 through February were \$5.098 billion, down \$157 million, or 3 percent, from the same period a year ago due to the large, one-time federal land lease sale bonus payment received last year and lower net corporate income tax collections. Excluding direct oil and gas revenues from severance taxes or royalties and bonuses, general fund recurring revenue collections for FY20 through February were up \$222.9 million, or 5.9 percent, from the same period a year ago.



Revenue Tracking. The last page of this report provides the general fund revenue tracking chart for FY20. The chart details the actual revenues received year-to-date through February, preliminary revenue collections through March, and the projected revenues for the remainder of the fiscal year based on the December 2019 consensus revenue estimate. Generally, projections for revenue collections through the end of the fiscal year are based on historical monthly shares of revenue collections by revenue source. When including preliminary March revenue

data, FY20 revenues are tracking \$31.3 million below the December forecast. Table 1 and Chart 2 below present the components of fiscal year-to-date (FYTD) revenue through February for FY20 versus the same period in FY19. Most of the FYTD revenue gains are from gross receipts taxes (up \$185.7 million), personal income taxes (up \$91.9 million), and investment income (up \$47.9 million).

Table 1. General Fund Revenue Accruals: FY20 vs. FY19

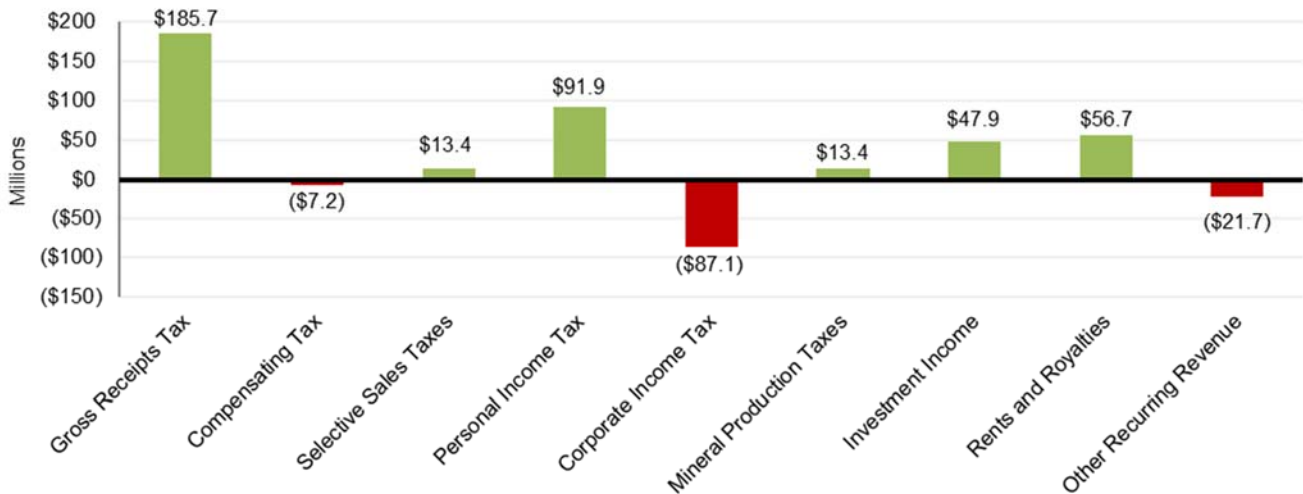
Revenue Category	February Revenue	February Revenue	Fiscal Year-to-Date Through February		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: Dec 2019 Forecast
	FY19	FY20	FY19	FY20			
Gross Receipts Tax	\$ 214.0	\$ 250.3	\$1,778.6	\$1,964.3	\$185.7	10.4%	10.1%
Compensating Tax	\$ 8.2	\$ (0.3)	\$51.5	\$44.3	(\$7.2)	-14.0%	6.0%
Selective Sales Taxes *	\$ 24.5	\$ 29.0	\$334.5	\$347.9	\$13.4	4.0%	3.0%
Personal Income Tax	\$ 104.9	\$ 97.1	\$837.8	\$929.7	\$91.9	11.0%	-2.9%
Corporate Income Tax	\$ 3.1	\$ 19.8	\$88.6	\$1.6	(\$87.1)	-98.2%	-54.7%
Mineral Production Taxes **	\$ 43.7	\$ 4.0	\$406.8	\$420.2	\$13.4	3.3%	2.5%
License Fees	\$ 5.2	\$ 0.6	\$27.7	\$5.9	(\$21.8)	-78.7%	-4.8%
Investment Income	\$ 75.5	\$ 91.3	\$612.0	\$660.0	\$47.9	7.8%	3.5%
Rents and Royalties ***	\$ 90.0	\$ 82.1	\$1,041.5	\$648.2	(\$393.3)	-37.8%	-30.9%
Tribal Revenue Sharing	\$ 0.0	\$ 26.1	\$38.2	\$45.9	\$7.8	20.3%	2.1%
Miscellaneous Receipts	\$ 14.9	\$ 2.0	\$33.8	\$26.8	(\$7.0)	-20.6%	-7.9%
Reversions	\$ (0.0)	\$ -	\$3.5	\$2.8	(\$0.7)	-21.2%	-53.0%
Subtotal Recurring Rev.	\$ 584.0	\$ 602.0	\$5,254.6	\$5,097.6	(\$157.0)	-3.0%	-2.9%
Nonrecurring Revenue	\$ 0.2	\$ 0.3	\$0.9	\$22.8	\$21.9	n/a	n/a
Total Recurring, Excluding Direct Oil & Gas	\$ 450.2	\$ 515.9	\$3,806.3	\$4,029.2	\$222.9	5.9%	2.4%
Total Revenue	\$ 584.2	\$ 602.4	\$5,255.5	\$5,120.5	(\$135.0)	-2.6%	-1.3%

* Includes estimates for Insurance

** Includes estimates for Oil and Gas School Tax and Oil and Gas Conservation Tax.

*** Rents and royalties revenue for FY19 includes the large, unprecedented bonus payment for September 2019 federal land leases, which resulted in a November distribution of \$497 million to New Mexico.

Chart 2. February YTD Recurring Revenue Collections FY20 versus FY19



Note: Rents and royalties excludes large one-time federal land lease bonus payment from FY19.

Gross Receipts. Gross receipts tax (GRT) revenue is currently tracking \$25.4 million above the December consensus forecast, based on actual receipts through February and preliminary reports for March revenues. Matched

taxable gross receipts (MTGR) – taxable gross receipts matched to tax payments that best represent overall economic activity in the state compared with other tax data – were up 12.6 percent in FY20 through March.

Matched Taxable Gross Receipts by Industry - FY20 through March 2020			
Industry	Matched Taxable Gross Receipts	Year-over-Year Growth	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$5,446,045,151	\$455,218,674	9.1%
Utilities	\$2,302,560,247	\$180,089,966	8.5%
Construction	\$6,868,933,423	\$1,278,015,712	22.9%
Manufacturing	\$1,567,801,441	\$113,711,913	7.8%
Wholesale Trade	\$2,646,928,562	\$154,805,862	6.2%
Retail Trade	\$11,387,276,016	\$1,177,942,853	11.5%
Transportation and Warehousing	\$738,387,340	-\$31,065,009	-4.0%
Information	\$2,222,100,736	\$297,312,883	15.4%
Real Estate and Rental and Leasing	\$1,490,978,456	\$157,984,497	11.9%
Professional, Scientific, and Technical Services	\$5,024,510,290	\$10,917,031	0.2%
Administrative/Support & Waste Management/Remediation	\$2,239,468,952	\$772,241,020	52.6%
Health Care and Social Assistance	\$2,658,436,651	\$232,771,757	9.6%
Leisure and Hospitality Services	\$3,716,619,261	-\$41,502,305	-1.1%
Other Industries	\$6,903,606,685	\$1,428,794,725	26.1%
Total	\$55,213,653,211	\$6,187,239,578	12.6%

Source: RP500

However, the leisure and hospitality, retail trade, and other services sectors are already showing declines in MTGR. Leisure and hospitality – which includes accommodation and food services, arts, entertainment, and recreation – was down 32 percent in March over the same month last year, with the percentages declines in Santa Fe and Taos.

Change in Total MTGR, March 2020 vs March 2019					
	All Industries	Accommodation & Food Services	Arts, Entertainment, Recreation	Other Services	Retail Trade
Bernalillo	-2.8%	-29.7%	-62.4%	-13.4%	-8.7%
Dona Ana	18.8%	-21.3%	-16.6%	-3.1%	-6.9%
Eddy	10.6%	-37.5%	n/a	14.0%	-28.3%
Lea	5.3%	-32.2%	n/a	-2.1%	-18.0%
McKinley	0.8%	-30.0%	n/a	-14.6%	-4.2%
San Juan	3.4%	-24.9%	-44.8%	-21.0%	-4.3%
Santa Fe	-7.5%	-45.6%	-36.7%	-19.1%	-8.4%
Taos	-12.7%	-39.0%	-34.2%	-10.6%	-14.9%
All NM Counties	2.5%	-30.0%	-53.5%	-9.5%	-8.5%
Out-of-State	39.7%	-75.1%	120.8%	154.8%	91.8%
Total Receipts	7.2%	-29.9%	-53.2%	15.6%	2.5%

Source: RP500, LFC Files

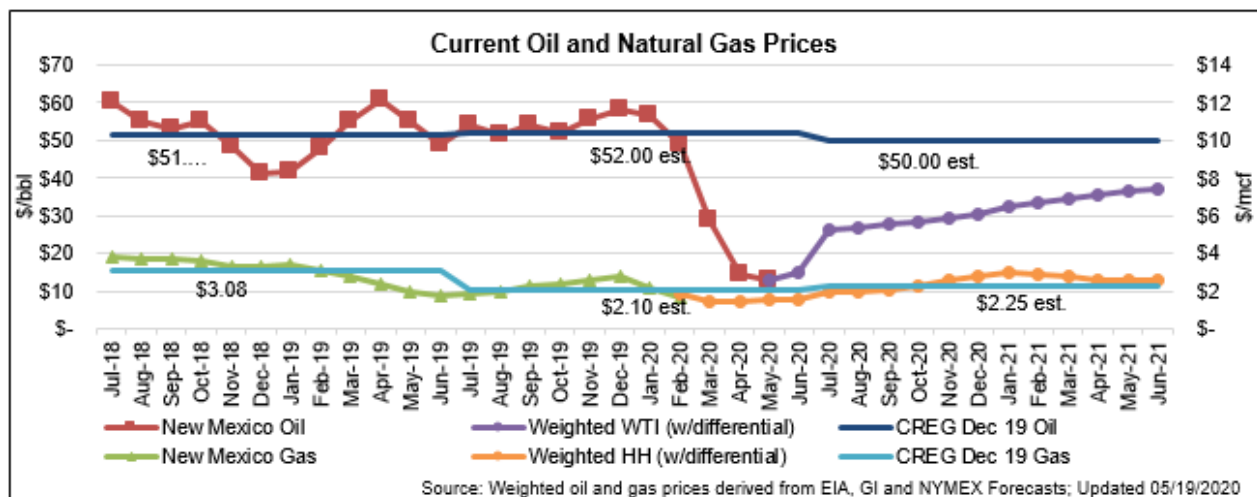
While retail trade was up 2.5 percent in March, nearly all of the growth was due to internet sales activity that shows up in out-of-state receipts. When excluding out-of-state receipts, retail trade was down 8.5 percent in March. Other services – which includes repair and maintenance services and personal care services – was down 9.5 percent in March when excluding out-of-state receipts (many internet sellers are also reporting under “other services”).

The expansion of the GRT base to include a broader array of online sellers and sales from third-party platforms is driving much of the growth in MTGR in FY20. Out-of-state receipts, which captures this activity, accounts for nearly 40 percent of all MTGR growth in FY20, and preliminary analysis shows internet sales are driving about three-quarters of the growth in out-of-state receipts.

Matched Taxable Gross Receipts by County FY20 thru March 2020					
Jurisdiction	Matched Taxable Gross Receipts	Year-over-Year Change	Jurisdiction	Matched Taxable Gross Receipts	Year-over-Year Change
Bernalillo County	\$14,228,588,592	3.7%	McKinley County	\$896,407,383	10.2%
Catron County	\$29,216,340	14.2%	Mora County	\$28,348,954	-2.9%
Chaves County	\$1,006,657,441	4.5%	Otero County	\$759,026,052	6.7%
Cibola County	\$277,513,455	7.9%	Quay County	\$109,458,057	-11.5%
Colfax County	\$231,762,230	9.3%	Rio Arriba County	\$306,493,807	-0.1%
Curry County	\$699,141,645	-1.4%	Roosevelt County	\$401,805,848	96.4%
De Baca County	\$21,679,228	-25.4%	San Juan County	\$2,218,346,434	3.7%
Dona Ana County	\$3,073,153,217	10.8%	San Miguel County	\$308,326,401	15.0%
Eddy County	\$6,223,360,084	20.0%	Sandoval County	\$1,305,456,868	10.5%
Grant County	\$387,726,667	5.0%	Santa Fe County	\$3,304,994,617	5.8%
Guadalupe County	\$70,329,171	11.9%	Sierra County	\$138,799,835	5.7%
Harding County	\$12,414,839	-23.4%	Socorro County	\$150,805,418	-0.4%
Hidalgo County	\$54,780,875	-1.0%	Taos County	\$575,455,255	7.6%
Lea County	\$5,464,681,993	3.9%	Torrance County	\$164,386,760	41.7%
Lincoln County	\$450,051,413	9.6%	Union County	\$84,001,387	-1.5%
Los Alamos	\$1,309,355,437	12.7%	Valencia County	\$773,903,863	0.8%
Luna County	\$289,050,241	7.1%	Out of State	\$8,238,986,127	39.7%

Source: RP 500

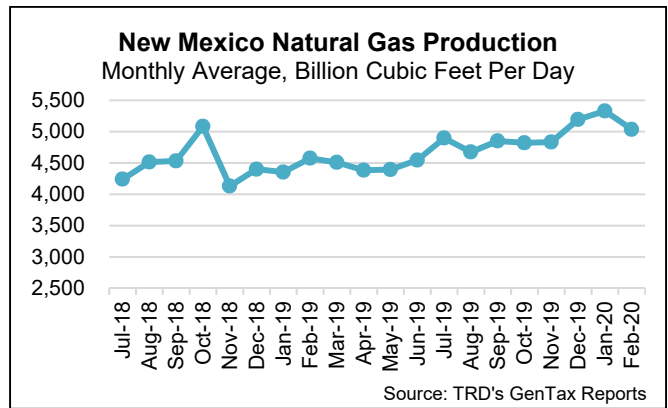
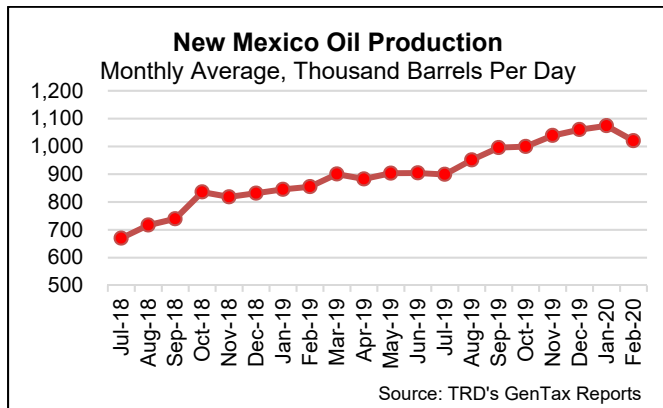
Oil and Gas. New Mexico’s oil price in February was \$49.09/bbl according to GenTax data from TRD, with the differential of about \$1.50/bbl below the West Texas Intermediate oil price that month. Oil prices collapsed in the following months, initiated by an oil price war between Saudi Arabia and Russia and exacerbated by falling demand as state and nations around the world issued stay-at-home orders to combat the novel coronavirus.



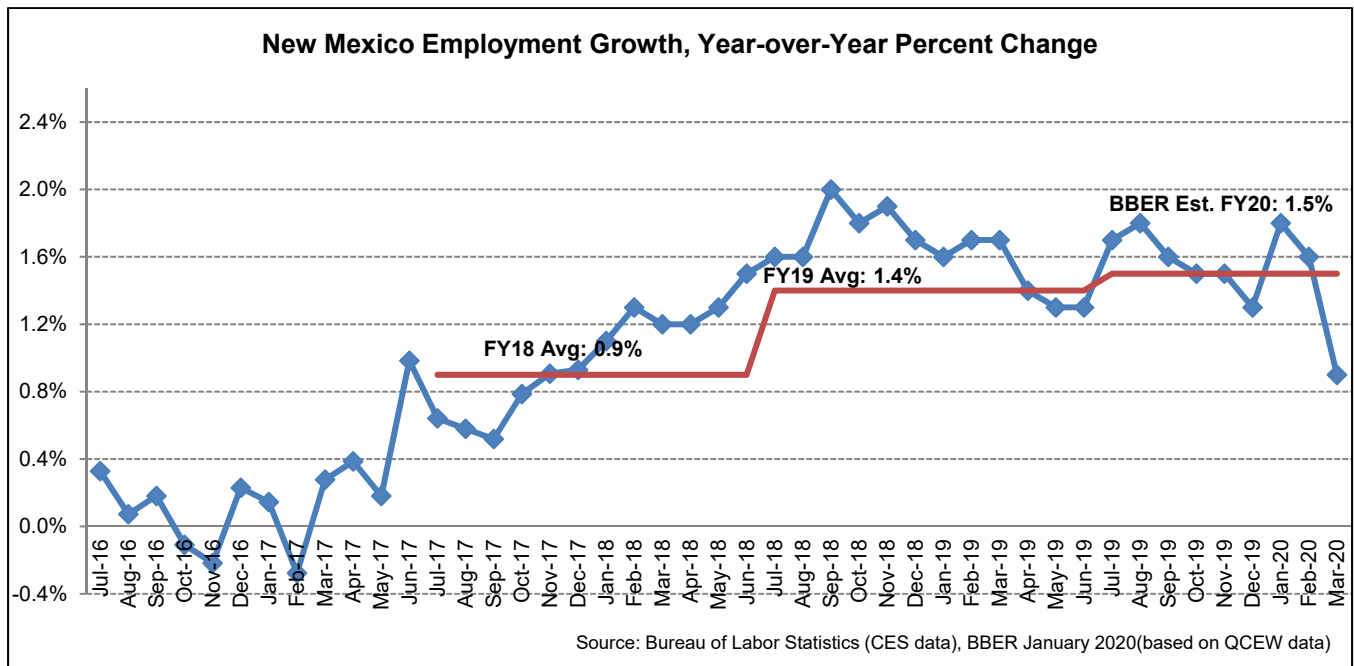
Source: Weighted oil and gas prices derived from EIA, GI and NYMEX Forecasts; Updated 05/19/2020

Oil production in FY20 through February is up about 28 percent from the same period a year ago; however, extremely low oil prices is causing widespread shut-ins of non-economical wells, which is expected to lead to production declines in the following months.

The Henry Hub natural gas price in February was \$1.91 per thousand cubic feet (mcf), while New Mexico’s natural gas price per mcf was \$1.61 according to GenTax data. However, after accounting for transportation and processing deductions, the net natural gas price – which is based on the taxable value of the product and best represents the final price producers receive – February was \$0.63/mcf in the Permian basin and \$1.40/mcf in the San Juan basin. TRD reports New Mexico produced 1.2 trillion cubic feet of natural gas in FY20 through February, up 11 percent from the same period a year ago.



Employment Trends. Chart 3 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 preliminary reported employment growth averaged 1.5 percent year-over-year from July to March, before the full impacts of the pandemic on employment could be measured.



The available data reflects employment until March 14. Because this was the first day of the stay-at-home order in New Mexico, it does not reflect the rapid loss in jobs that occurred in the following weeks. Up until that point, the unemployment rate had grown 1.1 percent from February and 0.9 percent from the previous year. In over-the-year growth, construction was up 11.1 percent and education and health services were up 2.8 percent.

Tax Filing Delays. Although the most significant disruptions to revenues due to the COVID-19 pandemic will be reported in the months to come, initial final and estimated payments reported for March’s personal income tax collections suggest the state is experiencing significant revenue disruptions from federal delays in tax filings. For the month of March, final and estimated payments of personal income tax were down \$121.6 million over last year, or 66 percent. The congressional budget office reports that non-withheld payments of income and payroll taxes (similar to final and estimated payments) fell by \$282 billion, or 90 percent, in April as a result of the delayed deadlines. Because the tax filing dates were simply delayed, it is likely the state will recuperate a significant share of the lost revenues by July and those collections will be accrued back to FY20. Yet, the share of revenue at risk of being lost due to the delay continues to grow as economic stress mounts and prevents taxpayer ability to pay.

Explanation of Revenue Tracking Method. Appendix 1 shows the latest consensus revenue estimates and monthly accruals in detail. These estimates were finalized in December 2019. 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 “FY20 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY20 Forecast” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms.

FISCAL YEAR 2020 GENERAL FUND MONTHLY REVENUE TRACKING

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

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	ESTIMATED REVENUE ACCRUALS												FY20	TRACKING CHANGE		
	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Prelim.	Apr Estimate	May Estimate	June Estimate	Actual + Estimate	FY20 Dec. Forecast	% Diff.	\$ Diff.
Gross Receipts Tax	219.3	258.7	213.8	267.3	233.8	276.5	244.5	250.3	254.6	249.2	246.5	239.6	2,954.2	2,928.8	0.9%	25.4
Compensating Tax	6.7	5.2	8.3	6.4	5.6	6.2	6.2	(0.3)	5.0	2.3	7.2	8.3	67.0	82.9	-19.2%	(15.9)
TOTAL GENERAL SALES TAXES	226.0	263.8	222.1	273.7	239.4	282.7	250.7	250.0	259.6	251.5	253.7	247.9	3,021.2	3,011.7	0.3%	9.5
Tobacco Products & Cigarette Taxes	9.4	9.2	6.3	4.0	9.5	6.2	6.7	5.3	7.2	7.0	7.5	8.9	87.1	88.6	-1.7%	(1.5)
Liquor Excise Tax	2.2	2.4	1.7	1.7	2.6	2.1	1.4	1.4	2.8	1.8	1.9	2.3	24.4	23.2	5.2%	1.2
Insurance Premiums Tax	0.3	2.4	15.8	50.4	1.5	1.3	52.6	2.7	51.9	0.6	0.6	0.6	180.7	206.1	-12.3%	(25.4)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	16.9	16.9	16.9	0.0%	-
Motor Vehicle Excise Tax	11.4	14.1	12.3	13.9	11.5	11.2	13.5	11.9	10.2	13.2	13.1	13.0	149.3	150.0	-0.5%	(0.7)
Gaming Excise Tax	5.2	5.3	5.7	5.2	5.2	5.5	4.8	6.1	2.9	5.6	6.0	5.3	62.9	66.5	-5.4%	(3.6)
Leased Vehicle Surcharge & Other	0.7	0.8	0.9	0.5	0.4	0.4	0.6	1.6	(0.0)	0.6	0.7	0.7	7.9	8.3	-4.2%	(0.4)
TOTAL SELECTIVE SALES TAXES	29.2	34.2	42.7	75.7	30.7	26.7	79.6	29.0	74.9	28.9	29.9	47.7	529.3	559.7	-5.4%	(30.4)
Withholding	110.7	117.8	124.5	108.7	129.9	155.8	133.4	117.5	130.8	111.0	111.0	154.8	1,506.0	1,422.2	5.9%	83.7
Final Settlements	20.5	53.5	14.4	16.9	39.1	16.9	23.7	35.3	62.0	30.4	76.6	38.4	427.7	549.4	-22.2%	(121.7)
Oil and Gas Withholding Tax	3.0	5.3	0.3	7.1	6.4	14.8	4.8	8.2	20.7	19.5	10.8	22.6	123.4	119.0	3.7%	4.4
Fiduciary Tax	(0.4)	1.4	0.3	0.0	(0.1)	0.5	(0.8)	(0.3)	0.6	0.2	1.6	(0.1)	2.8	6.0	-53.9%	(3.3)
Gross Personal Income Tax	133.8	178.0	139.4	132.8	175.2	188.0	161.0	160.6	214.1	161.2	200.0	215.7	2,059.9	2,096.7	-1.8%	(36.8)
Transfer to PIT Suspense	(9.7)	(10.1)	(14.4)	(9.4)	(6.0)	(98.5)	(110.5)	(61.1)	(44.4)	(41.3)	(14.3)	(10.5)	(430.2)	(442.4)	-2.8%	12.2
Retiree Health Care	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.6)	(2.6)	(2.6)	(29.8)	(31.0)	-3.9%	1.2
Less: Refunds, distributions to other funds	(12.1)	(12.5)	(16.8)	(11.9)	(8.5)	(100.9)	(112.9)	(63.6)	(46.9)	(43.9)	(16.9)	(13.0)	(460.0)	(473.4)	-2.8%	13.4
NET PERSONAL INCOME TAX	121.7	165.5	122.6	121.0	166.8	87.1	48.1	97.1	167.2	117.3	183.0	202.7	1,599.9	1,623.3	-1.4%	(23.4)
CORPORATE INCOME TAX	(22.3)	(18.7)	29.3	(14.2)	(11.5)	17.5	1.6	19.8	18.9	(1.9)	(3.6)	20.5	35.5	55.6	-36.2%	(20.1)
TOTAL INCOME TAXES	99.4	146.7	151.9	106.8	155.2	104.6	49.7	116.9	186.0	115.4	179.5	223.2	1,635.4	1,678.9	-2.6%	(43.5)
Oil and Gas School Tax *	48.5	49.3	52.6	54.5	59.5	64.4	53.2	(0.0)	-	-	-	-	382.0	382.0	0.0%	0.0
Oil Conservation Tax	2.6	2.6	2.8	2.8	3.2	3.4	3.2	2.4	2.9	2.4	3.1	2.8	34.2	31.2	9.6%	3.0
Resources Excise Tax	0.6	0.5	0.6	0.6	1.1	0.7	0.6	0.5	0.6	0.6	0.6	0.6	7.7	7.4	3.6%	0.3
Natural Gas Processors Tax	1.0	1.2	1.3	1.4	1.3	1.3	1.2	1.2	1.3	1.2	1.2	1.2	14.8	14.3	3.8%	0.5
TOTAL MINERAL PROD. TAXES	52.8	53.5	57.4	59.3	65.1	69.8	58.3	4.0	4.7	4.2	4.9	4.6	438.7	434.9	0.9%	3.8
LICENSE FEES	2.0	1.5	0.3	0.3	0.4	0.4	0.3	0.6	8.2	14.4	2.5	2.7	33.7	52.8	-36.2%	(19.1)
Land Grant Perm. Fund Distributions	56.0	56.0	56.0	56.1	56.1	56.1	56.1	56.2	56.2	56.2	56.0	56.0	672.9	671.8	0.2%	1.1
State Treasurer's Earnings	1.5	18.3	(1.3)	8.0	1.0	4.3	13.1	16.3	16.3	5.8	4.9	4.9	93.2	82.1	13.5%	11.1
Severance Tax Perm. Fund Distributions	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	225.3	225.3	0.0%	0.0
TOTAL INVESTMENT EARNINGS	76.3	93.1	73.5	82.8	75.8	79.2	88.0	91.3	91.2	80.8	79.7	79.7	991.4	979.1	1.3%	12.2
Federal Mineral Leasing Royalties	73.4	61.3	57.4	137.8	56.3	72.0	62.7	76.7	70.1	65.1	55.1	74.6	862.5	810.4	6.4%	52.1
State Land Office Bonuses, Rents	2.9	5.7	9.4	6.5	4.5	1.7	14.7	5.3	8.4	5.0	6.2	6.2	76.4	74.0	3.2%	2.4
TOTAL RENTS & ROYALTIES	76.3	67.0	66.8	144.3	60.8	73.7	77.3	82.1	78.5	70.1	61.3	80.8	938.9	884.4	6.2%	54.5
TRIBAL REVENUE SHARING	-	6.2	13.6	-	-	-	-	26.1	0.1	0.1	0.1	20.0	66.2	80.1	-17.3%	(13.8)
MISCELLANEOUS RECEIPTS	1.2	1.2	0.4	0.9	19.4	1.0	0.8	2.0	1.1	1.2	1.2	19.9	50.2	49.4	1.7%	0.9
REVERSIONS	0.0	0.0	0.0	0.3	2.2	0.3	0.1	-	5.7	0.4	2.6	28.6	40.1	45.5	-11.9%	(5.4)
TOTAL RECURRING REVENUE	563.0	667.4	628.8	744.1	649.1	638.3	604.8	602.0	710.2	567.0	615.4	755.0	7,745.1	7,776.4	-0.4%	(31.3)
Non-Recurring **	0.0	0.0	(0.1)	0.1	22.5	(0.0)	(0.0)	0.3	-	-	-	6.3	29.1	28.8		0.3
Additional Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
TOTAL NON-RECURRING REVENUE	0.0	0.0	(0.1)	0.1	22.5	(0.0)	(0.0)	0.3	-	-	-	6.3	29.1	28.8		0.3
GRAND TOTAL REVENUE	563.0	667.4	628.8	744.2	671.6	638.3	604.8	602.4	710.2	567.0	615.4	761.3	7,774.3	7,805.2	-0.4%	(31.0)

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns.

*Oil and gas school tax distributions in excess of five-year average expected to divert to Tax Stabilization Reserve beginning in March 2020.

** November non-recurring revenue includes Fire Protection Fund reversion for FY19 booked to FY20 due to delayed submission by the agency.