



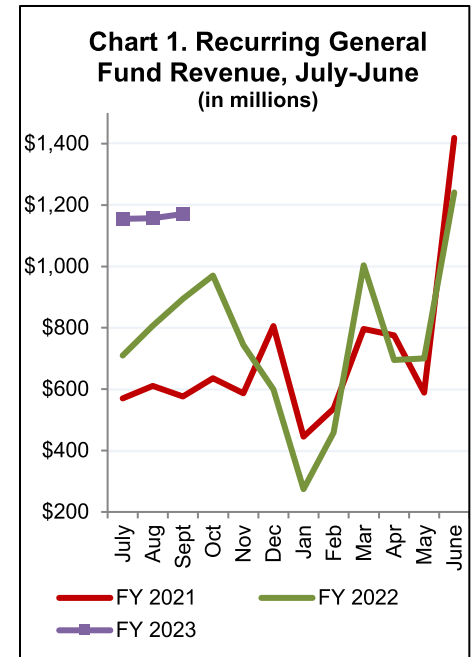
## General Fund Revenue Tracking Report: FY23 Accruals through September 2022

General fund recurring revenues for FY23 through September were \$3.67 billion, up \$1.26 billion, or 52.2 percent, from the same period a year ago.

September recurring revenue collections were \$1.37 billion, up \$478.5 million, or 53.5 percent, from September 2021. Personal and corporate income tax collections are up \$278.3 million, or 57.6 percent, year-to-date from the same time a year ago. September gross receipts tax collections are up \$231.9 million, or 31.6 percent, year-to-date over last year. Oil-related collections are \$761.9 million, or 101.3 percent, above this period last year and have yet to push past their five-year averages. Investment income is the only major revenue category that has fallen from FY22, posting a \$25.9 million decrease (10 percent) due to losses in investments made by the state treasurer.

FY23 revenues are showing continued strength after a record-breaking FY22 for several reasons. First, persistently high inflation and a tight labor market are pushing incomes and consumption to record levels. Second, large cash reserves and savings are keeping consumer spending aloft, even in the face of a possible recession. Lastly, oil and gas production has soared in the first part of the fiscal year due to geopolitical turmoil in Europe and supply-side constraints outside of the Permian Basin.

**THIS REPORT:** This general fund revenue tracking report reflects FY23 revenue accruals as reported by the Department of Finance and Administration and preliminary reports from the Taxation and Revenue Department



**Table 1. General Fund Revenue Accruals: FY23 vs. FY22**

Revenue Category	September Revenue		Month Year-over-Year Amount Change	Fiscal Year-to-Date Through September		Fiscal YTD Year-over-Year Amount Change	Fiscal YTD Year-over-Year Growth	Projected Full-Year Growth: Aug 22 Forecast
	FY22	FY23		FY22	FY23			
Gross Receipts Tax	\$286.2	\$333.2	\$47.1	\$733.5	\$965.4	\$231.9	31.6%	13.6%
Compensating Tax	\$6.6	\$8.5	\$2.0	\$17.9	\$23.3	\$5.4	30.4%	2.4%
Selective Sales Taxes *	\$89.2	\$107.6	\$18.3	\$159.6	\$161.9	\$2.2	1.4%	2.2%
Personal Income Tax	\$172.7	\$259.3	\$86.6	\$488.2	\$654.2	\$165.9	34.0%	22.3%
Corporate Income Tax	-\$9.1	\$120.9	\$130.0	-\$4.8	\$107.5	\$112.3	2235.5%	103.3%
Mineral Production Taxes **	\$127.5	\$198.2	\$70.7	\$367.2	\$638.2	\$271.0	73.8%	34.9%
License Fees	\$0.3	\$0.0	-\$0.3	\$1.1	\$1.3	\$0.1	10.8%	174.8%
Investment Income	\$81.2	\$48.1	-\$33.1	\$257.8	\$231.9	-\$25.9	-10.0%	-5.5%
Rents and Royalties	\$136.8	\$292.8	\$155.9	\$385.0	\$875.8	\$490.9	127.5%	-5.3%
Tribal Revenue Sharing	\$0.3	\$0.2	-\$0.1	\$0.5	\$0.6	\$0.1	21.7%	49.3%
Miscellaneous Receipts	\$0.5	\$0.7	\$0.1	\$2.3	\$2.0	-\$0.3	-12.3%	19.6%
Reversions	\$2.5	\$3.8	\$1.3	\$2.5	\$7.0	\$4.5	181.8%	-17.2%
<b>Subtotal Recurring Rev.</b>	<b>\$894.7</b>	<b>\$1,373.2</b>	<b>\$478.5</b>	<b>\$2,410.8</b>	<b>\$3,669.1</b>	<b>\$1,258.3</b>	<b>52.2%</b>	<b>14.0%</b>
Nonrecurring Revenue	\$0.0	-\$21.5	-\$21.5	-\$2.8	-\$35.8	-\$33.0	1179.5%	-100.0%
<b>Total Revenue</b>	<b>\$894.7</b>	<b>\$1,351.7</b>	<b>\$457.0</b>	<b>\$2,408.0</b>	<b>\$3,633.4</b>	<b>\$1,225.4</b>	<b>50.9%</b>	<b>0.0%</b>

\* Includes estimates for Insurance

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

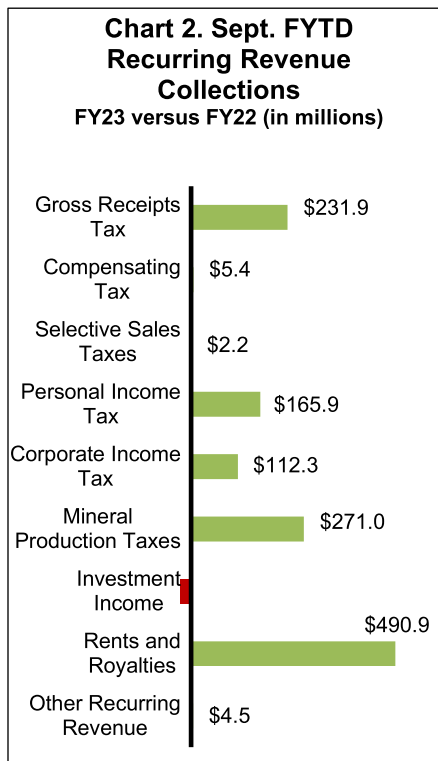
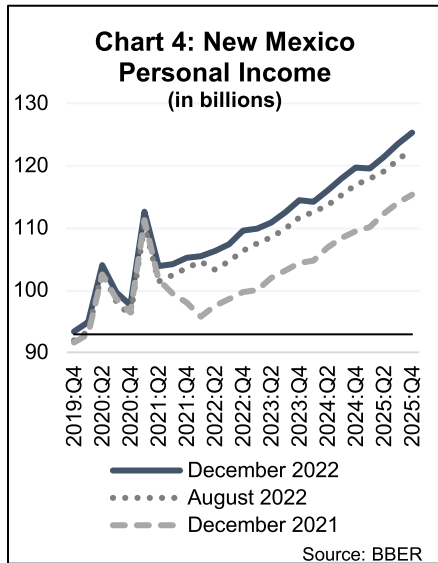
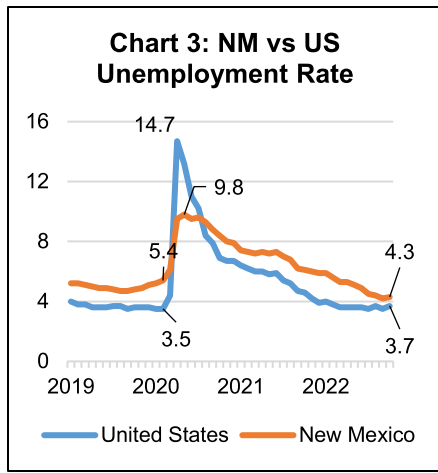


Chart 1 shows total monthly year-over-year revenues. Table 1 and Chart 2 present the components of fiscal year-to-date (FYTD) revenue through September for FY23 versus the same period in FY22.

## Revenue Tracking

The last page of this report provides the general fund revenue-tracking chart for FY23. The chart details the actual revenues received year-to-date through September, and preliminary revenues for some revenue sources through November. Generally, projections for revenue collections through the end of the fiscal year are based on historical monthly shares of revenue collections by revenue source.

Total recurring revenues are currently tracking at \$101.8 million above the December 2022 CREG estimate. Most of this increase is attributable to higher-than-expected actual year-to-date income tax revenues, tracking \$101.4 million above December projections. The first quarter income tax receipts were adjusted up \$39.5 million to reflect true collections when accounting for the cost of rebates disbursed. The \$39.5 million cost is reflected on the bottom of the tracking report as a nonrecurring cost. Gross receipts taxes are tracking \$30.3 million above the December estimate.

## Employment and Income

New Mexico’s seasonally adjusted unemployment rate was 4.3 percent in October, down from 9.8 percent in May 2020 (See Chart 3) and below pre-pandemic levels. While New Mexico unemployment remains slightly elevated over national averages, labor shortages and a sluggish recovery of labor force participation, are driving up wages amid a very tight labor market. New Mexico’s labor force participation currently sits at 56.1 percent, a full 2.5 points lower than pre-pandemic. BBER does not forecast returning to 2019 percent) from 2019.

New Mexico, similar to other states and the federal government, is still collecting unprecedented income tax revenues. In addition to the tight labor market, high inflation is driving up incomes and tax receipts. The increase has been particularly pronounced outside of regular wage withholding, a sign that business and capital gains taxes could be driving the trend. Data from the Bureau of Business and Economic Research (BBER) at UNM show income forecasts above where they were one quarter ago (see Chart 4).

## Gross Receipts Tax

Preliminary gross receipts tax data from the Taxation and Revenue Department (TRD) is available through September. Matched taxable gross receipts (MTGR) – taxable gross receipts matched to tax payments and more representative of overall economic activity in the state compared with other tax data – were up 20.8 percent for FY23 through September compared with the same period last year. The largest year-to-date percentage increases continue to be in the mining sector, up 86.7 percent, followed by transportation and warehousing (up 61.2 percent), real estate (up 39.2 percent), and wholesale trade (up 38.6 percent).

Twenty-six of the state's 33 counties are showing year-over-year growth in MTGR for FY23 through September. Out-of-state receipts – reflecting activity from out-of-state sellers doing business in New Mexico – are down 7.6 percent, a reflection of slow taxpayer compliance with new destination-based sourcing rules requiring in state reporting for most industries.

<b>Matched Taxable Gross Receipts by Industry - FY23 vs FY22</b>			
<b>Industry</b>	<b>Matched Taxable Gross Receipts</b>	<b>Year-over-Year Growth</b>	<b>Year-over-Year Change</b>
Mining, Quarrying, and Oil and Gas Extraction	\$2,829,549,971	\$1,314,366,693	86.7%
Utilities	\$864,523,121	\$83,566,790	10.7%
Construction	\$2,706,799,646	\$500,348,907	22.7%
Manufacturing	\$814,360,220	\$190,204,932	30.5%
Wholesale Trade	\$1,237,032,073	\$344,732,458	38.6%
Retail Trade	\$4,923,018,271	\$349,301,295	7.6%
Transportation and Warehousing	\$404,585,933	\$153,642,268	61.2%
Information	\$581,782,059	\$64,252,467	12.4%
Real Estate and Rental and Leasing	\$648,262,271	\$41,506,933	6.8%
Professional, Scientific, and Technical Services	\$2,079,993,088	\$405,248,912	24.2%
Administrative/Support & Waste Management/Remediation	\$1,238,056,346	\$200,019,640	19.3%
Health Care and Social Assistance	\$1,101,746,609	\$77,690,416	7.6%
Leisure and Hospitality Services	\$1,666,034,838	\$295,833,865	21.6%
Other Industries	\$2,321,075,515	\$11,700,858	29.3%
<b>Total</b>	<b>\$23,416,819,959</b>	<b>\$4,032,416,434</b>	<b>20.8%</b>

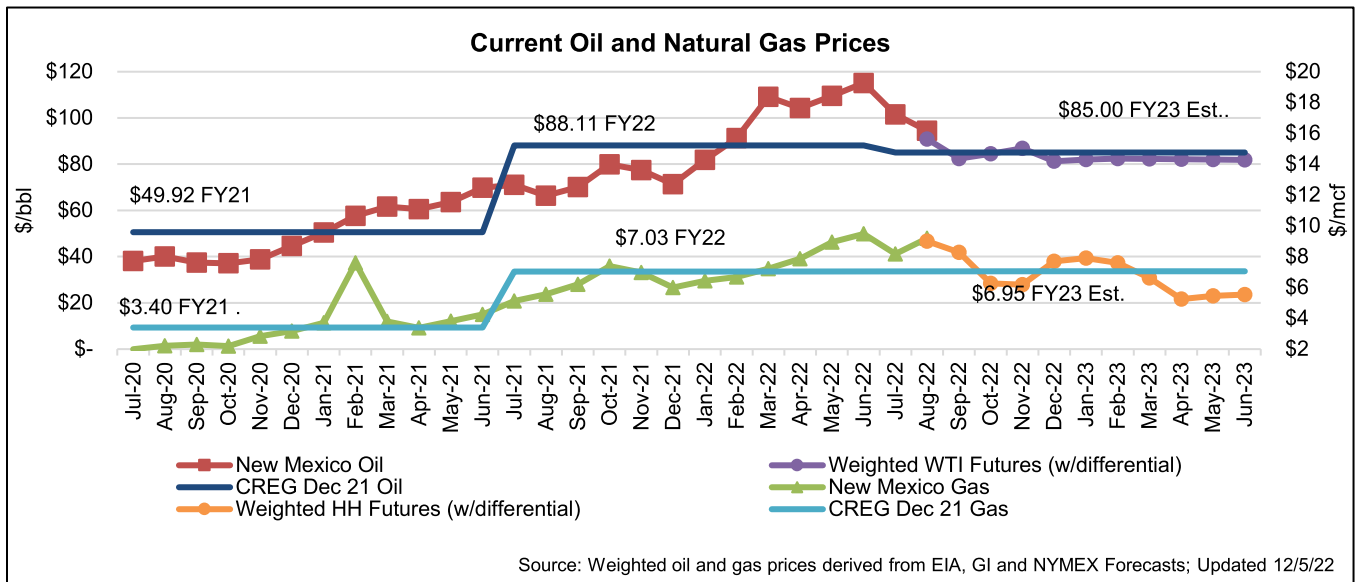
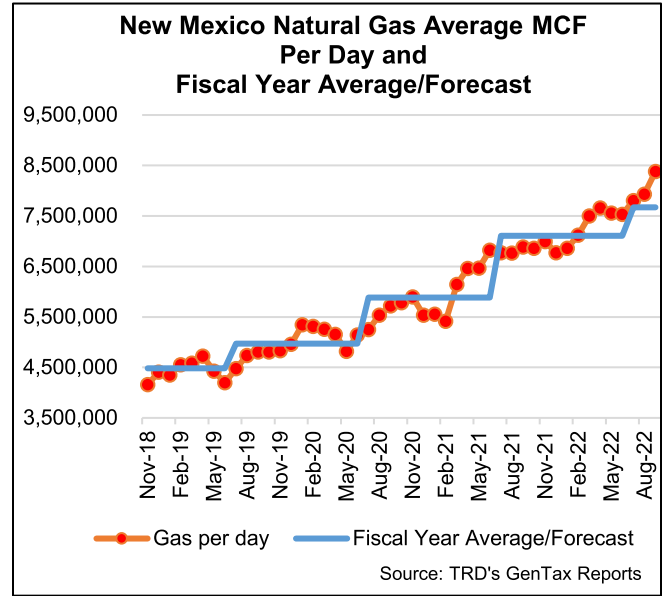
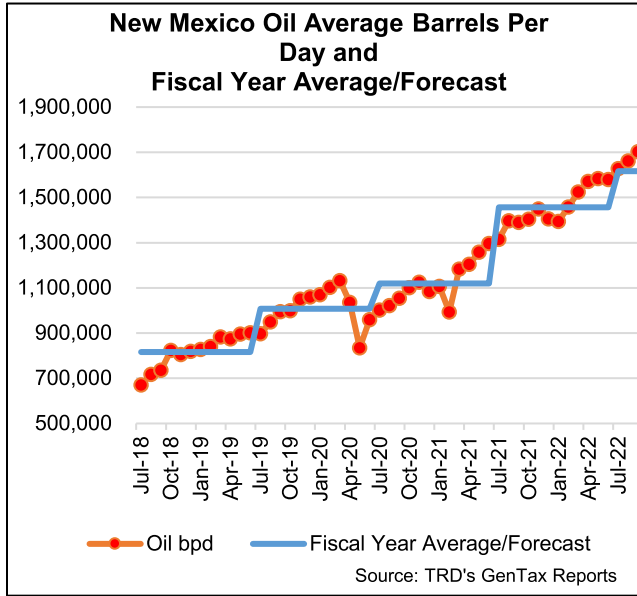
Other industries continue to grow robustly including construction (22.7 percent), retail trade (7.6 percent), and leisure and hospitality (21.6 percent). Construction activity has been boosted by federal and state spending, as well as large wind projects throughout eastern New Mexico. Consumer spending has remained strong despite inflation, supporting growth throughout MTGR. Inflation has also persisted, driving up all activity on a nominal basis, to varying degrees. However, the Federal Reserve continues to rollout interest rate hikes and consumer savings continues to fall, increasing the risk of recession and injecting pessimism into the GRT outlook.

### **Oil and Natural Gas**

Natural-gas futures for February delivery dropped more than 17 percent reaching \$3.71 per million British thermal units. That is down more than 50 percent from summer highs and is about what gas cost a year ago, when temperatures were also warmer than normal and before Russia's invasion of Ukraine jolted energy markets. The plunge is likely to decrease severance tax revenues and royalties estimated at higher prices. Analysts say prices could shoot up again when Europe tries to refill stores for the 2023-24 winter without much Russian gas.

Unlike gas prices, oil prices have held steady when compared with the December revenue estimate. However, production levels for both oil and gas have continued to exceed expectations. In October, New

Mexico oil production reached 1.75 million barrels per day while gas production reached 8,414 mmcf.



FISCAL YEAR 2023 GENERAL FUND MONTHLY REVENUE TRACKING

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

1/17/23 4:50 PM

	ESTIMATED REVENUE ACCRUALS												FY23 Actual + Estimate	TRACKING CHANGE		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June		FY 23 Dec Forecast	% Diff.	\$ Diff.
	Actual	Actual	Actual	Prelim.	Prelim.	Est.	Est.	Est.	Est.	Est.	Est.	Est.				
Gross Receipts Tax	305.8	326.3	333.2	316.2	310.8	345.9	297.8	301.3	321.8	297.8	307.8	277.5	3,742.2	3,723.1	-0.5%	19.1
Compensating Tax	7.2	7.6	8.5	8.7	4.7	7.4	7.4	7.0	6.3	1.9	5.9	6.9	79.6	68.4	16.4%	11.2
<b>TOTAL GENERAL SALES TAXES</b>	<b>313.0</b>	<b>334.0</b>	<b>341.8</b>	<b>324.9</b>	<b>315.5</b>	<b>353.4</b>	<b>305.2</b>	<b>308.3</b>	<b>328.1</b>	<b>299.7</b>	<b>313.7</b>	<b>284.3</b>	<b>3,821.8</b>	<b>3,791.5</b>	<b>0.8%</b>	<b>30.3</b>
Cannabis Excise Tax	1.9	1.9	1.7	1.9	2.1	1.7	1.9	1.3	2.3	1.8	2.3	1.9	22.7	23.3	NA	(0.5)
Tobacco Products & Cigarette Taxes	5.7	7.5	7.3	5.9	6.9	5.8	6.2	5.4	7.1	6.2	7.7	6.7	78.6	79.3	-0.9%	(0.7)
Liquor Excise Tax	2.5	2.2	2.1	2.3	2.2	2.4	1.5	1.7	2.2	1.9	2.3	2.3	25.5	24.9	2.8%	0.7
Insurance Premiums Tax	3.1	(5.3)	73.0	2.4	1.0	84.1	1.0	84.1	1.0	1.0	1.0	84.1	330.7	344.8	-4.1%	(14.1)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Excise Tax	13.7	14.4	14.1	13.6	12.3	12.3	13.3	11.7	14.8	13.8	14.2	14.3	162.5	162.6	-0.1%	(0.1)
Gaming Excise Tax	6.4	6.1	6.0	5.5	5.3	5.6	5.6	5.8	6.4	5.8	6.2	5.5	70.1	68.7	2.0%	1.4
Leased Vehicle Surcharge & Other	(2.8)	0.8	3.1	0.5	0.3	0.3	1.1	0.3	0.3	0.3	0.4	0.4	5.0	5.1	-1.3%	(0.1)
<b>TOTAL SELECTIVE SALES TAXES</b>	<b>28.4</b>	<b>25.8</b>	<b>107.6</b>	<b>32.0</b>	<b>30.0</b>	<b>29.3</b>	<b>113.8</b>	<b>27.9</b>	<b>116.9</b>	<b>31.0</b>	<b>33.8</b>	<b>115.2</b>	<b>691.8</b>	<b>708.7</b>	<b>-2.4%</b>	<b>(16.9)</b>
Withholding	146.2	151.4	191.5	144.1	152.5	218.8	156.6	160.4	187.6	159.8	157.3	217.3	2,043.5	2,024.8	0.9%	18.7
Final Settlements	29.5	66.2	44.0	21.7	50.2	67.2	16.2	58.5	207.4	119.0	55.5	51.9	787.3	756.4	4.1%	30.8
Oil and Gas Withholding Tax	3.7	37.1	49.2	20.6	18.1	35.7	13.1	32.1	56.5	73.4	26.6	52.4	418.4	359.9	16.3%	58.5
Fiduciary Tax	0.5	5.8	0.8	1.0	2.1	1.5	(10.4)	4.2	8.5	1.4	3.0	1.2	19.5	12.1	60.7%	7.4
<b>Gross Personal Income Tax</b>	<b>179.9</b>	<b>260.6</b>	<b>285.5</b>	<b>187.4</b>	<b>222.8</b>	<b>323.2</b>	<b>175.5</b>	<b>255.1</b>	<b>460.0</b>	<b>353.6</b>	<b>242.4</b>	<b>322.8</b>	<b>3,268.7</b>	<b>3,153.3</b>	<b>3.7%</b>	<b>115.4</b>
Transfer to PIT Suspende	(27.6)	(11.0)	(22.8)	(7.4)	(7.0)	(118.1)	(226.1)	(123.2)	(87.5)	(28.1)	(28.1)	(23.1)	(710.2)	(719.5)	-1.3%	9.3
Retiree Health Care	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(41.3)	(41.3)	0.0%	(0.0)
<b>Less: Refunds, distributions to other funds</b>	<b>(31.0)</b>	<b>(14.5)</b>	<b>(26.2)</b>	<b>(10.9)</b>	<b>(10.5)</b>	<b>(121.5)</b>	<b>(229.6)</b>	<b>(126.7)</b>	<b>(91.0)</b>	<b>(31.6)</b>	<b>(31.5)</b>	<b>(26.6)</b>	<b>(751.5)</b>	<b>(760.8)</b>	<b>-1.2%</b>	<b>9.3</b>
<b>NET PERSONAL INCOME TAX</b>	<b>148.8</b>	<b>246.1</b>	<b>259.3</b>	<b>176.5</b>	<b>212.4</b>	<b>201.7</b>	<b>(54.1)</b>	<b>128.5</b>	<b>369.1</b>	<b>322.0</b>	<b>210.9</b>	<b>296.2</b>	<b>2,517.2</b>	<b>2,392.5</b>	<b>5.2%</b>	<b>124.7</b>
<b>CORPORATE INCOME TAX</b>	<b>9.8</b>	<b>(23.2)</b>	<b>120.9</b>	<b>11.4</b>	<b>11.9</b>	<b>70.2</b>	<b>(21.0)</b>	<b>7.3</b>	<b>71.2</b>	<b>(32.8)</b>	<b>(41.7)</b>	<b>84.5</b>	<b>268.7</b>	<b>292.0</b>	<b>-8.0%</b>	<b>(23.3)</b>
<b>TOTAL INCOME TAXES</b>	<b>158.6</b>	<b>222.9</b>	<b>380.2</b>	<b>187.9</b>	<b>224.3</b>	<b>271.9</b>	<b>(75.1)</b>	<b>135.8</b>	<b>440.3</b>	<b>289.2</b>	<b>169.2</b>	<b>380.7</b>	<b>2,785.9</b>	<b>2,684.5</b>	<b>3.8%</b>	<b>101.4</b>
Oil and Gas School Tax **	204.6	205.9	184.8	104.7	104.7	33.1	-	-	-	-	-	-	838.0	838.0	0.0%	-
Oil Conservation Tax	11.1	11.0	9.8	10.7	9.5	8.8	7.9	7.5	8.8	8.0	9.5	9.5	112.1	113.6	-1.3%	(1.5)
Resources Excise Tax	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	8.0	7.8	2.6%	0.2
Natural Gas Processors Tax	2.9	3.0	2.8	3.6	3.5	3.4	3.4	3.2	3.5	3.6	3.5	3.5	39.9	42.0	-4.9%	(2.1)
<b>TOTAL MINERAL PROD. TAXES</b>	<b>219.4</b>	<b>220.6</b>	<b>198.2</b>	<b>119.7</b>	<b>118.3</b>	<b>46.0</b>	<b>11.9</b>	<b>11.4</b>	<b>13.0</b>	<b>12.2</b>	<b>13.6</b>	<b>13.6</b>	<b>998.0</b>	<b>1,001.4</b>	<b>-0.3%</b>	<b>(3.3)</b>
<b>LICENSE FEES</b>	<b>0.3</b>	<b>0.9</b>	<b>0.0</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.3</b>	<b>50.0</b>	<b>54.2</b>	<b>56.8</b>	<b>-4.5%</b>	<b>(2.6)</b>
Land Grant Perm. Fund Distributions	75.2	75.2	75.3	72.9	72.9	72.9	72.9	72.9	72.9	72.9	72.9	72.9	882.2	875.4	0.8%	6.9
State Treasurer's Earnings	30.1	(37.8)	(47.7)	3.9	50.0	21.5	2.2	2.2	2.2	2.2	2.2	2.2	33.2	26.6	25.0%	6.6
Severance Tax Perm. Fund Distributions	20.5	20.5	20.5	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	260.9	265.8	-1.8%	(4.8)
<b>TOTAL INVESTMENT EARNINGS</b>	<b>125.9</b>	<b>57.9</b>	<b>48.1</b>	<b>99.0</b>	<b>145.1</b>	<b>116.6</b>	<b>97.3</b>	<b>97.3</b>	<b>97.3</b>	<b>97.3</b>	<b>97.3</b>	<b>97.3</b>	<b>1,176.4</b>	<b>1,167.8</b>	<b>0.7%</b>	<b>8.6</b>
Federal Mineral Leasing Royalties **	289.6	284.9	288.6	256.2	-	-	-	-	-	-	-	-	1,119.3	1,119.3	0.0%	-
State Land Office Bonuses, Rents	5.4	3.1	4.2	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	53.5	54.4	-1.7%	(0.9)
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>295.0</b>	<b>288.0</b>	<b>292.8</b>	<b>260.7</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>1,172.8</b>	<b>1,173.7</b>	<b>-0.1%</b>	<b>(0.9)</b>
<b>TRIBAL REVENUE SHARING</b>	<b>0.4</b>	<b>-</b>	<b>0.2</b>	<b>3.6</b>	<b>0.5</b>	<b>10.8</b>	<b>7.6</b>	<b>0.3</b>	<b>11.6</b>	<b>7.1</b>	<b>0.7</b>	<b>19.6</b>	<b>62.4</b>	<b>76.9</b>	<b>-18.9%</b>	<b>(14.5)</b>
<b>MISCELLANEOUS RECEIPTS</b>	<b>0.5</b>	<b>0.8</b>	<b>0.7</b>	<b>0.9</b>	<b>0.8</b>	<b>1.1</b>	<b>21.1</b>	<b>1.0</b>	<b>0.9</b>	<b>1.1</b>	<b>1.1</b>	<b>8.6</b>	<b>38.5</b>	<b>38.9</b>	<b>-1.1%</b>	<b>(0.4)</b>
<b>REVERSIONS</b>	<b>0.0</b>	<b>3.2</b>	<b>3.8</b>	<b>(0.4)</b>	<b>0.3</b>	<b>2.1</b>	<b>3.0</b>	<b>4.8</b>	<b>8.7</b>	<b>(0.1)</b>	<b>(0.8)</b>	<b>50.5</b>	<b>75.0</b>	<b>75.0</b>	<b>0.1%</b>	<b>0.0</b>
<b>TOTAL RECURRING REVENUE</b>	<b>1,141.7</b>	<b>1,154.2</b>	<b>1,373.2</b>	<b>1,028.7</b>	<b>839.5</b>	<b>836.0</b>	<b>489.5</b>	<b>591.9</b>	<b>1,021.9</b>	<b>742.4</b>	<b>633.4</b>	<b>1,024.5</b>	<b>10,876.9</b>	<b>10,775.1</b>	<b>0.9%</b>	<b>101.8</b>
Non-Recurring Additional Transfers	0.0	(14.2)	(21.5)	(3.8)	-	-	-	-	-	-	-	-	(39.5)	(68.8)	-	29.2
<b>TOTAL NON-RECURRING REVENUE</b>	<b>0.0</b>	<b>(14.2)</b>	<b>(21.5)</b>	<b>(3.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39.5)</b>	<b>(68.8)</b>	<b>-</b>	<b>29.2</b>
<b>GRAND TOTAL REVENUE</b>	<b>1,141.7</b>	<b>1,140.0</b>	<b>1,351.7</b>	<b>1,024.9</b>	<b>839.5</b>	<b>836.0</b>	<b>489.5</b>	<b>591.9</b>	<b>1,021.9</b>	<b>742.4</b>	<b>633.4</b>	<b>1,024.5</b>	<b>10,837.4</b>	<b>10,706.3</b>	<b>1.2%</b>	<b>131.1</b>

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

\*\* Distributions above the five-year average to tax stabilization reserve or early childhood trust fund expected to begin in March