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June 1, 2016



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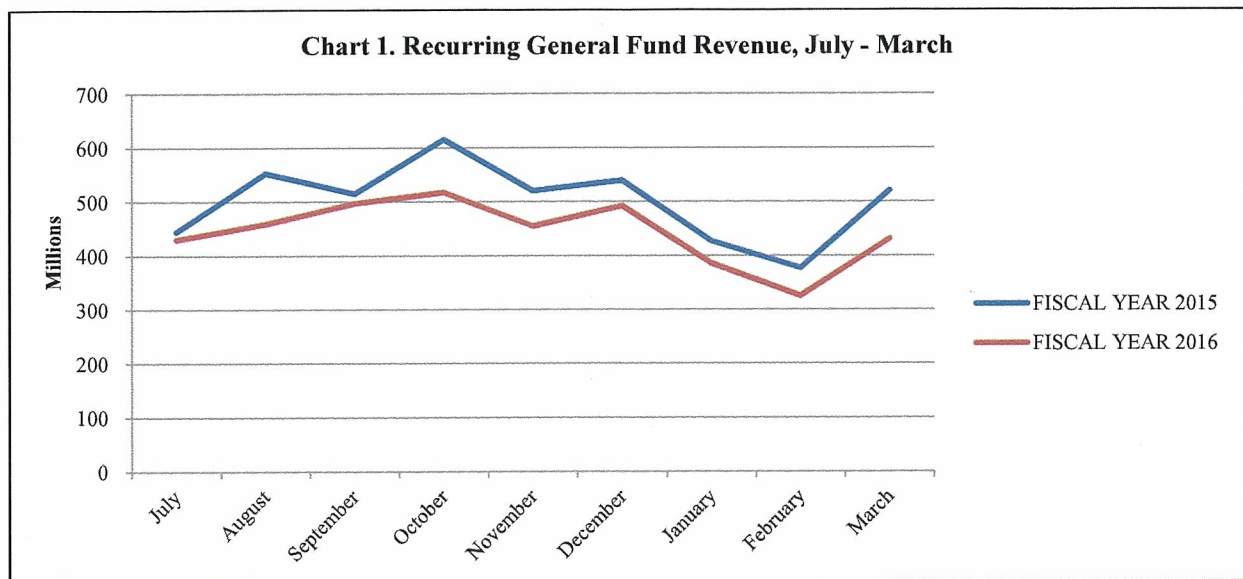
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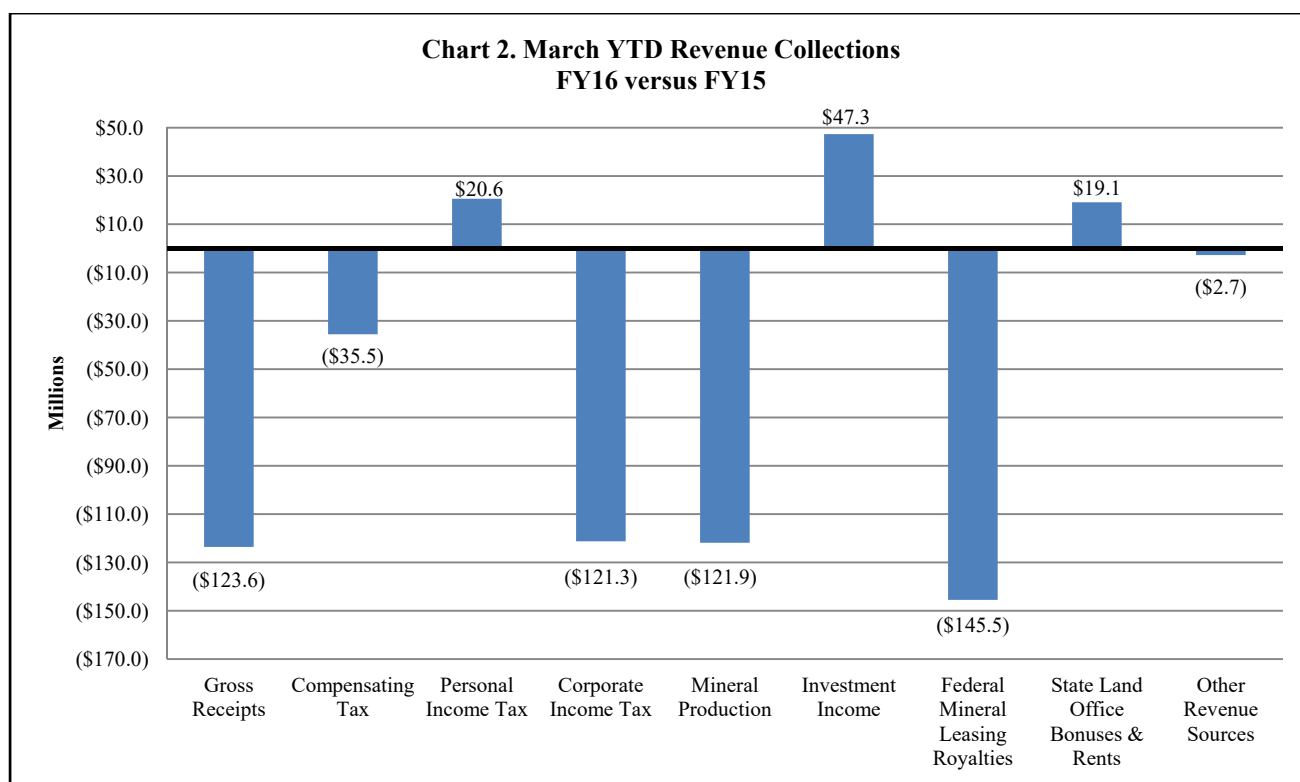
**General Fund Revenue Tracking Report: Accruals through March 2016**

This general fund revenue tracking report reflects revenue accruals through March 2016 and some preliminary revenues through May 2016 as reported by the Department of Finance and Administration, the Taxation and Revenue Department and the State Treasurer's Office.

**Summary.** Chart 1 compares total recurring revenue between FY16 and FY15 through March. Total recurring revenue collection in March was \$454 million, and year-to-date revenues were down -10 percent from the same period a year ago.



Projections for revenue collections through the remainder of the year are based on historical monthly shares of revenue collections by revenue source. Revenues are tracking at \$5.9 billion, at -1.7 percent or \$101 million below the consensus revenue estimating group's (CREG) revised January forecast. Further revenues appear to be tracking below the February guidance for a 2 percent revenue reduction from the January estimate.



**March and Year-To-Date Revenues.** Chart 2 and Table 1 present the components of fiscal year-to-date (FYTD) revenue through March for FY16 versus FY15. Revenue collections are based on general fund accruals and GenTax general fund transfer data from Taxation and Revenue Department (TRD) and rents and royalties. Revenue is -10 percent below the same period in 2015, compared with estimated full-year growth of -2.8 percent.

- March gross receipts tax was \$173.6 million, down 7.8 percent from March 2015. Depressed activity in manufacturing during the month stunted GRT revenue collections. Some strength in the education and healthcare sectors has helped to offset part of the downturn.
- Compensating tax continues to reflect the price collapse in the oil and gas industry over the last year and lags 48 percent behind the prior year's revenues received.
- March corporate income tax was \$36.1 million bringing year to date collections to \$82.9 million. CIT is down -59.4 percent year to date due to broad weakness in most sectors including: manufacturing, wholesale trade and the petroleum industry.
- Year-to-date personal income tax (PIT) revenues are 2.5 percent greater than FY15, below the January forecast of 4.6 percent growth.
- Federal mineral leasing revenues for March 2016 were \$15.8 million, down more than half compared to the average for the prior nine months. Preliminary FML revenues for April 2016 are \$20.1 million and May 2016 are \$19.6 million.
- Reversions for March were \$1.3 million, in line with the estimate.

<b>Table 1. General Fund Revenue Accruals: FY16 vs. FY15</b>						
<b>Revenue Category</b>	<b>March Revenue</b>	<b>Fiscal Year-to-Date Through March</b>		<b>Year-over-Year Amount Change</b>	<b>Year-over-Year Growth</b>	<b>Projected Full-Year Growth: January 2016 Forecast</b>
	<b>FY16</b>	<b>FY15</b>	<b>FY16</b>			
Gross Receipts	\$ 173.6	\$1,587.0	\$1,463.4	(\$123.6)	-7.8%	-0.2%
Compensating Tax	\$ 4.5	\$73.6	\$38.1	(\$35.5)	-48.2%	-24.3%
Selective Sales *	\$ 27.4	\$357.7	\$323.4	(\$34.3)	-9.6%	6.5%
Personal Income Tax	\$ 82.3	\$817.5	\$838.1	\$20.6	2.5%	4.6%
Corporate Income Tax	\$ 36.1	\$204.1	\$82.9	(\$121.3)	-59.4%	-12.4%
Oil & Gas Revenues *	\$ 41.4	\$821.9	\$539.3	(\$282.6)	-34.4%	-26.4%
License Fees	\$ 9.5	\$31.7	\$36.0	\$4.3	13.7%	-2.5%
Investment Income	\$ 64.7	\$529.7	\$577.0	\$47.3	8.9%	8.4%
Tribal Revenue Sharing	\$ 12.3	\$49.6	\$45.3	(\$4.3)	-8.6%	-4.3%
Miscellaneous Receipts	\$ 0.7	\$28.9	\$25.7	(\$3.2)	-11.1%	0.6%
Reversions	\$ 1.3	\$12.2	\$25.7	\$13.5	111.3%	-2.9%
<b>Subtotal Recurring Revenue</b>	<b>\$ 453.8</b>	<b>\$4,514.0</b>	<b>\$3,994.9</b>	<b>(\$519.0)</b>	<b>-11.5%</b>	<b>-2.8%</b>
Nonrecurring Revenue	\$ (0.2)	\$25.1	\$0.0	(\$25.0)	-99.9%	-86.3%
<b>Total Revenue</b>	<b>\$ 453.6</b>	<b>\$4,539.0</b>	<b>\$4,085.9</b>	<b>(\$453.2)</b>	<b>-10.0%</b>	<b>-3.4%</b>

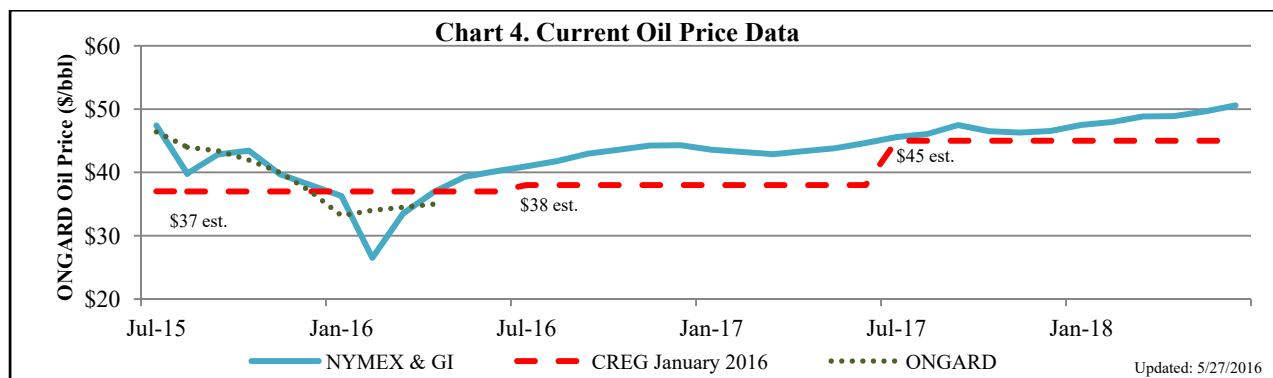
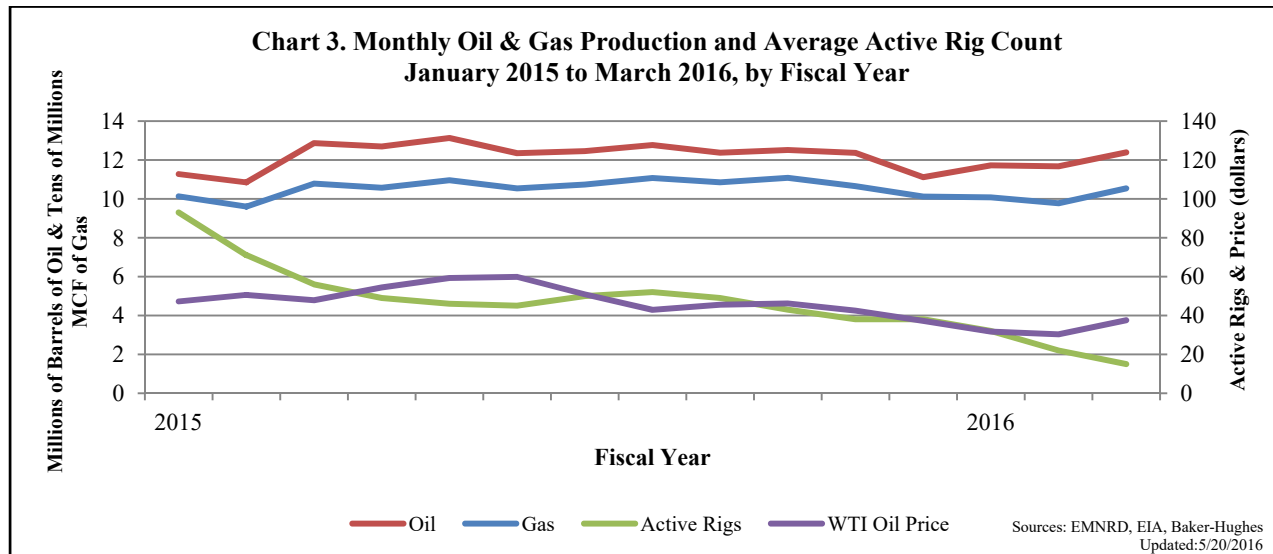
Includes early March estimated revenues for Insurance, Oil School Tax and Oil Conservation Tax. YTD comparisons of these revenues for the month include actual plus the estimated tacking amounts.

**Revenue Tracking.** The last pages provide the general fund revenue tracking report and chart for FY16. The report details the actual revenues received year-to-date and the estimated revenues for the remainder of the year.

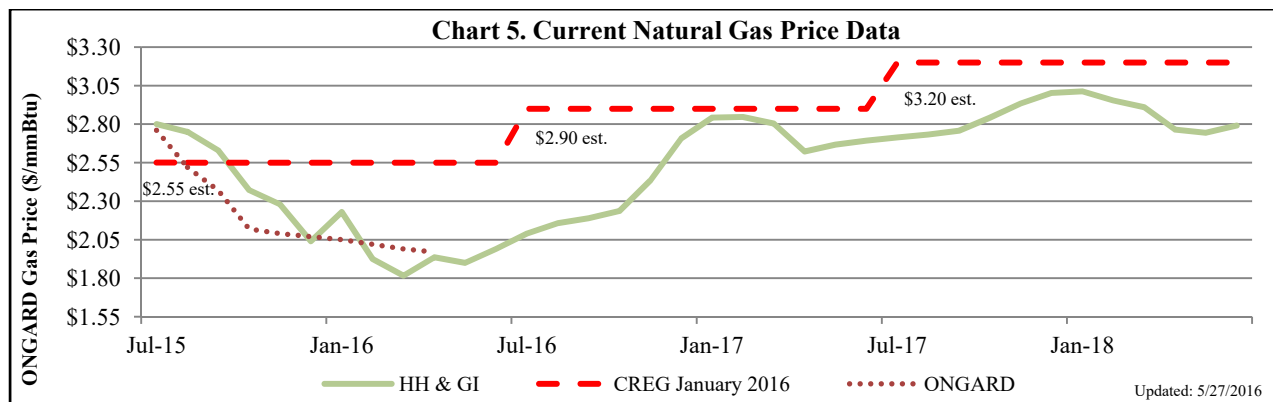
**Gross Receipts.** Table 2 reports fiscal-year-to-date matched taxable gross receipts (TGR) by industry between FY15 and FY16 through March. Total TGR decreased by -5.4 percent compared with the same period in the prior fiscal year. The category of professional services continues to report strongly, yet at a slower pace than January and February, up 17 percent year-over-year compared with FY15. Construction activity in Los Alamos county contributed strong performance during the period. Healthcare and hospitality provided strength, up 8.3 percent and 5.3 percent, year-over-year. Significant weakness was reported in manufacturing down -28.4 percent, wholesale trade down -16.6 percent, while mining and oil and gas extraction was down -45.9 percent. The near-record highs for food deductions and hold harmless payments in February did not continue into March, with deductions of \$279.6 million and hold harmless payments of \$8.6 million for the month, in line with recent historical trends, confirming LFC staff's assumption the February anomalies were due to timing issues.

<b>Table 2. Matched Taxable Gross Receipts by Industry July 2015 through March 2016</b>		
<b>Industry</b>	<b>Matched Taxable Gross Receipts</b>	<b>Year-over-Year Change</b>
Agriculture, Forestry, Fishing and Hunting	\$68,925,330	3.1%
Mining, Quarrying, and Oil and Gas Extraction	\$1,860,337,835	-45.9%
Utilities	\$1,758,576,873	-2.8%
Construction	\$4,732,453,160	2.5%
Manufacturing	\$1,259,703,477	-28.4%
Wholesale Trade	\$1,603,806,155	-16.6%
Retail Trade	\$9,107,772,965	-4.1%
Transportation and Warehousing	\$484,312,739	-28.1%
Information	\$1,914,123,861	-0.1%
Finance and Insurance	\$226,299,352	6.5%
Real Estate and Rental and Leasing	\$933,773,545	3.4%
Professional, Scientific, and Technical Services	\$4,784,939,180	17.0%
Management of Companies and Enterprises	\$27,257,670	-15.2%
Administrative/Support & Waste Management/Remediation Services	\$977,097,367	20.5%
Educational Services	\$144,401,433	-1.8%
Health Care and Social Assistance	\$1,952,638,835	8.3%
Arts, Entertainment, and Recreation	\$191,347,603	4.5%
Hospitality	\$3,015,125,007	5.3%
Other Services (except Public Administration)	\$3,393,221,688	-4.0%
Public Administration	\$146,977,995	-8.6%
Unclassified Establishments	\$264,249,379	-57.3%
<b>Total</b>	<b>\$38,847,341,449</b>	<b>-5.4%</b>

**Oil and Gas.** Chart 3 presents the oil and gas production data reported by EMNRD's Oil Conservation Division. Reporting by producers is due 45 days after the production month. Oil production reported for March shows an increase of 12.4 million barrels up from 11.7 million barrels in February. The production for March is down -3.7 percent year-over-year. The average active drilling rig count in March was 15. The market provided a small rally in WTI price, climbing to end the month at \$38/barrel.



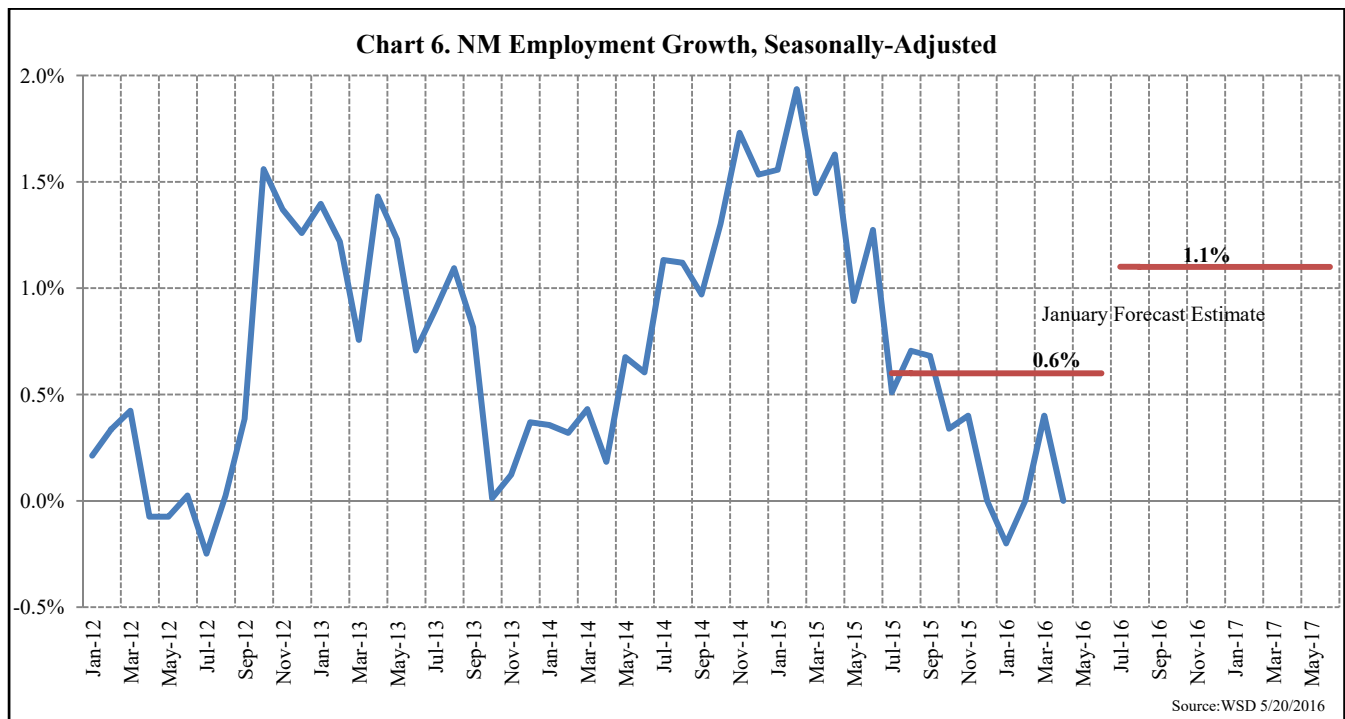
(\*Oil deduction calculated at \$3.50/bbl. NYMEX & GI 50/50 average.)



(\* Natural gas deduction calculated at zero/mmBtu. HH & GI 50/50 average.)

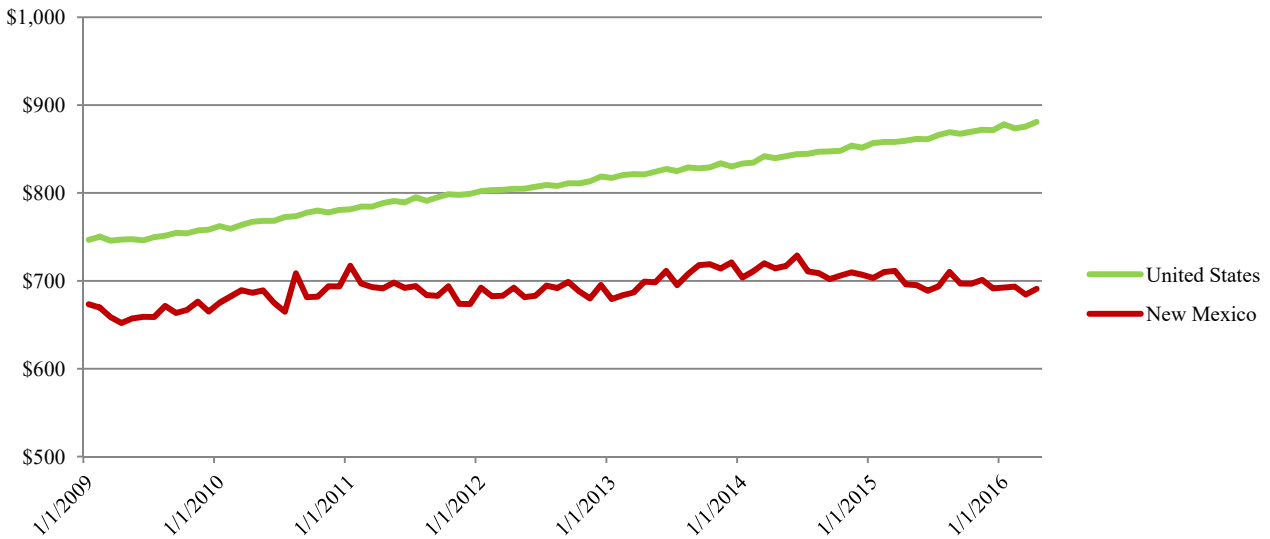
### Employment and Income Trends.

- After a small job gain in March, employment growth in New Mexico was flat for the second month in a row. Total nonfarm payroll employment in April decreased by 300 jobs year-over-year. Employment growth trends downward beginning in 2015, driven by losses in mining-related employment.
- April continued the previous month's loss of 6,400 jobs in the mining industry, a decline of -24.3 percent over the year. The transportation, warehousing, and utilities sector lost 1,500 jobs, or -6.1 percent, and manufacturing was down -1.8 percent. The construction industry was down 900 jobs, or -2.1 percent, the first down month since April 2014. Leisure and hospitality growth was flat after months of significant gains.
- Education and health services provided strong job growth in April, gaining 6,900 jobs, or 5.2 percent, the largest monthly gain in the sector since April 2002, helping to contain overall job losses to an effective zero percent growth for the month. Professional and business services modestly gained 1,400 jobs, or 1.4 percent, while miscellaneous other services gained 600 jobs, 2.2 percent and the information sector gained 300 jobs, up 2.3 percent.



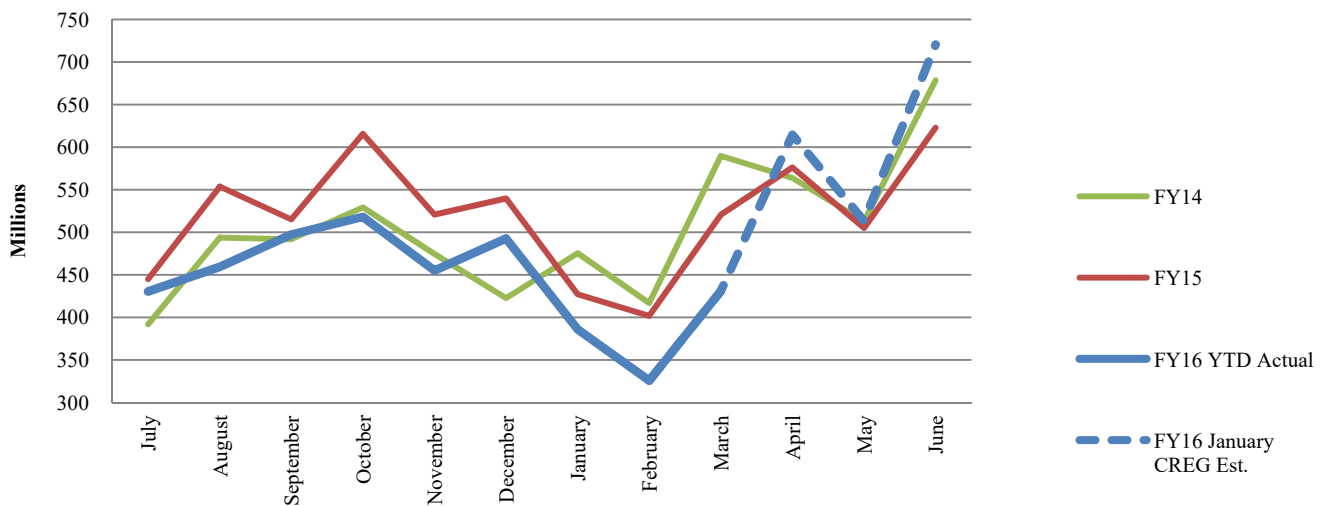
Average weekly private wages in New Mexico rose slightly from March to April but remained lower than in all but two months since March 2013. During the mid- and late-2000s, New Mexico's wage growth roughly tracked national growth patterns, but while national wages continue to steadily increase, wages in New Mexico fell over the last two years.

**Chart 7. Average Weekly Private Wages**



Sources: Federal Reserve Bank of St. Louis and U.S. Bureau of Labor Statistics

**Chart 8. General Fund Revenue Tracking  
FY14-16**



**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 December and finalized in January 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 “FY16 Actual + Estimate” is a sum of monthly DFA actuals, TRD accounting documents, and LFC estimates. The column entitled “FY16 Jan 16 Est” is the latest consensus revenue estimate. The next two columns calculate the tracking change in percentage and absolute terms, respectively.

**FISCAL YEAR 2016 GENERAL FUND MONTHLY REVENUE TRACKING**

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

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	ESTIMATED REVENUE ACCRUALS												FY16	TRACKING CHANGE (Δ)		
	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Actual	Apr Est.	May Est.	June Est.	Actual + Estimate	FY 16 Jan 16 Est	YTD % Δ	YTD \$ Δ
Gross Receipts Tax	167.2	167.0	143.3	141.9	171.4	202.3	143.5	153.1	173.6	187.8	176.3	211.0	2,038.5	2,090.0	-2.5%	(51.5)
Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	7.2	4.0	4.5	4.8	6.5	6.7	56.1	54.4	3.1%	1.7
<b>TOTAL GENERAL SALES TAXES</b>	<b>169.8</b>	<b>170.3</b>	<b>148.4</b>	<b>145.5</b>	<b>173.7</b>	<b>208.0</b>	<b>150.7</b>	<b>157.1</b>	<b>178.1</b>	<b>192.6</b>	<b>182.8</b>	<b>217.8</b>	<b>2,094.6</b>	<b>2,144.4</b>	<b>-2.3%</b>	<b>(49.8)</b>
Tobacco Products & Cigarette Taxes	6.0	7.2	7.8	6.9	5.4	6.7	5.6	5.6	5.1	6.9	6.6	8.9	78.6	82.4	-4.6%	(3.8)
Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.6	0.5	0.5	0.7	6.8	6.7	0.8%	0.1
Insurance Premiums Tax	0.5	45.7	1.0	1.2	45.1	0.8	1.1	54.4	2.2	1.5	43.1	1.4	198.1	188.0	5.4%	10.1
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.7	13.7	13.7	0.0%	-
Motor Vehicle Excise Tax	16.3	13.5	12.7	11.7	12.7	11.1	11.3	10.8	13.4	12.8	13.0	12.4	151.9	151.0	0.6%	0.9
Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	4.8	5.4	5.4	5.6	6.2	6.5	5.9	65.8	70.1	-6.1%	(4.3)
Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	5.4	5.2	3.3%	0.2
Other	0.0	0.4	0.4	(0.3)	(0.0)	0.4	0.6	(0.1)	0.2	0.3	0.3	0.4	2.6	3.2	-18.4%	(0.6)
<b>TOTAL SELECTIVE SALES TAXES</b>	<b>29.6</b>	<b>73.2</b>	<b>28.2</b>	<b>26.2</b>	<b>68.8</b>	<b>24.9</b>	<b>24.7</b>	<b>76.9</b>	<b>27.4</b>	<b>28.6</b>	<b>70.5</b>	<b>43.8</b>	<b>522.9</b>	<b>520.3</b>	<b>0.5%</b>	<b>2.6</b>
Withholding	102.4	86.4	128.0	98.1	84.0	141.0	85.7	86.3	106.8	102.0	106.6	117.1	1,244.4	1,293.8	-3.8%	(49.4)
Final Settlements	0.0	13.4	45.3	23.6	12.0	33.1	41.2	13.2	29.6	149.2	27.4	67.9	455.8	466.1	-2.2%	(10.3)
Oil and Gas Withholding Tax	0.0	2.2	6.8	7.7	5.4	4.5	11.3	4.6	6.1	13.9	6.9	20.9	90.3	93.1	-3.0%	(2.8)
Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	0.6	0.6	0.3	2.9	1.4	4.8	(1.1)	10.1	21.0	-51.8%	(10.9)
<b>Gross Personal Income Tax</b>	<b>102.3</b>	<b>103.0</b>	<b>179.4</b>	<b>129.6</b>	<b>101.6</b>	<b>179.2</b>	<b>138.8</b>	<b>104.4</b>	<b>145.3</b>	<b>266.5</b>	<b>145.7</b>	<b>204.8</b>	<b>1,800.6</b>	<b>1,874.1</b>	<b>-3.9%</b>	<b>(73.5)</b>
Refunds	6.6	8.6	9.2	11.7	4.7	70.7	99.2	52.4	60.6	22.4	13.6	9.0	368.6	443.8	-16.9%	(75.2)
Retiree Health Care	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.6	29.4	29.3	0.5%	0.1
<b>Less: Refunds, distributions to other funds</b>	<b>9.0</b>	<b>11.0</b>	<b>11.6</b>	<b>14.2</b>	<b>7.1</b>	<b>73.2</b>	<b>101.6</b>	<b>54.8</b>	<b>63.0</b>	<b>24.9</b>	<b>16.0</b>	<b>11.7</b>	<b>398.0</b>	<b>473.1</b>	<b>-15.9%</b>	<b>(75.0)</b>
<b>NET PERSONAL INCOME TAX</b>	<b>93.3</b>	<b>92.0</b>	<b>167.8</b>	<b>115.4</b>	<b>94.5</b>	<b>106.1</b>	<b>37.2</b>	<b>49.6</b>	<b>82.3</b>	<b>241.6</b>	<b>129.7</b>	<b>193.1</b>	<b>1,402.6</b>	<b>1,401.0</b>	<b>0.1%</b>	<b>1.6</b>
Gross Corporate Payments	0.0	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	17.5	18.9	56.7	175.9	223.0	-21.1%	(47.1)
Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
<b>NET CORPORATE INCOME TAX</b>	<b>0.0</b>	<b>(5.4)</b>	<b>3.6</b>	<b>43.4</b>	<b>(9.1)</b>	<b>(3.6)</b>	<b>46.4</b>	<b>(28.6)</b>	<b>36.1</b>	<b>17.5</b>	<b>18.9</b>	<b>56.7</b>	<b>175.9</b>	<b>223.0</b>	<b>-21.1%</b>	<b>(47.1)</b>
<b>TOTAL INCOME TAXES</b>	<b>93.3</b>	<b>86.6</b>	<b>171.4</b>	<b>158.8</b>	<b>85.4</b>	<b>102.4</b>	<b>83.6</b>	<b>21.0</b>	<b>118.4</b>	<b>259.1</b>	<b>148.6</b>	<b>249.9</b>	<b>1,578.5</b>	<b>1,624.0</b>	<b>-2.8%</b>	<b>(45.5)</b>
Oil and Gas School Tax	24.6	22.9	23.2	23.8	19.5	16.9	15.2	13.1	20.6	19.8	18.7	19.0	237.4	248.5	-4.5%	(11.1)
Oil Conservation Tax	1.2	1.1	1.1	1.1	0.9	0.9	0.7	0.6	0.7	1.1	1.3	1.0	11.1	13.3	-16.4%	(2.2)
Resources Excise Tax	1.1	1.0	0.4	1.5	0.8	1.1	0.8	0.5	1.3	1.0	1.2	1.2	11.9	13.0	-8.5%	(1.1)
Natural Gas Processors Tax	1.6	1.7	1.8	1.8	1.7	1.5	1.6	1.6	1.8	1.6	1.6	1.6	20.0	19.7	1.5%	0.3
<b>TOTAL MINERAL PROD. TAXES</b>	<b>28.6</b>	<b>26.7</b>	<b>26.5</b>	<b>28.3</b>	<b>23.0</b>	<b>20.4</b>	<b>18.4</b>	<b>15.8</b>	<b>23.7</b>	<b>23.5</b>	<b>22.9</b>	<b>22.7</b>	<b>280.4</b>	<b>294.5</b>	<b>-4.8%</b>	<b>(14.1)</b>
<b>LICENSE FEES</b>	<b>2.2</b>	<b>2.0</b>	<b>2.4</b>	<b>2.0</b>	<b>2.0</b>	<b>8.6</b>	<b>2.6</b>	<b>4.6</b>	<b>9.5</b>	<b>15.7</b>	<b>3.1</b>	<b>2.5</b>	<b>57.2</b>	<b>54.5</b>	<b>5.0%</b>	<b>2.7</b>
Land Grant Perm. Fund Distributions	46.2	46.2	46.2	46.2	46.2	46.3	46.3	46.3	46.3	46.0	46.0	46.0	554.2	553.2	0.2%	1.0
State Treasurer's Earnings	2.1	0.0	5.4	(1.9)	(3.3)	(1.5)	10.7	1.9	2.3	0.5	0.6	1.8	18.6	15.0	24.3%	3.6
Severance Tax Perm. Fund Distributions	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	193.5	193.5	0.0%	(0.0)
<b>TOTAL INVESTMENT EARNINGS</b>	<b>64.4</b>	<b>62.3</b>	<b>67.7</b>	<b>60.5</b>	<b>59.1</b>	<b>60.8</b>	<b>73.1</b>	<b>64.3</b>	<b>64.7</b>	<b>62.6</b>	<b>62.8</b>	<b>64.0</b>	<b>766.4</b>	<b>761.7</b>	<b>0.6%</b>	<b>4.7</b>
Federal Mineral Leasing Royalties	30.9	35.0	29.5	88.7	33.2	29.7	27.6	25.3	15.8	20.1	19.6	28.0	383.4	400.0	-4.2%	(16.6)
State Land Office Bonuses, Rents	9.9	2.2	6.6	6.0	8.6	3.8	2.1	5.5	2.0	1.9	3.1	3.0	54.7	50.0	9.3%	4.7
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>40.8</b>	<b>37.2</b>	<b>36.1</b>	<b>94.7</b>	<b>41.9</b>	<b>33.5</b>	<b>29.7</b>	<b>30.7</b>	<b>17.7</b>	<b>22.0</b>	<b>22.7</b>	<b>31.0</b>	<b>438.0</b>	<b>450.0</b>	<b>-2.7%</b>	<b>(12.0)</b>
<b>TRIBAL REVENUE SHARING</b>	<b>0.8</b>	<b>0.0</b>	<b>15.6</b>	<b>0.7</b>	<b>0.0</b>	<b>14.9</b>	<b>0.7</b>	<b>0.3</b>	<b>12.3</b>	<b>0.2</b>	<b>0.1</b>	<b>15.8</b>	<b>61.5</b>	<b>64.3</b>	<b>-4.4%</b>	<b>(2.8)</b>
<b>MISCELLANEOUS RECEIPTS</b>	<b>0.8</b>	<b>1.0</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>	<b>17.9</b>	<b>1.2</b>	<b>0.9</b>	<b>0.7</b>	<b>5.5</b>	<b>5.7</b>	<b>22.2</b>	<b>59.1</b>	<b>56.5</b>	<b>4.6%</b>	<b>2.6</b>
<b>REVERSIONS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>1.2</b>	<b>1.1</b>	<b>21.9</b>	<b>1.3</b>	<b>0.5</b>	<b>2.5</b>	<b>31.9</b>	<b>60.6</b>	<b>50.0</b>	<b>21.1%</b>	<b>10.6</b>
<b>TOTAL RECURRING REVENUE</b>	<b>430.3</b>	<b>459.4</b>	<b>497.4</b>	<b>517.9</b>	<b>454.9</b>	<b>492.7</b>	<b>385.9</b>	<b>393.4</b>	<b>453.8</b>	<b>610.2</b>	<b>521.6</b>	<b>701.5</b>	<b>5,919.2</b>	<b>6,020.2</b>	<b>-1.7%</b>	<b>(101.0)</b>
Non-Recurring	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	0.0	0.3	(0.2)	-	5.5	-	5.5	5.5	0.7%	0.0
<b>TOTAL NON-RECURRING REVENUE</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.3</b>	<b>(0.2)</b>	<b>-</b>	<b>5.5</b>	<b>-</b>	<b>5.5</b>	<b>5.5</b>	<b>0.7%</b>	<b>0.0</b>
<b>GRAND TOTAL REVENUE</b>	<b>430.3</b>	<b>459.3</b>	<b>497.2</b>	<b>517.9</b>	<b>455.1</b>	<b>492.6</b>	<b>385.9</b>	<b>393.8</b>	<b>453.6</b>	<b>610.2</b>	<b>527.1</b>	<b>701.5</b>	<b>5,924.8</b>	<b>6,025.7</b>	<b>-1.7%</b>	<b>(101.0)</b>