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# General Fund Report

## April 2012 Accrual Period

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A copy of this report can be found at  
[http://www.nmdfa.state.nm.us/New\\_Mexico\\_Economic\\_Summary.aspx](http://www.nmdfa.state.nm.us/New_Mexico_Economic_Summary.aspx)

### **Appropriation Account Revenue Accruals – Appendix 1**

Table 1 below presents a summary of year-to-date revenue collections for major categories of General Fund Appropriation Account revenues. Detailed information for each revenue is contained in Appendix 1 at the back of this report. Preliminary FY12 recurring revenue accruals through April 2012 are approximately \$4.6 billion, which represents an increase of \$359 million or roughly 8.5 percent from the same period of FY11.

Mineral production taxes and public land mineral rents and royalties contributed almost half of all revenue growth. Higher oil prices and volumes through FY12 year to date contributed to a revenue increase of \$168 million or 25 percent over FY11.

Gross receipts tax and compensating tax revenues increased by \$98 million or 6.4 percent over the same period last year. The mining and oil and gas extraction industries contributed strongly to growth. Other sectors contributing to growth were manufacturing and retail trade. A detailed discussion of taxable gross receipts growth by sector is presented below. The compensating tax revenues were down about \$7 million year-to-date due to a backlog of refunds from prior fiscal years that were processed in November.

Personal income tax revenue increased by \$67 million or 8.3 percent. About \$36 million of this increase is in oil and gas withholding payments, almost half of which is due to a change in the timing of accrual for these payments. Personal income tax withholding contributed about \$19 million to the revenue growth, while refunds were down \$11 million in FY12 year to date compared to the same period last year.

Corporate income tax revenue was up \$17 million or 11.4 percent from last year. Motor vehicle excise tax revenues were up \$9 million FY12 year-to-date compared to the same period last year.

Table 1

FY12 Appropriation Account Revenue - April 2012 Accruals (1)					
Summary by Major Revenue Category					
	Current Fiscal		Prior Fiscal	Year to Date Change	
	Current Month	Year to Date	Year to Date	Amount	Percent
General Sales Tax	163,327,931	1,641,000,837	1,543,016,250	97,984,587	6.4%
Selective Sales Tax (2)	24,543,909	344,893,636	345,908,868	(1,015,233)	-0.3%
Personal Income Tax	191,607,836	880,727,350	813,442,829	67,284,521	8.3%
Corporate Income Tax	33,008,530	169,092,105	151,853,807	17,238,298	11.4%
Mineral Production Taxes (2)	3,086,340	355,538,839	303,254,862	52,283,977	17.2%
Interest Earnings	54,991,200	551,660,077	537,185,598	14,474,479	2.7%
Mineral Rents/Royalties	40,712,626	495,069,490	379,102,517	115,966,973	30.6%
Other	14,878,298	125,103,718	129,965,920	(4,862,202)	-3.7%
<b>TOTAL RECURRING REVENUES</b>	<b>526,156,669</b>	<b>4,563,086,052</b>	<b>4,203,730,652</b>	<b>359,355,400</b>	<b>8.5%</b>

Source: DFA Financial Control Division

(1) All figures on modified accrual basis accounting.

(2) Preliminary figure. April 2012 accruals for oil and gas school tax, oil and gas conservation tax, and insurance premiums tax were unavailable at time of publication. April 2011 amounts for these revenues were excluded from year over year comparisons to preserve consistency.

### **New Mexico Oil and Natural Gas Production: Year to Date through March 2012 Sales**

Preliminary oil prices year-to-date through March 2012 averaged \$91.42 per barrel (bbl).

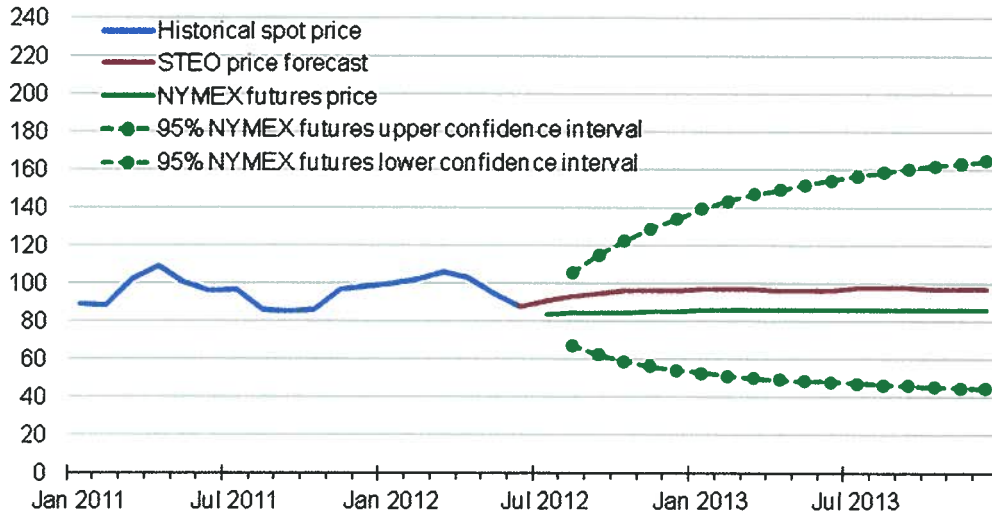
Preliminary year-to-date volumes are 13.9 percent higher than last year.

Preliminary natural gas prices year-to-date through March averaged \$5.46 per thousand cubic feet (mcf). This amount includes the value of natural gas liquids, which added \$1.91 per mcf to the value of “dry” gas. Preliminary year-to-date volumes as reported are 2 percent lower than last year. Total volumes include a correction for a producer reporting error that inflated volumes on about 7 percent of the total for several months.

### **Risks to New Mexico Revenues from Variability in Oil and Natural Gas Prices**

Oil and gas prices and production drive a substantial portion of New Mexico state revenues. In general, New Mexico prices follow regional prices with a more or less stable differential. These regional prices have shown historical short term volatility and a potentially wide range of estimated future prices, as the following graphs show. This volatility and large uncertainty could have substantial consequences for New Mexico state revenues. Prudent planning would prepare for a wide and volatile range of actual price outcomes throughout the next two years.

## West Texas Intermediate (WTI) Crude Oil Price dollars per barrel



Note: Confidence interval derived from options market information for the 5 trading days ending June 7, 2012. Intervals not calculated for months with sparse trading in near-the-money options contracts.

Source: Short-Term Energy Outlook, June 2012



### Probability of WTI spot price exceeding certain levels



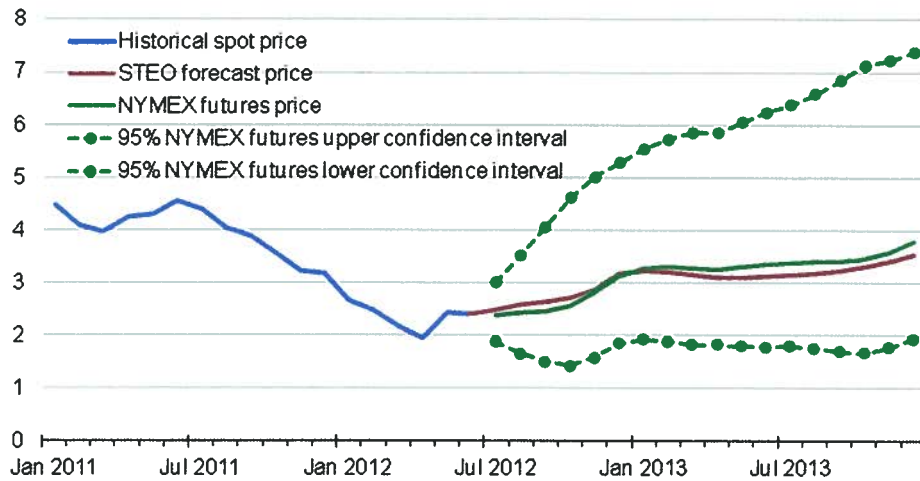
### Probability of WTI spot price falling below certain levels



Notes: Probability values calculated using NYMEX market data for the five trading days ending June 7, 2012. Values not calculated for months with little trading in "close-to-the-money" options contracts.  
Source: EIA Short-Term Energy Outlook, June 2012, and CME Group (<http://www.cmegroup.com>)



## Henry Hub Natural Gas Price dollars per million btu



Note: Confidence interval derived from options market information for the 5 trading days ending June 7, 2012. Intervals not calculated for months with sparse trading in near-the-money options contracts.

Source: Short-Term Energy Outlook, June 2012



### Probability of Henry Hub spot price exceeding certain levels



### Probability of Henry Hub spot price falling below certain levels



Notes: Probability values calculated using NYMEX market data for the five trading days ending June 7, 2012.

Values not calculated for months with little trading in "close-to-the-money" options contracts.

Source: EIA Short-Term Energy Outlook, June 2012, and CME Group (<http://www.cmegroup.com>)

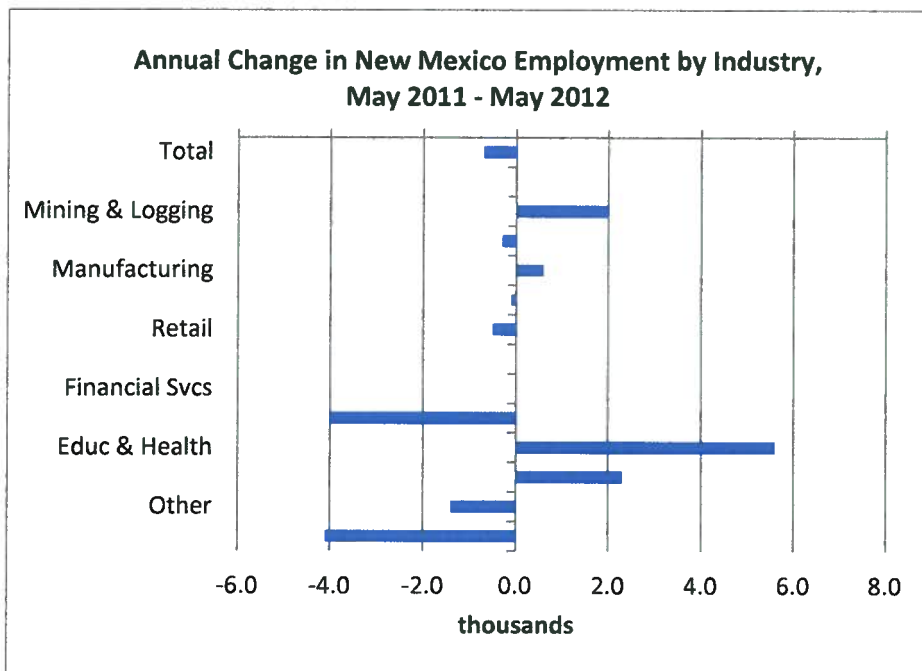


The graphs illustrate that oil prices may have approximately equal upside and downside risk and that natural gas prices appear to have more upside risk. Since this monthly U.S. Energy Information Administration report was released, however, oil prices have continued to fall.

### Update on New Mexico Employment Trends

When adjusted for seasonal variation, New Mexico employment in May 2012 shrank 0.1 percent compared with May 2011, a decrease of 700 jobs. The largest annual increases were in the education and health care sector, which grew by 5,600 jobs, and the mining and logging sector, which gained 2,000 jobs. The largest private annual decrease was felt in the professional and business services sector, which saw a loss of 4,000 jobs. Government continues to experience declines with the loss of 4,100 jobs since the same period last year. Construction declines have slowed, experiencing a loss of only 300 jobs since May 2011.

The New Mexico seasonally adjusted unemployment rate fell to 6.7 percent in May 2012 from 6.9 percent in April 2012. The decrease in unemployment resulted from a slight increase in employment offset by a similar decrease in labor force participation.



Source: U.S. Bureau of Labor Statistics (BLS)

## New Mexico Taxable Gross Receipts (TGR), April 2012

New Mexico taxable gross receipts reported for April of 2012 were \$4.0 billion, a 3.8 percent increase from the prior year. Fiscal year to date growth through April was 6.1%. The top six sectors for total amount of TGR were retail trade, construction, professional, scientific and technical services, other services (except public administration), mining and oil and gas extraction, and accommodation and food services, which together accounted for a little more than two thirds of TGR.

FY12 Taxable Gross Receipts by Sector	Apr 2012 (\$ millions)	Year % Change	FY12 YTD (\$ millions)	YTD % Change
Agriculture, Forestry, Fishing and Hunting	\$5.3	8.2%	\$45.0	-2.4%
Mining and Oil and Gas Extraction	\$274.9	10.1%	\$2,833.0	26.5%
Utilities	\$161.4	6.6%	\$1,860.7	8.1%
Construction	\$386.3	-9.7%	\$4,259.9	-2.7%
Manufacturing	\$119.9	3.2%	\$1,475.3	28.6%
Wholesale Trade	\$206.0	14.1%	\$1,879.0	11.0%
Retail Trade	\$948.6	-0.9%	\$9,993.6	3.7%
Transportation and Warehousing	\$50.8	-6.1%	\$742.9	29.7%
Information and Cultural Industries	\$182.2	2.7%	\$1,958.0	15.7%
Finance and Insurance	\$22.3	-0.8%	\$203.6	-1.7%
Real Estate and Rental and Leasing	\$76.6	25.3%	\$710.2	16.1%
Professional, Scientific and Technical Services	\$409.9	6.2%	\$3,883.0	6.9%
Management of Companies and Enterprises	\$3.0	-6.3%	\$27.1	-1.7%
Admin and Support, Waste Mgt and Remed	\$226.9	58.0%	\$1,585.6	-3.3%
Educational Services	\$17.4	0.2%	\$189.8	-8.7%
Health Care and Social Assistance	\$177.9	-1.9%	\$1,756.8	1.8%
Arts, Entertainment and Recreation	\$13.2	-3.0%	\$167.3	4.6%
Accommodation and Food Services	\$284.9	4.5%	\$2,805.8	3.9%
Other Services (except Public Admin)	\$386.6	-1.4%	\$3,910.9	-1.6%
Public Administration	\$14.4	2.6%	\$194.3	26.4%
Unclassified Establishments	\$8.6	56.4%	\$109.1	3.1%
<b>Total</b>	<b>\$3,977.2</b>	<b>3.8%</b>	<b>\$40,590.7</b>	<b>6.1%</b>

Growth in TGR appears to be driven by oil and gas production with large year over year increases in the mining and oil and gas extraction sector. The manufacturing sector also experienced strong year over year growth with an increase of 29 percent. This is a relatively small sector, however, as most manufactured goods exported from the state are not subject to tax. Construction TGR was down about 3 percent year over year by about. This is the second largest sector.

<b>FY12 General Fund Report - April 2012 Accruals (1)</b>					
<b>Appropriation Account Revenue:</b>	<b>Current Month</b>	<b>Current Fiscal Year to Date</b>	<b>Prior Fiscal Year to Date</b>	<b>Budget</b>	
				<b>Estimate Full Fiscal Year</b>	<b>Prior Year Full Fiscal Year</b>
Gross Receipts Tax	159,331,211	1,591,446,313	1,485,994,594	1,865,000,000	1,822,456,613
Compensating Tax	3,996,720	49,554,525	57,021,656	69,500,000	69,134,779
<b>SUBTOTAL Gen Sales Taxes</b>	<b>163,327,931</b>	<b>1,641,000,837</b>	<b>1,543,016,250</b>	<b>1,934,500,000</b>	<b>1,891,591,392</b>
<b>Selective Sales Taxes</b>					
Tobacco and Cigarette Tax	6,626,757	70,356,658	72,943,287	86,400,000	88,157,899
Alcoholic Beverage Tax	1,987,255	21,284,948	20,949,828	25,900,000	25,672,555
Insurance Premiums Tax (2)	-	94,748,952	106,241,965	129,300,000	132,658,821
Fire Protection Fund Reversions	-	-	-	15,900,000	17,583,197
Franchise Fees	2,870	13,425	69,485	200,000	73,160
Racing receipts	-	630,408	147,237	500,000	413,120
Private Car Tax	-	552,552	480,240	490,000	480,255
Motor vehicle excise tax	10,034,714	93,514,848	84,315,684	110,200,000	103,652,599
Gaming Tax	5,331,020	54,882,063	55,094,711	66,600,000	65,787,203
Leased Vehicles Surcharge	332,050	4,308,286	4,103,947	5,200,000	5,047,179
Gasoline Tax	200,057	4,278,787	1,160,123	900,000	791,878
Telecommunications Relay Surcharge	8,280	81,773	105,039	200,000	120,781
Boat excise tax	20,907	240,932	297,323	500,000	494,115
<b>SUBTOTAL Sel Sales Taxes</b>	<b>24,543,909</b>	<b>344,893,636</b>	<b>345,908,868</b>	<b>442,290,000</b>	<b>440,932,760</b>
<b>INCOME TAXES</b>					
Gross Withholding	79,999,132	881,269,837	861,934,438	1,072,000,000	1,042,323,488
PIT-Final Settlements	110,244,005	277,384,935	278,776,522	357,000,000	359,322,450
PIT TAA - Oil & Gas Withholding	18,755,256	56,858,987	21,255,718	34,000,000	23,368,214
Fiduciary Tax (3)	253,690	7,962,088	5,647,053	1,000,000	6,588,873
Less PIT Refunds, RHCA, Legis Retirement	17,644,247	342,748,497	354,170,902	374,000,000	370,680,815
<b>Net Personal Income Tax</b>	<b>191,607,836</b>	<b>880,727,350</b>	<b>813,442,829</b>	<b>1,090,000,000</b>	<b>1,060,922,210</b>
<b>Net Corporate Income Tax</b>	<b>33,008,530</b>	<b>169,092,105</b>	<b>151,853,807</b>	<b>310,000,000</b>	<b>229,817,986</b>
<b>MINERAL PRODUCTION TAXES</b>					
Oil & Gas School Tax (2)	-	309,671,273	266,471,527	358,600,000	376,104,468
7% Oil Conservation Tax (2)	93,114	16,398,858	13,705,171	18,500,000	19,370,561
Resources excise tax	979,069	9,899,231	7,891,111	10,000,000	10,139,268
Natural Gas Processors Tax	2,014,157	19,569,477	15,187,054	22,000,000	18,181,973
<b>TOTAL Mineral Production Taxes</b>	<b>3,086,340</b>	<b>355,538,839</b>	<b>303,254,862</b>	<b>409,100,000</b>	<b>423,796,270</b>

<b>FY12 General Fund Report - April 2012 Accruals (1)</b>					
<b>Appropriation Account Revenue:</b>	<b>Current Month</b>	<b>Current Fiscal Year to Date</b>	<b>Prior Fiscal Year to Date</b>	<b>Budget Estimate Full Fiscal Year</b>	<b>Prior Year Full Fiscal Year</b>
<b>LICENSE FEES</b>					
Financial institution receipts	119,764	2,680,505	2,863,666	3,200,000	3,108,796
Manufactured housing receipts	27,635	313,902	464,187	600,000	548,599
Construction industries receipts	501,330	3,769,808	5,059,656	7,200,000	5,682,231
Securities receipts	1,001,115	16,534,190	16,293,918	16,400,000	18,374,003
Gaming License and Permit Fees	-	126,075	63,341	400,000	262,257
Public Utilities	7,273,215	10,927,959	13,732,310	10,200,000	13,734,130
Corporate Filing	375,636	2,104,301	2,399,676	3,100,000	2,850,105
Alcoholic and Gaming	1,061,521	3,145,643	3,111,138	4,300,000	3,840,462
Corporate Special	3,156,024	4,096,354	1,108,062	5,800,000	1,125,397
Pipeline fees	-	33,154	47,247	60,000	74,152
Mtr. Veh. Misc.	10,390	111,321	122,761	200,000	150,066
<b>TOTAL LICENSE FEES</b>	<b>13,526,630</b>	<b>43,843,212</b>	<b>45,265,960</b>	<b>51,460,000</b>	<b>49,750,197</b>
<b>INTEREST EARNINGS</b>					
Perm.Fund Income	38,509,962	384,687,419	371,813,009	459,700,000	446,227,167
Earnings on State Balances (2)	1,195,946	14,119,738	11,563,648	17,300,000	17,632,846
Sev Tax Income Fund	15,285,292	152,852,920	153,808,940	183,400,000	184,570,728
<b>TOTAL Interest Earnings</b>	<b>54,991,200</b>	<b>551,660,077</b>	<b>537,185,598</b>	<b>660,400,000</b>	<b>648,430,741</b>
<b>RENTS AND ROYALTIES</b>					
Federal Mineral Leasing	36,533,319	418,725,364	333,132,937	420,000,000	411,818,949
Land Office Inc.	4,179,307	76,344,127	45,969,580	58,600,000	65,620,178
<b>TOTAL Rents/Royalties</b>	<b>40,712,626</b>	<b>495,069,490</b>	<b>379,102,517</b>	<b>478,600,000</b>	<b>477,439,127</b>
<b>TRIBAL GAMING REVENUE SHARING</b>	<b>155,748</b>	<b>51,119,380</b>	<b>49,332,182</b>	<b>70,400,000</b>	<b>65,890,899</b>
<b>MISCELLANEOUS RECEIPTS</b>					
MVD Penalty Assessment	467,137	4,710,135	4,631,796	6,420,000	5,737,375
Fines & Forfeitures	472,688	4,916,922	5,621,029	8,250,000	7,104,046
Birth/Death Certificates	107,915	692,751	780,168	940,000	1,050,631
District Judges' Rec Court Costs	84,356	852,179	977,593	1,230,000	1,196,435
Notary Public fees	56,048	1,276,861	519,262	700,000	606,716
Media Lease Payments	-	-	2,005	20,000	16,672
Legislative Receipts	6,784	19,243	31,770	60,000	45,652
Unclaimed Property	-	15,451,669	18,352,252	12,210,000	18,352,252
Small County Assistance Reversion	-	-	-	2,840,000	3,346,593
Law Enforcement Protection	-	-	-	9,710,000	9,089,342
Workers Compensation filing fees	-	-	12,425	50,000	14,825
Environment Dept. filing fees	955	2,046,217	4,128,144	3,120,000	5,200,950
Public Defender(Non-indigent reimb.)	-	174,578	299,488	450,000	413,815
<b>TOTAL MISCELLANEOUS FEES</b>	<b>1,195,920</b>	<b>30,141,083</b>	<b>35,356,359</b>	<b>46,000,000</b>	<b>52,175,807</b>
<b>TOTAL RECURRING REVENUES</b>	<b>526,156,669</b>	<b>4,563,086,052</b>	<b>4,203,730,652</b>	<b>5,492,750,000</b>	<b>5,340,758,808</b>

<b>FY12 General Fund Report - April 2012 Accruals (1)</b>					
<b>Appropriation Account Revenue:</b>	<b>Current Month</b>	<b>Current Fiscal Year to Date</b>	<b>Prior Fiscal Year to Date</b>	<b>Budget Estimate Full Fiscal Year</b>	<b>Prior Year Full Fiscal Year</b>
<b>NON-RECURRING REVENUES</b>					
Miscellaneous - Restitution Payments	700	414,465	29,161	-	35,921
Misc. Revenues-TRD >60day Non Benefica	43,058	439,770	51,256	-	239,801
Miscellaneous Transfers	-	-	-	11,400,000	26,031,000
Miscellaneous Revenues ( State Aircraft)	-	2,259,533	225,557	-	228,883
Reversions (4)	2,248,333	24,652,939	15,561,605	40,000,000	67,326,524
Misc. Revenues (3)	-	-	36,000,000	6,900,000	36,000,000
<b>TOTAL NON-RECURRING REVENUES</b>	<b>2,292,090</b>	<b>27,766,707</b>	<b>51,867,579</b>	<b>58,300,000</b>	<b>129,862,129</b>
<b>GRAND TOTAL REVENUES</b>	<b>528,448,760</b>	<b>4,590,852,759</b>	<b>4,255,598,231</b>	<b>5,551,050,000</b>	<b>5,470,620,937</b>
Source: DFA Financial Control Division and December 2011 Consensus Revenue Estimate					
(1) All figures on modified accrual basis accounting.					
(2) Preliminary figure. April 2012 accruals for oil and gas school tax, oil and gas conservation tax, and insurance premiums tax were unavailable at time of publication. April 2011 amounts for these revenues were excluded from year over year comparisons to preserve consistency.					
(3) A one-time fiduciary tax payment of \$36 million was received in FY11. This is treated as non-recurring revenue for the purpose of this report.					
(4) Reversions are included as recurring revenue in the consensus revenue forecast.					