



State of New Mexico
Department of Finance & Administration
180 Bataan Memorial Building
Santa Fe, New Mexico 87501
Phone: (505) 827-4985
Fax: (505) 827-4984

Michelle Lujan Grisham
GOVERNOR

Wayne Propst
Cabinet Secretary

FY2024
General Fund Report
December 2023 Accruals

Prepared by Leonardo Delgado, Chief Economist, and Noel Martinez, Senior Economist

This report summarizes general fund revenues accrued through December 2023 during fiscal year 2024 (FY24). The report also includes more recent data on oil and gas prices and production, New Mexico employment, and matched taxable gross receipts.

The state of New Mexico collected \$7.3 billion in total general fund recurring revenues from July 2023 through December 2023. This is an increase of \$930 million or a 14.5% increase in fiscal year-to-date revenues through December 2023 (FYTD) when compared to the same period last year. Total general fund collections for December 2023 were \$1.3 billion, an increase of 41.2% when compared to the collections in December 2022 (\$949.5 billion).

Fiscal-year-to-date revenues that increased on a year-over-year basis were gross receipts tax revenue which increased by 3.5% or \$67.2 million, severance tax revenue increased by 9.2% or \$84.4 million, and mineral rents and royalties increased by 30.8% or \$355.8 million. Consumer resilience continues to support gross receipts tax revenue growth albeit at a moderating pace. A bounce back in oil and natural gas production towards the end of 2023 has contributed to energy revenue growth. Additionally, due to the market conditions and higher interest rates, fiscal-year-to-date state interest earnings have increased by \$407.1 million or 68.4% when compared to the same period in the prior fiscal year.

Revenues that decreased on a year-over-year basis were personal income tax revenue which decreased by 5.6% or \$42.8 million, and corporate income tax (CIT) revenue decreased by 22.5% or \$44 million. Personal income tax collections are being affected by slowing employment growth, as evidenced by the number of hires and layoffs in FY24. The CIT revenue percentages can vary broadly due to a variation in the timing of CIT payments which do not follow a regular schedule.

Table 1 presents a summary of FY24 and FY23 year-to-date revenue collections for the major categories of general fund appropriation account revenues through December of each fiscal year.

	December-22	December-23	% Change Dec '22 to Dec '23	FY23 Through December	FY24 Through December	\$ Difference from FY to FY to Date	FYTD % Change	December '23 Forecast Full Year Growth
Gross Receipts Tax	\$370.4	\$353.9	-4.4%	\$1,930.4	\$1,997.7	\$67.2	3.5%	0.0%
Compensating Tax	\$10.3	\$4.7	-55.0%	\$51.9	\$41.8	(\$10.1)	-19.5%	0.0%
Selective Sales Tax ¹	\$101.6	\$108.4	6.7%	\$342.3	\$368.7	\$26.4	7.7%	2.5%
Personal Income Tax	\$213.3	\$138.7	-35.0%	\$1,183.2	\$1,151.2	(\$31.9)	-2.7%	-1.3%
Corporate Income Tax	\$108.9	\$64.8	-40.5%	\$195.7	\$151.8	(\$44.0)	-22.5%	-12.6%
Severance Taxes ²	\$13.4	\$160.6	1101.0%	\$920.6	\$1,005.0	\$84.4	9.2%	33.3%
License Fees	\$0.4	\$0.4	-0.7%	\$2.0	\$2.9	\$0.9	43.5%	-3.0%
Interest Earnings	\$117.5	\$201.7	71.6%	\$595.2	\$1,002.3	\$407.1	68.4%	33.2%
Mineral Rents/Royalties ³	\$9.6	\$253.5	2534.9%	\$1,153.6	\$1,509.3	\$355.8	30.8%	42.2%
Tribal Revenue Sharing	\$0.2	\$0.2	n/a	\$20.5	\$21.9	\$1.5	7.2%	3.2%
Miscellaneous Receipts	\$0.7	\$46.3	6485.6%	\$4.0	\$50.0	\$46.0	1141.0%	-15.1%
Reversions	\$3.1	\$8.0	156.1%	\$16.7	\$43.4	\$26.7	n/a	n/a
Total Recurring Revenues	\$949.5	\$1,341.1	41.2%	\$6,416.1	\$7,346.1	\$930.0	14.5%	10.2%

(1) Includes estimates for Insurance
(2) Includes estimates for Oil & Gas Emergency School Tax transfers in excess of 5-year average to the Tax Stabilization Reserve or Early Childhood Trust Fund
(3) Includes estimates for Federal Mineral Leasing transfers in excess of 5-year average to the Early Childhood Trust Fund

Update on New Mexico Oil and Natural Gas Production:

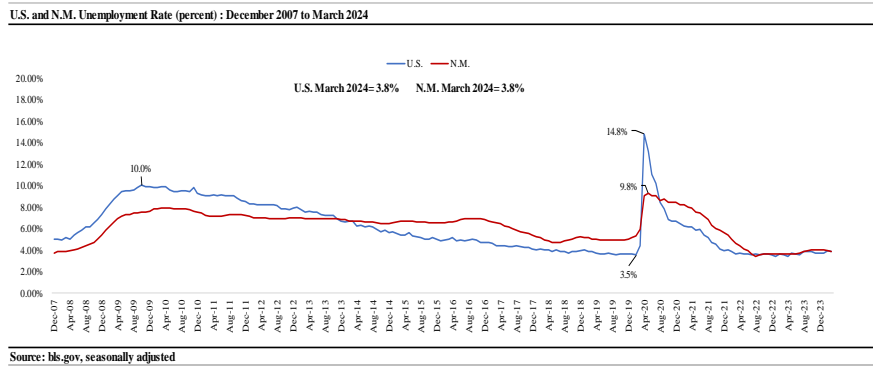
Preliminary oil prices for February 2024 averaged \$75.85 per barrel (bbl), which compares to \$75.40 per bbl for February 2023. In February 2024, oil production was an estimated 1.98 mmbbl/day. Preliminary year-to-date volumes through February 2024 are 461.6 million barrels, up 6.5% from the 379.4 million the year before. New Mexico’s FY24 year-to-date average oil price of \$78.17 per bbl is just below the \$79.50 per bbl forecast.

Preliminary natural gas prices for February 2024 averaged \$3.40 per thousand cubic feet (mcf), which compares to \$4.55 per mcf in February 2023. Preliminary year-to-date volumes through February 2024 are 2,367.4 BCF, up 12.8% from 2,099.1 BCF the year before. Year-to-date, the average New Mexico natural gas price is \$3.46 per mcf, on par with the forecast of \$3.45 per mcf.

New Mexico averaged a rig count of 108 rigs in April 2024, this represents a 3 percent increase from the rig count one year prior (105 rigs).

Update on New Mexico Employment Trends:

New Mexico’s employment for March 2024 grew by 2.1 percent, or 18,100 jobs, from the prior year (Not seasonally adjusted). Employment grew across most sectors in March. Mining led all other sectors in growth with an increase of 3,000 jobs or 15% over the prior



year. Other sectors that saw increases year-over-year were the leisure and hospitality sector, which increased by 6,700 jobs or 7.4%, the information sector which increased by 600 jobs or 5.8%, and the construction sector which increased by 2,700 jobs or 5.6%. For March 2024, the

only sector that saw a decline on a year-over-year basis was transportation and utilities which declined by 800 jobs or 2.6%.

The unemployment rate in the state ticked down to 3.8% in March 2024 when compared to 3.9% in the prior month. The state unemployment rate is the same as the national average of 3.8% for March 2024.

Matched Taxable Gross Receipts (MTGR)

Year-to-date matched taxable gross receipts through February 2024 increased by 8.3%. This percentage change in matched taxable gross receipts (MTGR), detailed in Table 2, represents the tax base for the gross receipt taxes (GRT). Revenue growth can diverge from tax base growth for several reasons, some of which may simply reflect the timing of payments, refund claims, etc. Year-over-year increases occurred in most industries.

Retail, the largest sector, representing almost one-fourth of MTGR, saw a fiscal year-to-date growth of 4.4%, suggesting that consumption among consumers remains resilient through February 2024. The second-largest sector, construction, experienced a growth of 20.1%. The third-largest sector, mining, experienced a growth of 6.2%. The mining sector was previously the second largest contributor to MTGR, however, with cooler commodity prices and slower but still positive production, the sector has dropped behind the construction sector. Another large contributor to growth year-to-date through February included the accommodation and food services sector, which increased by 6.6%.

Sector	FYTD (\$millions)	FYTD Percent Change
Agriculture, Forestry, Fishing and Hunting	\$ 149.34	386.1%
Mining and Oil and Gas Extraction	\$ 7,971.18	6.2%
Utilities	\$ 2,169.35	-9.4%
Construction	\$ 8,557.24	20.1%
Manufacturing	\$ 2,352.90	13.6%
Wholesale Trade	\$ 3,494.96	8.9%
Retail Trade	\$ 13,839.12	4.4%
Transportation and Warehousing	\$ 1,098.79	1.3%
Information and Cultural Industries	\$ 1,648.61	7.5%
Finance and Insurance	\$ 349.38	0.7%
Real Estate and Rental and Leasing	\$ 1,800.69	9.3%
Professional, Scientific and Technical Services	\$ 6,221.25	16.8%
Management of Companies and Enterprises	\$ 27.53	14.0%
Admin and Support, Waste Mgt and Remed	\$ 3,168.18	6.4%
Educational Services	\$ 215.67	-6.5%
Health Care and Social Assistance	\$ 3,109.72	5.6%
Arts, Entertainment and Recreation	\$ 338.87	10.0%
Accommodation and Food Services	\$ 4,135.11	6.6%
Other Services (except Public Admin)	\$ 4,658.36	5.5%
Public Administration	\$ 223.79	21.5%
Unclassified Establishments	\$ 1,039.17	5.2%
All Industries	\$ 66,569.21	8.3%
Excluding O&G	\$ 58,598.03	8.6%

Source: Author's calculations, TRD RP-500, (figures in millions)

Preliminary Recurring Revenue Tracking

Table 3 illustrates the FY24 actual revenues through December 2023, some preliminary data in January and February 2024, and estimated revenues through the rest of the fiscal year based on historical patterns and shares. DFA tracking report illustrates that FY24 recurring revenues are tracking about \$428.9 million above the December 2023 consensus revenue forecast. For estimated details on the general fund tracking model see the table on the next page.

**Table 3. Department of Finance & Administration
Fiscal Year 2024 General Fund Revenue Tracking Summary Report**

(millions \$)	FY24 Actual + Estimate	FY24 Forecast	% Difference to Forecast	Forecast Year-to-Date Variance
Gross Receipts Tax	4,057.0	3,960.7	2.4%	96.3
Compensating Tax	89,991	94.0	-4.3%	-4.0
Insurance Premiums Tax	415.8	410.3	1.3%	5.5
Motor Vehicle Excise Tax	166.7	165.5	0.7%	1.2
Other Selective Excise Taxes	212.4	209.1	1.5%	3.2
Personal Income Tax	2,430.8	2,482.1	-2.1%	-51.3
Corporate Income Tax	559.6	383.8	45.8%	175.8
O&G Emergency School Tax	1,145.3	1,145.3	0.0%	0.0
Other Mineral Taxes	172.0	177.0	-2.8%	-5.0
License Fees	56.5	61.8	-8.7%	-5.4
Land Grant Permanent Fund Distributions	1,201.6	1,201.6	0.0%	0.0
State Treasurer's Earnings	410.8	291.4	41.0%	119.4
Severance Tax Perm. Fund Distributions	289.6	289.6	0.0%	0.0
Federal Mineral Leasing	1,644.9	1,644.9	0.0%	0.0
State Land Office (Bonuses, Rents)	62.7	57.5	9.2%	5.3
Tribal Revenue Sharing	84.3	80.7	4.5%	3.6
Miscellaneous Revenues	84.7	39.7	113.5%	45.0
Reversions	114.3	75.0	52.4%	39.3
Recurring Total	13,198.9	12,770.0	3.4%	428.9
Total Non-recurring Revenue	-19.4	-19.4	0.0%	0.0
Total	13,179.5	12,750.6	3.4%	428.9

Source: DFA, CREG, and historical monthly patterns

A copy of this report can be found at:

<https://www.nmdfa.state.nm.us/office-of-the-secretary/general-fund-information/eau-general-fund-report/>