



**Susana Martinez**  
GOVERNOR

**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

**Thomas E. Clifford, Ph.D.**  
Cabinet Secretary

# General Fund Report

## February 2013 Accrual Period

Publication Date: May 31, 2013

Prepared by Leila Burrows, Chief Economist and Gillis Lang, Senior Economist

**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)

### February Highlights:

- Personal income tax revenue accruals were up 5.9 percent in FY13 year-to-date through February. Corporate income tax cash receipts were up 4 percent year-to-date through April.
- Gross receipts tax revenue continues to lag growth in other tax programs, with revenue accruals remaining unchanged compared to the same period in FY12.
- March employment totals were up 0.3 percent or 2,200 jobs compared to the same period last year.
- Taxable gross receipts were up 2.1 percent for the fiscal year to date through February 2013. Construction grew 8.1 percent compared to the same period in 2012.

### Table 1

#### FY13 Appropriation Account Revenue - February 2013 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	146,925,703	1,293,558,016	1,312,179,580	(18,621,564)	-1.4%
Selective Sales Tax	24,647,616	262,793,836	279,029,607	(16,235,771)	-5.8%
Personal Income Tax	22,663,642	637,010,668	601,467,762	35,542,906	5.9%
Corporate Income Tax	16,509,985	117,313,664	116,199,786	1,113,878	1.0%
Mineral Production Taxes	2,997,352	254,877,866	280,716,284	(25,838,419)	-9.2%
Interest Earnings	51,436,094	418,176,586	437,605,483	(19,428,897)	-4.4%
Mineral Rents/Royalties	41,522,994	351,444,526	409,086,790	(57,642,264)	-14.1%
Other	4,927,968	67,974,319	83,065,749	(15,091,429)	-18.2%
<b>TOTAL RECURRING REVENUES</b>	<b>311,631,353</b>	<b>3,403,149,482</b>	<b>3,519,351,042</b>	<b>(116,201,559)</b>	<b>-3.3%</b>

Source: DFA Financial Control Division

(1) All figures on modified accrual basis accounting.

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

Table 1 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 FY13 recurring revenue accruals through February 2013 are approximately \$3.4 billion, which represents a decrease of \$116 million or roughly 3.3 percent from the same period of FY12. The December 2012 consensus forecast projected a 1.6 percent decline in FY13 revenues.

Mineral production taxes and public land mineral rents and royalties have contributed the largest decline in FY13 revenues year-to-date, falling by \$83 million or 12.1 percent year-over-year. However, this is consistent with consensus revenue projections of a 12.5 percent decline in mineral revenues. This decline was anticipated in response to weaker energy prices.

Gross receipts tax and compensating tax revenues have fallen by 1.4 percent year-to-date. The consensus group projected these revenues to grow by a combined 2.9 percent in FY13. Gross receipts revenue growth is likely suffering from decreases in federal contracts and increases in tax credit claims. Compensating taxes have shrunk due to a large number of taxpayer refunds in FY13 compared to prior years and protests resolved in favor of taxpayers. A detailed discussion of taxable gross receipts growth by sector is presented below.

Personal income tax revenue has grown 5.9 percent compared to the same period in FY12. This growth is largely due to strong growth in estimated and final payments, likely an acceleration of payments in response to anticipated changes in federal income tax law. Oil and gas withholding has shown year-to-date growth of 35 percent, which likely indicates increased compliance with recent legislative changes. The December 2012 revenue forecast projected a 1.4 percent increase in personal income tax revenues.

Corporate income tax revenues remain flat year-over-year, which is consistent with the revenue forecast. Fourth quarter payments have been strong in recent years, so additional revenue growth could be expected.

Insurance premiums revenues continue to experience year-to-date decline, but this is partially offset by stronger than expected motor vehicle excise tax receipts.

### **Risks to the Forecast:**

Federal sequestration or across-the-board spending cuts continue to be a concern to New Mexico revenues, especially with regard to Federal Mineral Leasing (FML). New Mexico is expected to lose about \$20 million in FML revenue in FY13 and possibly an additional \$32 million in FY14. Reductions in federal contracts at the national labs and furloughs of federal employees are also expected to negatively impact revenue growth. An unexpected increase in tax credit claims, particularly for the High Wage Jobs Tax Credit, adds an additional threat to FY13 and FY14 receipts.

On a positive note, DFA's national forecasting service, Moody's Analytics, foresees improved housing markets leading the national recovery, eventually resulting in a decrease in U.S. unemployment. Recent federal receipts have come in stronger than forecast, which has mitigated some of the potential reductions in federal activity, such as airport tower closures and furloughs of federal workers throughout the state. New Mexico personal income tax receipts have also experienced an unexpected increase, which might help offset lost revenue from increases in tax credit claims. New Mexico employment totals have been positive in recent months compared to the same period last year, and construction appears to have finally turned a corner with strong taxable gross receipts and employment growth year-over-year.

### **Cash Receipts: FY13 Year-to-date through April**

Corporate income tax receipts totaled \$306 million for FY13 year-to-date from August through April, a 4 percent increase from the prior year-to-date. Combined reporting system cash receipts, which include gross receipts and withholding taxes, totaled \$3.5 billion year-to-date, with relatively flat growth year-over-year. Pending credits totaling more than \$100 million suggest caution for gross receipts cash receipts for the remainder of the fiscal year.

Personal income tax cash receipts for April, were up 19 percent from the prior year, likely due to an acceleration of payments in anticipation of federal tax changes. Oil and gas cash receipts totaled \$743 million for FY13 year-to-date, with a 10.7 percent drop compared to the same period the prior year. Year-to-date cash receipts are down 1.3 percent compared to the prior year.

For purposes of comparison with the modified accrual revenues reported in the general fund, year-to-date cash receipts are presented on an August through July fiscal year as cash received in each month accrues to the prior month.

### **New Mexico Oil and Natural Gas Production: February 2013 Sales**

Preliminary oil prices for February 2013 averaged \$81.29 per barrel (bbl) and preliminary volumes year-to-date are 16.1 percent higher than last year. Preliminary oil prices averaged \$82.78 per bbl year-to-date through February 2013. These prices are below the \$85.00 per bbl forecast, however, strong oil volume growth has largely offset the lower price. Potential oil production in the San Juan basin could further reduce revenue declines.

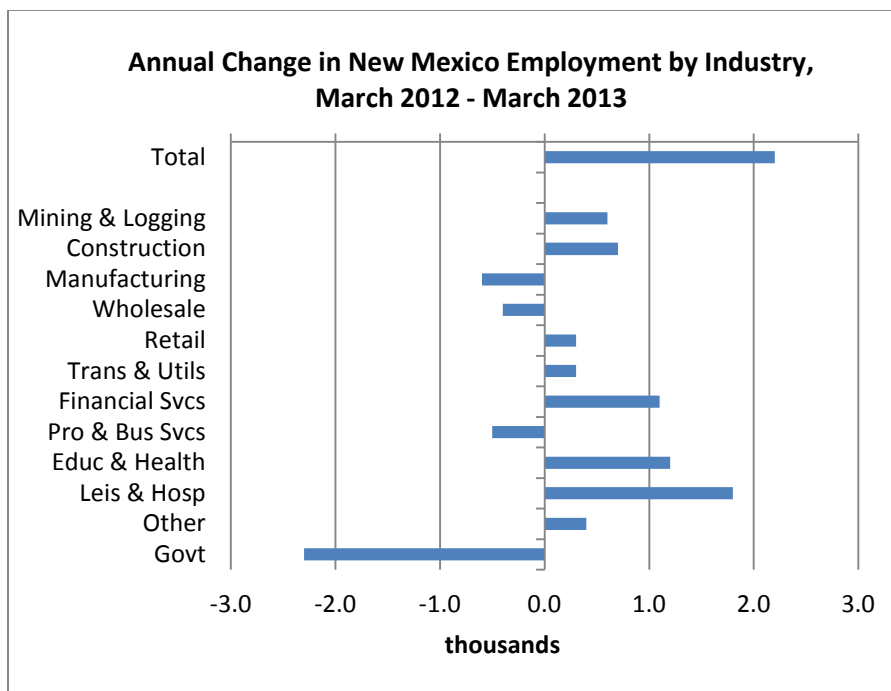
Preliminary natural gas prices for February 2013 averaged \$4.37 per thousand cubic feet (mcf). This amount includes the value of natural gas liquids, which added \$0.99 per mcf to the value of "dry" gas. Preliminary volumes year-to-date are 6.2 percent lower than last year. Preliminary natural gas prices averaged \$4.20 per mcf year-to-date inclusive of the liquids premium. These prices are below the \$4.50 per mcf forecast, with volumes also below the forecasted 3.6 percent decline.

## Update on New Mexico Employment Trends

When adjusted for seasonal variation, the New Mexico employment estimate in March 2013 is projected to have increased 0.3 percent compared to March 2012, an increase of 2,200 jobs.

The largest annual increases were in the leisure and hospitality and education and health sectors, which gained an estimated 1,800 and 1,200 jobs, respectively. The largest private annual decrease was projected in manufacturing and professional services, which saw losses of an estimated 600 and 500 jobs, respectively. Construction continues to experience growth, adding an estimated 700 jobs in March 2013.

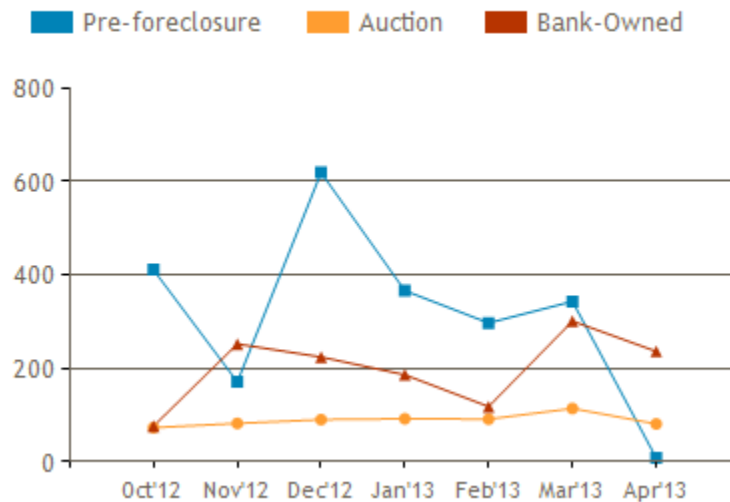
The New Mexico seasonally adjusted unemployment rate went up by 0.1 percent to 6.9 percent in March, well below the national average of 7.5 percent, as the labor force increased faster than employment. Initial unemployment claims in April were down an estimated 8 percent from the same month the prior year.



Source: U.S. Bureau of Labor Statistics

## Housing

New Mexico had only one-third the foreclosure rate of the U.S. in April 2013. New Mexico had 1 in every 1,500 properties in foreclosure, with the Albuquerque metropolitan area leading, followed by the Tucumcari and Ruidoso areas. The top five counties for foreclosures were Valencia, with 1 in every 902, Sandoval, with 1 in every 991, Bernalillo with 1 in every 1,704, Quay with 1 in every 2,788, and Lincoln, with 1 in every 3,481.



Source: RealtyTrac

## New Mexico Taxable Gross Receipts (TGR), February 2013

New Mexico taxable gross receipts reported in February 2013 were approximately \$3.5 billion, a 4.1 percent decrease from the prior year. Fiscal year-to-date growth through February was 2.1 percent.

Construction activities continue to grow as the housing market shows improvement. Professional services show significant declines, likely due to preemptive contract reductions at the national labs in anticipation of federal spending cuts.

Year-to-date retail growth is stronger than in prior months, but still below levels reflective of a robust economy. During the same period of FY12, retail TGR grew by 4 percent or twice the growth of FY13. Growth in administrative services, which includes household services such as auto repair, barber shops, and dry cleaning, could indicate an increase in consumer spending and a potential for continued growth in retail trade.

Taxable Gross Receipts by Sector FY13 YTD through February 2013	FY13 YTD (\$ millions)	FY12 YTD (\$ millions)	Y/Y % Change
Agriculture, Forestry, Fishing and Hunting	\$37.0	\$35.2	5.2%
Mining and Oil and Gas Extraction	\$2,455.6	\$2,259.6	8.7%
Utilities	\$1,467.8	\$1,518.6	-3.3%
Construction	\$3,701.1	\$3,425.0	8.1%
Manufacturing	\$1,297.1	\$1,197.9	8.3%
Wholesale Trade	\$1,537.0	\$1,479.7	3.9%
Retail Trade	\$8,136.0	\$7,965.7	2.1%
Transportation and Warehousing	\$618.8	\$633.9	-2.4%
Information and Cultural Industries	\$1,600.3	\$1,571.7	1.8%
Finance and Insurance	\$185.8	\$156.1	19.0%
Real Estate and Rental and Leasing	\$673.0	\$557.2	20.8%
Professional, Scientific and Technical Services	\$2,719.8	\$3,058.8	-11.1%
Management of Companies and Enterprises	\$27.9	\$21.5	29.8%
Admin and Support, Waste Mgt and Remed	\$1,127.5	\$1,208.5	-6.7%
Educational Services	\$132.8	\$153.1	-13.3%
Health Care and Social Assistance	\$1,397.3	\$1,388.7	0.6%
Arts, Entertainment and Recreation	\$133.6	\$135.8	-1.6%
Accommodation and Food Services	\$2,267.7	\$2,208.1	2.7%
Other Services (except Public Admin)	\$3,254.4	\$3,110.8	4.6%
Public Administration	\$122.3	\$162.6	-24.8%
Unclassified Establishments	\$122.4	\$84.9	44.2%
All Industries	\$33,015.0	\$32,333.4	2.1%
Excluding O&G	\$30,559.4	\$30,073.8	1.6%

## FY13 General Fund Report - February 2013 Accruals (1)

Appropriation Account Revenue:	Current Month	Current Fiscal Year to Date	Prior Fiscal Year to Date	Budget	
				Estimate Full Fiscal Year	Prior Year Full Fiscal Year
Gross Receipts Tax	147,374,896	1,262,234,724	1,272,350,805	1,981,300,000	1,928,468,880
Compensating Tax (2)	(449,193)	31,323,293	39,828,776	66,500,000	62,066,210
<b>SUBTOTAL Gen Sales Taxes</b>	<b>146,925,703</b>	<b>1,293,558,016</b>	<b>1,312,179,580</b>	<b>2,047,800,000</b>	<b>1,990,535,090</b>
Selective Sales Taxes					
Tobacco and Cigarette Tax	7,239,440	55,131,307	56,662,561	84,300,000	85,360,379
Alcoholic Beverage Tax	1,740,147	17,146,670	17,159,405	26,500,000	26,128,849
Insurance Premiums Tax (3)	-	69,484,570	80,282,107	122,500,000	114,075,812
Fire Protection Fund Reversions	-	-	-	18,300,000	18,812,069
Franchise Fees	375	2,475	7,570	20,000	19,055
Racing receipts	584,675	584,675	583,723	850,000	851,829
Private Car Tax	-	559,229	550,864	550,000	552,552
Motor vehicle excise tax	9,573,194	80,597,454	72,634,972	123,000,000	114,706,587
Gaming Tax	5,111,653	40,810,594	43,522,972	64,800,000	65,526,989
Leased Vehicles Surcharge	323,286	3,491,227	3,546,372	5,400,000	5,366,391
Gasoline Tax (4)	61,493	(5,240,898)	3,805,044	(4,460,000)	5,539,323
Telecommunications Relay Surcharge	7,713	61,929	65,662	90,000	97,930
Boat excise tax	5,640	164,603	208,354	450,000	452,914
<b>SUBTOTAL Sel Sales Taxes</b>	<b>24,647,616</b>	<b>262,793,836</b>	<b>279,029,607</b>	<b>442,300,000</b>	<b>437,490,681</b>
INCOME TAXES					
Gross Withholding	81,682,495	710,421,989	700,748,227	1,096,000,000	1,060,763,657
PIT-Final Settlements	11,406,418	157,808,982	139,589,543	362,000,000	355,733,699
PIT TAA - Oil & Gas Withholding	1,768,438	46,994,461	34,679,618	70,000,000	91,101,736
Fiduciary Tax	81,266	1,318,729	5,604,479	10,000,000	9,011,119
Less PIT Refunds, RHCA, Legis Retirement	72,274,974	279,533,493	279,154,105	371,400,000	366,142,232
<b>Net Personal Income Tax</b>	<b>22,663,642</b>	<b>637,010,668</b>	<b>601,467,762</b>	<b>1,166,600,000</b>	<b>1,150,467,978</b>
<b>Net Corporate Income Tax</b>	<b>16,509,985</b>	<b>117,313,664</b>	<b>116,199,786</b>	<b>280,000,000</b>	<b>281,047,492</b>
MINERAL PRODUCTION TAXES					
Oil & Gas School Tax (3)	-	216,098,600	244,288,509	366,000,000	399,588,896
7% Oil Conservation Tax	127,231	11,982,938	12,810,032	19,500,000	21,452,054
Resources excise tax	1,065,624	10,692,912	7,890,273	10,000,000	12,018,385
Natural Gas Processors Tax	1,804,497	16,103,416	15,727,470	23,900,000	23,342,458
<b>TOTAL Mineral Production Taxes</b>	<b>2,997,352</b>	<b>254,877,866</b>	<b>280,716,284</b>	<b>419,400,000</b>	<b>456,401,793</b>

## FY13 General Fund Report - February 2013 Accruals (1)

Appropriation Account Revenue:	Current Month	Current Fiscal Year to Date	Prior Fiscal Year to Date	Budget	
				Estimate Full Fiscal Year	Prior Year Full Fiscal Year
<b>LICENSE FEES</b>					
Financial institution receipts	1,710,741	2,097,556	2,240,823	3,050,000	2,917,436
Manufactured housing receipts	26,825	218,450	248,456	500,000	419,715
Construction industries receipts	292,101	2,295,742	3,163,752	5,300,000	5,052,172
Securities receipts	1,247,925	14,719,665	14,459,550	19,200,000	18,765,301
Gaming License and Permit Fees	-	-	126,075	350,000	391,712
Public Utilities	52,281	410,279	411,137	11,800,000	11,056,399
Corporate Filing	241,339	1,947,141	1,458,184	2,900,000	2,863,554
Alcohol and Gaming	74,652	430,707	609,976	4,000,000	3,855,629
Corporate Special	-	-	-	3,100,000	4,096,354
Pipeline fees	-	49,580	32,654	60,000	40,604
Mtr. Veh. Misc.	12,265	83,566	91,626	140,000	135,811
<b>TOTAL LICENSE FEES</b>	<b>3,658,129</b>	<b>22,252,686</b>	<b>22,842,233</b>	<b>50,400,000</b>	<b>49,594,688</b>
<b>INTEREST EARNINGS</b>					
Perm.Fund Income	36,755,037	293,759,121	307,678,108	438,800,000	461,737,162
Earnings on State Balances	-	6,969,008	7,645,039	16,000,000	17,427,160
Sev Tax Income Fund	14,681,057	117,448,456	122,282,336	176,200,000	183,423,504
<b>TOTAL Interest Earnings</b>	<b>51,436,094</b>	<b>418,176,586</b>	<b>437,605,483</b>	<b>631,000,000</b>	<b>662,587,826</b>
<b>RENTS AND ROYALTIES</b>					
Federal Mineral Leasing	40,179,654	318,061,756	341,047,831	440,000,000	502,573,870
Land Office Inc.	1,343,339	33,382,770	68,038,960	60,500,000	92,507,769
<b>TOTAL Rents/Royalties</b>	<b>41,522,994</b>	<b>351,444,526</b>	<b>409,086,790</b>	<b>500,500,000</b>	<b>595,081,639</b>
<b>TRIBAL GAMING REVENUE SHARING</b>	<b>30,450</b>	<b>34,446,350</b>	<b>33,103,872</b>	<b>72,000,000</b>	<b>68,188,620</b>
<b>MISCELLANEOUS RECEIPTS</b>					
MVD Penalty Assessment	414,960	3,701,424	3,669,010	6,100,000	5,704,994
Fines & Forfeitures	478,591	3,656,751	3,743,813	5,800,000	6,052,204
Birth/Death Certificates	76,070	568,384	500,279	1,000,000	1,075,284
District Judges' Rec Court Costs	88,374	693,082	663,173	1,000,000	1,064,087
Notary Public fees	47,583	422,308	1,164,599	1,400,000	1,386,475
Media Lease Payments	-	-	-	21,000	19,442
Legislative Receipts	605	12,750	11,105	19,000	19,547
Unclaimed Property	-	-	15,451,669	15,500,000	15,451,669
Small County Assistance Reversion	-	-	-	2,300,000	3,576,387
Law Enforcement Protection	-	-	-	10,300,000	8,291,058
Workers Compensation filing fees	-	3,890	-	20,000	3,803
Environment Dept. filing fees	877	1,956,024	1,740,962	2,300,000	2,047,673
Public Defender(Non-indigent reimb.)	132,270	260,263	174,578	440,000	410,853
<b>TOTAL MISCELLANEOUS FEES</b>	<b>1,239,388</b>	<b>11,275,283</b>	<b>27,119,601</b>	<b>46,200,000</b>	<b>45,104,088</b>
<b>TOTAL RECURRING REVENUES</b>	<b>311,631,353</b>	<b>3,403,149,482</b>	<b>3,519,351,042</b>	<b>5,656,200,000</b>	<b>5,736,499,938</b>

## FY13 General Fund Report - February 2013 Accruals (1)

Appropriation Account Revenue:	Current Month	Current Fiscal Year to Date	Prior Fiscal Year to Date	Budget	
				Estimate Full Fiscal Year	Prior Year Full Fiscal Year
NON-RECURRING REVENUES					
Miscellaneous - Restitution Payments	26,247	121,645	411,665	-	527,665
Misc. Revenues-TRD >60day Non Benefica	128,141	392,044	495,137	-	512,233
Miscellaneous Transfers (5)	-	-	-	-	11,400,000
Miscellaneous Revenues ( State Aircraft)	-	-	2,254,141	-	2,243,283
Reversions (6)	662,551	11,649,710	9,268,899	51,000,000	65,884,725
Misc. Revenues (7)	-	-	-	(3,300,000)	-
<b>TOTAL NON-RECURRING REVENUES</b>	<b>816,938</b>	<b>12,163,399</b>	<b>12,429,842</b>	<b>47,700,000</b>	<b>80,567,905</b>
<b>GRAND TOTAL REVENUES (8)</b>	<b>312,448,291</b>	<b>3,415,312,881</b>	<b>3,531,780,883</b>	<b>5,703,900,000</b>	<b>5,817,067,843</b>

Source: DFA Financial Control Division and December 2012 Consensus Revenue Estimate

(1) All figures on modified accrual basis accounting.

(2) The negative compensating tax distribution in February 2013 was due to amended returns combined with protests resolved in favor of the taxpayers.

(3) Preliminary figure. February 2013 accruals for earnings on state balances, oil and gas school tax, and insurance premiums tax were unavailable at time of publication. February 2012 amounts for these revenues were excluded from year over year comparisons to preserve consistency.

(4) Gasoline tax revenues are expected to be negative in FY13 due to a distribution adjustment resulting from an overpayment in FY12.

(5) FY12 includes \$11.4 million transfer for solvency.

(6) Reversions are included as recurring revenue in the consensus revenue forecast.

(7) FY13 includes negative adjustment resulting from acceleration of tax collection through the tax amnesty program.

(8) Total excludes reversions to Operating Reserve and Appropriation Contingency Fund, Tobacco Settlement Investment Income, and Tobacco Settlement revenues.