



**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

## January 2014 Accrual

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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)

### January Highlights:

- General Fund total recurring revenues through January are up 5.6 percent compared to the prior year. Most of this growth, however, is driven by oil and natural gas activity and prices.
- Taxable gross receipts year-to-date are up only 1.1 percent for FY14 compared to the same period last year. Taxable gross receipts growth falls to 0.7 percent when excluding the mining and extraction sector.
- February 2014 employment showed a seasonally adjusted 0.2 percent decrease or 2,000 jobs from the prior year. The decline was mainly driven by federal and local government employment which fell by 2,300 jobs. Private sector employment grew by 0.2 percent.

**Table 1**

**FY14 Appropriation Account Revenue - January 2014 Accruals (1)**  
Summary by Major Revenue Category

	Current Month	Current Fiscal	Prior Fiscal	Year to Date Change	
		Year to Date	Year to Date	Amount	Percent
General Sales Tax	161,823,362	1,197,589,116	1,146,632,314	50,956,802	4.4%
Selective Sales Tax	24,497,471	240,556,920	236,196,463	4,360,458	1.8%
Personal Income Tax	72,797,713	620,751,928	614,347,026	6,404,902	1.0%
Corporate Income Tax	44,580,350	105,750,151	100,803,680	4,946,471	4.9%
Mineral Production Taxes	3,058,403	270,378,504	219,471,612	50,906,892	23.2%
Interest Earnings	51,659,313	375,171,284	365,652,496	9,518,788	2.6%
Mineral Rents/Royalties	51,064,314	354,975,281	309,921,532	45,053,748	14.5%
Other	9,901,088	61,774,968	63,046,352	(1,271,384)	-2.0%
<b>TOTAL RECURRING REVENUES</b>	<b>419,382,015</b>	<b>3,226,948,151</b>	<b>3,056,071,474</b>	<b>170,876,677</b>	<b>5.6%</b>

Source: DFA Financial Control Division

(1) All figures on modified accrual basis accounting.

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

Table 1 above presents a summary of year-to-date revenue collections for major categories of General Fund Appropriation Account revenues. Detailed information is contained in Appendix 1. Preliminary FY14 recurring revenue accruals through January 2014 are approximately \$3.2 billion, an increase of \$171 million or approximately 5.6 percent from the same period of FY13. The December 2013 consensus revenue forecast estimated an increase of 2.7 percent in recurring revenues in FY14.

Mineral production taxes, rents, and royalties contributed more than half of the revenue increase. Oil volume strength, oil price spikes as a result of ongoing political instability in Egypt, Crimea and Libya, and strong natural gas prices resulting from below average temperatures in the east and Midwest contributed to the increase. The FY13 sequestration of federal mineral leasing revenues that were released in FY14 added to the accrual growth. Year to date, oil- and gas-related revenues have increased 18.1 percent, compared to 7.7 percent in the December 2013 forecast.

Gross receipts tax (GRT) and compensating tax are up 4.4 percent year-to-date. The largest contribution to that increase is strong growth in compensating tax revenues due to larger refunds issued in FY13. Much of the growth in GRT is due to lower tax credit claims in FY14 than were received in FY13. The year-to-date growth rate for general sales taxes is stronger than the consensus revenue forecast of 2.9 percent. However, pending credits for the High Wage Jobs Tax Credit are expected to offset much of this growth.

Taxable gross receipts (TGR), the tax base for GRT, has shown weak growth year-to-date through January with 1.1 percent growth. The large retail sector in particular shows notably flat growth for the fiscal year with a decrease of 0.1 percent. A detailed discussion of taxable gross receipts growth by sector is presented below.

Personal income tax (PIT) revenues year-to-date are up only 1.0 percent from the prior year. The lack of revenue growth reflects a weak employment market and limited taxable gross receipts growth. Gross withholding, which is related to job growth and wage and salary increases, is up only 0.8 percent, while refunds are up 5.0 percent from the prior year. The December 2013 forecast assumed PIT revenues would decline in FY14 relative to FY13 due to an acceleration of payments in FY13 in anticipation of federal tax increases.

Corporate income taxes (CIT) are up 4.9 percent from the prior year, largely due to a decrease in refunds in FY14. The consensus forecast assumed an increase in CIT revenues of 4.4 percent in FY14. General Fund investment earnings are more than double the prior year but are volatile and later negative distributions could offset that strength.

## New Mexico Oil and Natural Gas Production: December 2013 Sales

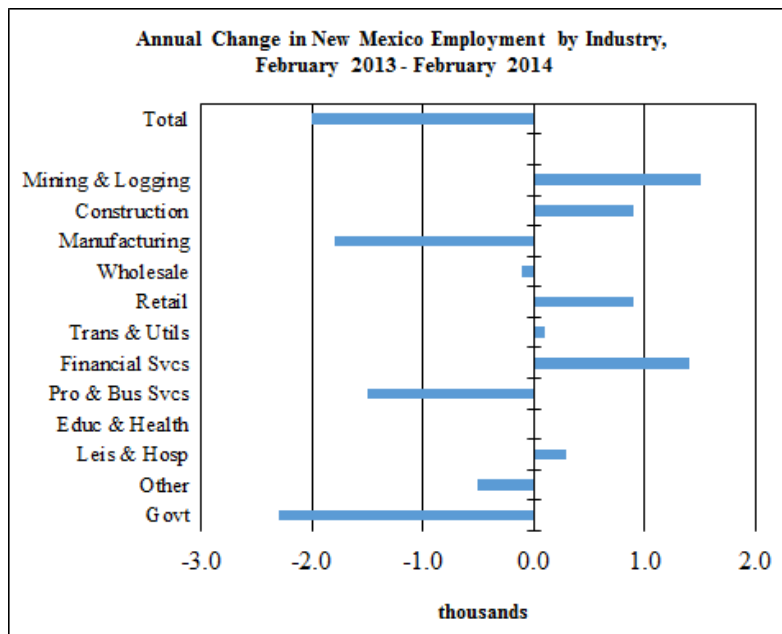
Preliminary oil prices for December 2013 averaged \$90.60 per barrel (bbl), which compares to \$90.58 per bbl for December 2012. Preliminary year-to-date volumes are 17.1 percent higher than last year. While the monthly price is below the \$93.00 per bbl forecast, the FY14 year-to-date average New Mexico oil price is \$97.88 per bbl.

Preliminary natural gas prices for December 2013 averaged \$5.00 per thousand cubic feet (mcf), which compares to \$4.52 per mcf in December 2012. Colder than average weather in the upper Midwest and east coast drove up dry gas prices in recent months. The New Mexico average price includes the value of natural gas liquids, which added \$0.88 per mcf to the value of “dry” gas. Preliminary volumes are 3.4 percent lower than last year. Year-to-date, the average New Mexico natural gas price is \$4.71 per mcf, below the forecast of \$4.85 per mcf.

## Update on New Mexico Employment Trends

New Mexico seasonally adjusted employment in February 2014 fell 0.2 percent, or 2,000 jobs, from the prior year. Employment gains were seen in mining and logging, financial services and construction, up 1,500, 1,400, and 900 jobs respectively. Retail employment grew a modest one percent or 900 jobs.

The government sector continues to lead employment declines with local and federal government employment down 1,400 and 1,100 jobs respectively. Professional and business services employment decreased by 1,500 jobs. The manufacturing sector continues to decline from a peak of 38,000 jobs in September 2006 to 27,600 jobs in February. The reason for this decline was still unknown at the time of publication. Paradoxically, manufacturing taxable gross receipts have shown strong growth since 2009.



Source: Bureau of Labor Statistics

The unemployment rate increased to 6.7 percent in February 2014 from 6.6 percent in the prior month. This compares to the national unemployment rate, which was 6.7 percent for the month.

## **Current Employment Statistics Data and New Mexico**

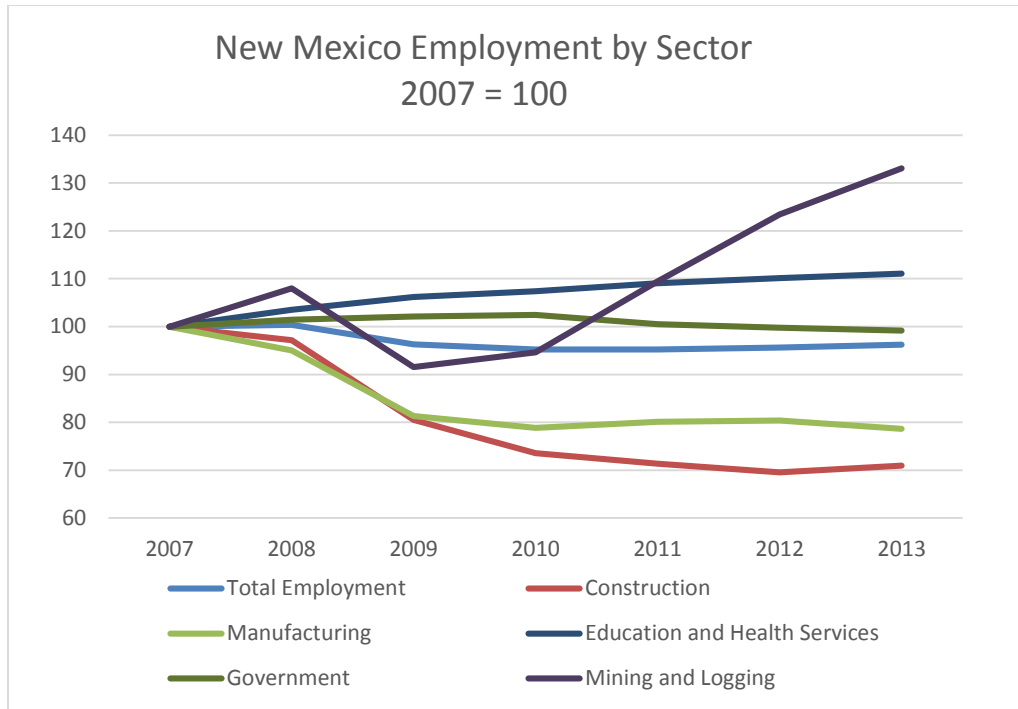
### **Benchmarking Background**

The Current Employment Statistics (CES) data is benchmarked annually with the release of the January payroll employment estimates. The benchmarking process is necessary to control both sampling and non-sampling error and uses unemployment insurance tax reports to replace CES data. Due to the timing of the benchmark, unemployment insurance figures are not available for the fourth quarter of the previous year, therefore data for this period is revised using updated census employment counts and business birth/death factors. As a part of the annual benchmarking process seasonal adjustment factors are recalculated and applied to data for the five prior years. Seasonal adjustments for state level data are calculated independently for each state. The following table demonstrates the percentage change adjustment that benchmarking had on each specific year for New Mexico. For example, in 2013, benchmarking resulted in an increase of 0.2 percent in nonfarm payroll employment from the original estimates derived for New Mexico.

2009	2010	2011	2012	2013
-1.6	-0.1	0	-0.2	0.2

### **Pre-Recession to 2013**

Total nonfarm payroll employment in New Mexico has still not recovered to pre-recession levels. Based on 2013 figures, New Mexico needs to add 35,200 jobs to return to pre-recession highs which would require an increase of 4.3 percent in employment. The construction sector in New Mexico was most dramatically affected by the recession and current employment levels remain depressed. The sector is down approximately 30 percent from peak employment in 2007. Construction experienced growth however in 2013 and ended a 5-year downtrend with an increase of 2.2 percent over 2012 figures. Manufacturing was also heavily impacted by the recession and remains down 21.4 percent from 2007 employment levels. Mining and logging has experienced strong growth, eclipsing pre-recession levels by 33 percent with an increase of 6,400 jobs. Education and Health Services also demonstrated strong growth with an increase of 11.1 percent, adding 12,300 jobs.



Source: Bureau of Labor Statistics

### New Mexico and Regional Growth

The recovery in New Mexico has significantly lagged that of its regional neighbors: Arizona, Colorado, and Texas. Additionally, New Mexico is the only state in this group to experience contraction in its construction, manufacturing, and professional & business services sectors since 2010. Both Arizona and Texas experienced losses in government employment from 2010 to 2013. An area of strength for New Mexico relative to its neighbors was in mining and logging where the state's employment growth of 40.6 percent was second only to Texas where employment for the sector increased 40.8 percent.

Total Nonfarm Employment Growth 2010-2013	
Arizona	5.4%
Colorado	7.1%
New Mexico	1.1%
Texas	8.3%

### Comparison with LAUS figures

The CES data, which are generated from a firm survey, demonstrate a dramatic increase in total nonfarm employment in October 2012 with a jump of 8,600 jobs. This increase is carried forward into 2013 which averaged 811.7 thousand jobs compared to 806.7 thousand jobs in 2012, an annual increase in employment of 0.6 percent. Local Area Unemployment Statistics

(LAUS) data, which are compiled from a survey of New Mexican households, however, do not reveal the same growth. Employment based on LAUS increased from 2012 to 2013 by approximately 700 jobs or 0.1 percent. Although LAUS data also experienced an increase in employment that begins in the fall of 2012, the growth is much smaller than that of the CES figures, and ticks down going into fall and winter of 2013.



Source: Bureau of Labor Statistics

The Department of Workforce Solutions has indicated that the increase in October 2012 may have been the result of employers over-reporting employment levels due to unfamiliarity with the new unemployment insurance tax reporting system. However, they believe employers are now correctly reporting employment levels and that the current figures from the CES are accurate. The divergence in the CES and LAUS data may raise concerns, however, that CES figures are not an accurate picture of New Mexico employment.

Taxable Gross Receipts by Sector FY14 YTD through January 2014	FY14 YTD (\$ millions)	FY13 YTD (\$ millions)	Y/Y % Change
Agriculture, Forestry, Fishing and Hunting	\$41.1	\$33.1	24.3%
Mining and Oil and Gas Extraction	\$2,311.4	\$2,177.1	6.2%
Utilities	\$1,352.7	\$1,332.9	1.5%
Construction	\$3,363.6	\$3,310.2	1.6%
Manufacturing	\$1,249.9	\$1,162.3	7.5%
Wholesale Trade	\$1,381.4	\$1,369.4	0.9%
Retail Trade	\$7,187.8	\$7,193.4	-0.1%
Transportation and Warehousing	\$398.9	\$559.0	-28.6%
Information and Cultural Industries	\$1,459.3	\$1,406.0	3.8%
Finance and Insurance	\$170.0	\$161.3	5.4%
Real Estate and Rental and Leasing	\$636.0	\$599.4	6.1%
Professional, Scientific and Technical Services	\$2,601.4	\$2,564.4	1.4%
Management of Companies and Enterprises	\$27.1	\$25.1	7.8%
Admin and Support, Waste Mgt and Remed	\$923.2	\$981.5	-5.9%
Educational Services	\$119.9	\$116.9	2.5%
Health Care and Social Assistance	\$1,272.0	\$1,223.5	4.0%
Arts, Entertainment and Recreation	\$122.0	\$118.8	2.7%
Accommodation and Food Services	\$2,075.3	\$1,998.4	3.8%
Other Services (except Public Admin)	\$2,767.4	\$2,872.3	-3.7%
Public Administration	\$106.4	\$104.8	1.6%
Unclassified Establishments	\$220.6	\$156.5	40.9%
All Industries	\$29,787.4	\$29,466.4	1.1%
Excluding O&G	\$27,476.0	\$27,289.4	0.7%

### **New Mexico Taxable Gross Receipts (TGR), FY14 YTD through January**

Taxable gross receipts increased 1.1 percent in FY14 year-to-date compared to the prior fiscal year, but were up only 0.7 percent excluding the mining and oil and gas extraction sectors. Mining and extraction showed 6.2 percent growth year-to-date. Manufacturing also experienced strong growth, rising 7.5 percent from the same period last year despite a notable decrease in manufacturing employment during the same period.

Construction, the second largest sector, has slowed to 1.6 percent growth year-to-date through January. Professional services growth has also slowed to 1.4 percent for the fiscal year, compared to 7.3 percent in the first quarter. This slowdown is largely attributable to federal sequestration and the government shutdown that occurred in the second quarter. Professional services appears to have recovered in January, growing 9.1 percent year over year. Retail trade, which comprises nearly 25 percent of TGR, remained flat for the fiscal year-to-date reflecting a

stagnant labor market and minimal wage and salary growth.

An indication that the tourism industry may be recovering, accommodation and food services increased 3.8 percent through January, while entertainment and recreation had 2.7 percent growth in taxable gross receipts. The sharp decline in transportation and warehousing may be misleading as data showed two anomalous spikes in taxable gross receipts in FY13. As of the publication date, the Taxation and Revenue Department was still researching the source of these inconsistencies.

## FY14 General Fund Report - January 2014 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	155,148,122	1,155,179,003	1,114,859,827	1,976,200,000	1,917,660,342
Compensating Tax	6,675,240	42,410,113	31,772,486	50,400,000	50,910,770
<b>SUBTOTAL Gen Sales Taxes</b>	<b>161,823,362</b>	<b>1,197,589,116</b>	<b>1,146,632,314</b>	<b>2,026,600,000</b>	<b>1,968,571,111</b>
Selective Sales Taxes					
Tobacco and Cigarette Tax	6,603,776	44,483,499	47,891,867	83,600,000	86,058,159
Alcoholic Beverage Tax	2,082,327	15,489,429	15,406,523	27,300,000	26,240,234
Insurance Premiums Tax (2)	-	62,023,661	67,534,813	126,700,000	107,520,090
Fire Protection Fund Reversions	-	-	-	17,400,000	18,315,530
Franchise Fees	-	-	2,100	75,000	4,445
Racing receipts	-	440,893	-	400,000	942,268
Private Car Tax	-	-	559,229	500,000	563,090
Motor vehicle excise tax	11,638,408	77,065,663	71,024,260	133,200,000	125,504,020
Gaming Tax	5,442,099	37,987,283	35,698,941	64,400,000	63,073,137
Leased Vehicles Surcharge	264,868	3,163,685	3,167,940	5,500,000	5,125,348
Gasoline Tax (3)	(1,547,495)	(222,301)	(5,302,391)	800,000	(4,515,839)
Telecommunications Relay Surcharge	7,191	51,530	54,216	125,000	91,293
Boat excise tax	6,295	73,577	158,964	500,000	257,464
<b>SUBTOTAL Sel Sales Taxes</b>	<b>24,497,471</b>	<b>240,556,920</b>	<b>236,196,463</b>	<b>460,500,000</b>	<b>429,179,241</b>
INCOME TAXES					
Gross Withholding	95,392,656	633,549,280	628,739,494	1,083,500,000	1,077,952,471
PIT-Final Settlements	50,117,793	155,990,868	146,402,563	392,000,000	426,635,101
PIT-Estimated Payments	-	-	-	-	-
PIT TAA - Oil & Gas Withholding	14,056,737	47,114,785	45,226,024	100,000,000	91,226,806
Fiduciary Tax	403,169	2,416,800	1,237,463	10,000,000	7,388,430
Less PIT Refunds, RHCA, Legis Retirement	87,172,642	218,319,804	207,258,518	374,000,000	362,257,469
<b>Net Personal Income Tax</b>	<b>72,797,713</b>	<b>620,751,928</b>	<b>614,347,026</b>	<b>1,211,500,000</b>	<b>1,240,945,339</b>
<b>Net Corporate Income Tax</b>	<b>44,580,350</b>	<b>105,750,151</b>	<b>100,803,680</b>	<b>279,000,000</b>	<b>267,156,968</b>
MINERAL PRODUCTION TAXES					
Oil & Gas School Tax (2)	-	239,820,670	185,293,436	427,100,000	379,899,020
7% Oil Conservation Tax (2)	91,368	13,338,332	10,251,968	23,300,000	20,774,799
Resources excise tax	1,652,377	7,835,562	9,627,288	11,500,000	13,486,409
Natural Gas Processors Tax	1,314,658	9,383,940	14,298,919	15,800,000	24,196,501
<b>TOTAL Mineral Production Taxes</b>	<b>3,058,403</b>	<b>270,378,504</b>	<b>219,471,612</b>	<b>477,700,000</b>	<b>438,356,729</b>

## FY14 General Fund Report - January 2014 Accruals (1)

Appropriation Account Revenue:	Current Month	Current Fiscal Year to Date	Prior Fiscal Year to Date	Budget	Prior Year Full Fiscal Year
				Estimate Full Fiscal Year	
<b>LICENSE FEES</b>					
Financial institution receipts	82,895	447,287	386,815	3,000,000	3,106,692
Manufactured housing receipts	37,876	208,570	191,625	335,000	335,527
Construction industries receipts	378,866	2,247,882	2,003,642	4,025,000	4,034,136
Securities receipts	7,534,725	14,122,420	13,471,740	19,040,000	19,065,230
Gaming License and Permit Fees	-	-	-	360,000	362,374
Public Utilities	164	1,298	357,998	11,240,000	11,274,827
Corporate Filing	340,057	2,265,865	1,705,802	3,200,000	3,150,612
Alcohol and Gaming	91,662	427,731	356,055	4,500,000	4,543,582
Corporate Special	-	2,270	-	4,000,000	3,962,785
Pipeline fees	-	1,311	49,580	50,000	50,080
Mtr. Veh. Misc.	9,450	64,887	71,301	150,000	125,346
<b>TOTAL LICENSE FEES</b>	<b>8,475,695</b>	<b>19,789,522</b>	<b>18,594,557</b>	<b>49,900,000</b>	<b>50,011,191</b>
<b>INTEREST EARNINGS</b>					
Perm.Fund Income	37,453,183	261,904,931	257,004,085	445,300,000	440,876,338
Earnings on State Balances (2)	76	13,823,975	5,881,012	12,100,000	14,737,115
Sev Tax Income Fund	14,206,054	99,442,377	102,767,399	170,400,000	176,172,684
Tobacco Settlement Investment Income	-	-	-	-	-
<b>TOTAL Interest Earnings</b>	<b>51,659,313</b>	<b>375,171,284</b>	<b>365,652,496</b>	<b>627,800,000</b>	<b>631,786,136</b>
<b>RENTS AND ROYALTIES</b>					
Federal Mineral Leasing	45,264,334	323,623,820	277,882,102	490,000,000	459,631,160
Land Office Inc.	5,799,980	31,351,461	32,039,431	47,600,000	44,631,955
<b>TOTAL Rents/Royalties</b>	<b>51,064,314</b>	<b>354,975,281</b>	<b>309,921,532</b>	<b>537,600,000</b>	<b>504,263,116</b>
<b>TRIBAL GAMING REVENUE SHARING</b>	249,762	33,485,992	34,415,900	72,500,000	70,708,973
<b>MISCELLANEOUS RECEIPTS</b>					
MVD Penalty Assessment	511,972	3,378,691	3,286,464	8,200,000	6,017,615
Fines & Forfeitures	430,718	2,990,743	3,178,160	6,800,000	5,708,463
Birth/Death Certificates	72,815	395,001	492,314	1,600,000	1,044,689
District Judges' Rec Court Costs	92,712	533,360	604,708	1,600,000	1,051,337
Notary Public fees	65,966	342,129	374,725	800,000	648,411
Media Lease Payments	-	-	-	30,000	20,655
Legislative Receipts	2,807	6,915	12,145	55,000	35,184
Supreme Court Fees	81	380	349	1,000	597
Unclaimed Property	-	-	-	17,000,000	16,832,891
Small County Assistance Reversion	-	-	-	2,200,000	1,537,018
Law Enforcement Protection	-	-	-	5,700,000	4,575,549
Workers Compensation filing fees	-	-	3,890	4,000	3,890
Environment Dept. filing fees	(1,441)	760,514	1,955,146	4,700,000	3,350,233
Public Defender(Non-indigent reimb.)	-	59,825	127,993	510,000	445,532
<b>TOTAL MISCELLANEOUS FEES</b>	<b>1,175,631</b>	<b>8,467,558</b>	<b>10,035,895</b>	<b>49,200,000</b>	<b>41,272,064</b>
<b>TOTAL RECURRING REVENUES</b>	<b>419,382,015</b>	<b>3,226,948,151</b>	<b>3,056,071,474</b>	<b>5,792,300,000</b>	<b>5,642,250,869</b>

## FY14 General Fund Report - January 2014 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	5,550	45,550	95,398	-	133,416
Misc. Revenues-TRD >60day Non Benefica	(195,124)	110,217	263,903	-	484,122
Miscellaneous Revenues ( State Aircraft)	20,000	20,000	-	-	-
Reversions (4)	9,913,245	11,687,013	10,987,159	71,400,000	65,760,933
<b>TOTAL NON-RECURRING REVENUES</b>	<b>9,743,670</b>	<b>11,862,779</b>	<b>11,346,461</b>	<b>71,400,000</b>	<b>66,378,470</b>
<b>GRAND TOTAL REVENUES (5)</b>	<b>429,125,685</b>	<b>3,238,810,930</b>	<b>3,067,417,934</b>	<b>5,863,700,000</b>	<b>5,708,629,339</b>

Source: DFA Financial Control Division and December 2013 Consensus Revenue Estimate

(1) All figures on modified accrual basis accounting.

(2) Preliminary figure. FY2014 accruals for Insurance Premiums Tax, Oil & Gas School Tax, Oil & Gas Conservation Tax, and Earnings on State Balances for the current month and for December 2013 were not fully available at time of publication. FY2013 amounts for these revenues were excluded from year over year comparisons to preserve consistency.

(3) Gasoline tax revenues were negative in FY2013 due to a distribution adjustment resulting from an overpayment in FY2012.

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

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