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## General Fund Report

### January 2012 Accrual Period

Publication Date: April 12, 2012

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

Table 1 below presents a summary of year-to-date revenue performance 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 January 2012 are approximately \$3.1 billion, which represents an increase of \$253 million or roughly 8.8 percent from the same period of FY11.

Severance taxes and public land mineral rents and royalties saw the largest year over year increases. Higher oil and gas prices in FY12 year-to-date contributed an additional \$136 million over the same period last year, a 29 percent increase.

Gross receipts tax revenues increased by \$87 million or 8.5 percent over the same period last year. The mining and oil and gas extraction industries continued to contribute to gross receipts tax revenue 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 \$46 million or 9 percent. About \$19 million of this increase is in oil and gas withholding payments, about half of which is due to a change in the timing of accrual for these payments.

Corporate income tax revenue was down \$25 million or 20 percent from last year. The decrease reflects lower quarterly and final payments. As noted in the December 2011 forecast, corporate income tax revenue is expected to increase in FY12 following the expiration on December 31, 2011 of federal provisions allowing for full depreciation of capital equipment and new

legislation limiting aggregate film credit payouts to \$50 million annually. Most corporate income tax payments are received in the second half of the fiscal year.

Tribal Revenue Sharing is down year over year as there were about \$5 million in 4<sup>th</sup> quarter receipts that weren't added to the statewide accounting system until February but will be accrued to December. Motor vehicle excise tax revenues were up \$6 million FY12 year-to-date compared to the same period last year.

Table 1

FY12 Appropriation Account Revenue - January 2012 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	155,454,777	1,149,149,883	1,068,570,472	80,579,410	7.5%
Selective Sales Tax (2)	24,679,898	252,948,729	246,645,097	6,303,632	2.6%
Personal Income Tax	52,264,563	571,863,275	525,388,676	46,474,599	8.8%
Corporate Income Tax	37,507,231	99,202,004	124,128,276	(24,926,272)	-20.1%
Severance Taxes (2)	3,156,906	241,641,437	198,793,729	42,847,708	21.6%
Interest Earnings	53,767,976	383,830,063	376,716,806	7,113,256	1.9%
Mineral Rents/Royalties	43,314,300	359,079,744	265,502,986	93,576,758	35.2%
Other	3,948,467	72,668,516	70,888,215	1,780,302	2.5%
<b>TOTAL RECURRING REVENUES</b>	<b>374,094,118</b>	<b>3,130,383,652</b>	<b>2,876,634,258</b>	<b>253,749,394</b>	<b>8.8%</b>

Source: DFA Financial Control Division

(1) All figures on modified accrual basis accounting.

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

### New Mexico Oil and Natural Gas Production: December 2011 Sales

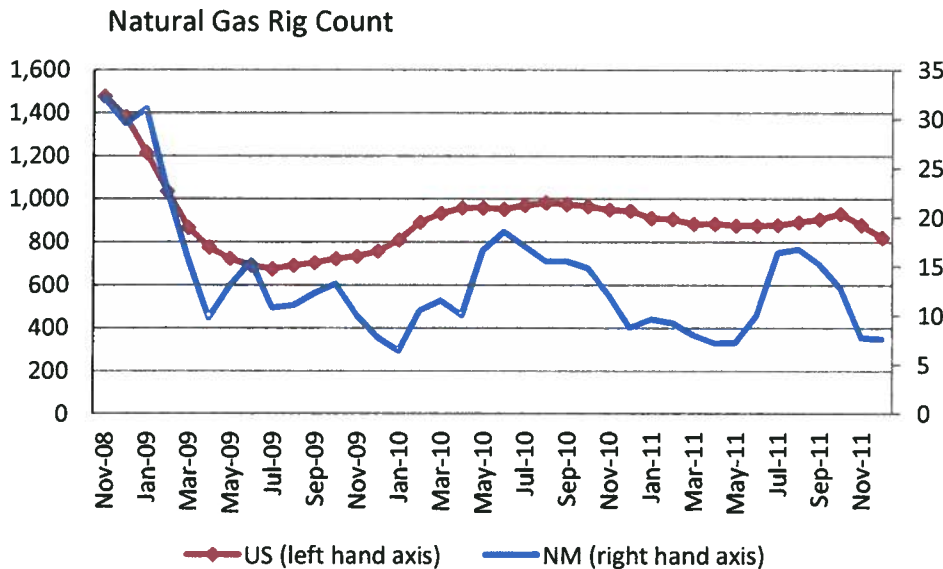
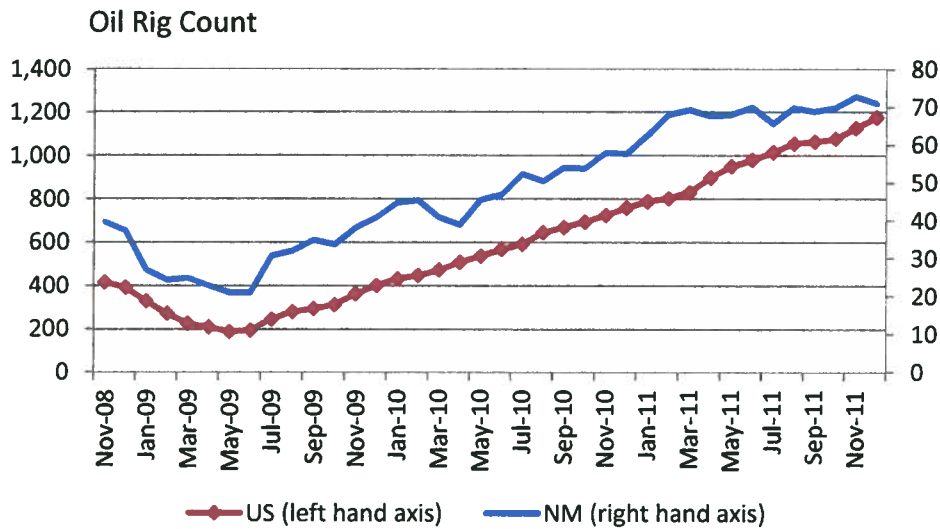
Preliminary oil prices for December 2011 averaged \$95.43 per barrel (bbl). Preliminary year-to-date volumes are 10 percent higher than last year.

Preliminary natural gas prices for December averaged \$5.47 per thousand cubic feet (mcf). This amount includes the value of natural gas liquids, which added \$1.94/mcf to the value of "dry" gas. Preliminary year-to-date volumes as reported are 3.8 percent lower than last year. Volume data may understate the actual decline in natural gas volumes due to a producer reporting error that inflated volumes on about 7 percent of the total. Revisions to the data will not be available for several months, but the consensus revenue economists are working to estimate the true total.

## New Mexico and U.S. Drilling Rig Counts

New Mexico's oil rig count, which averaged 76 rigs in March 2012, continues to be strong in response to high world oil prices. The natural gas rig count remains low in the face of record domestic natural gas production, which has driven down prices in recent months. After briefly increasing last summer, New Mexico's gas rig count has fallen back to a very low level with less than 10 rigs operating statewide.

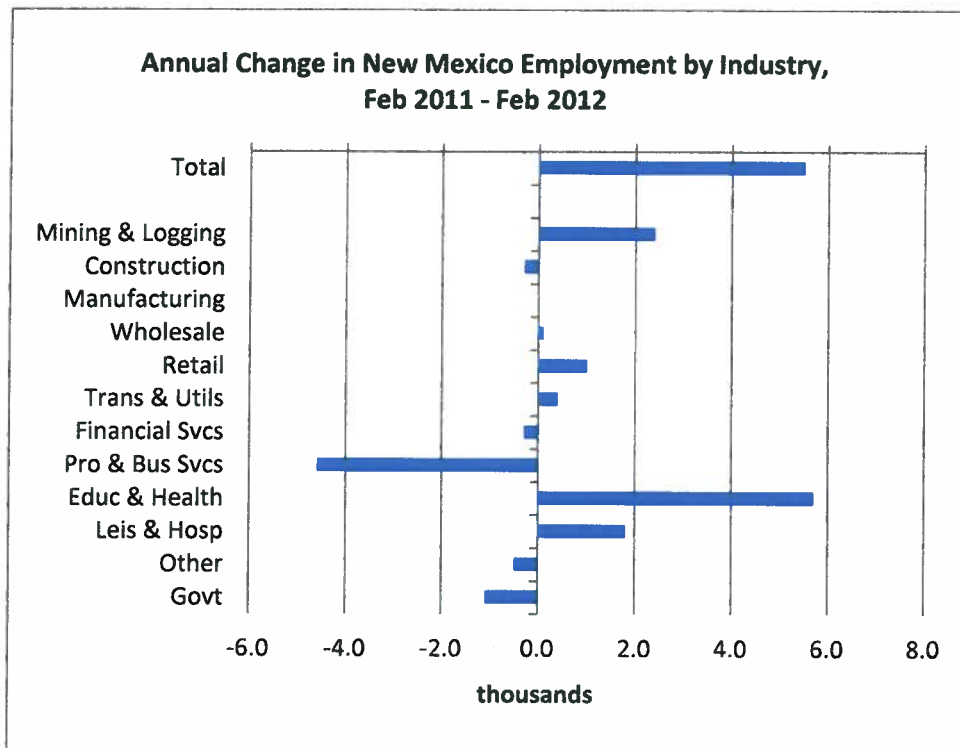
U.S. natural gas rig counts are down 55 percent from November 2008, while U.S. oil rigs are up 215 percent from the same period.



Source: Baker Hughes

## New Mexico Employment

Total New Mexico employment in February 2012 grew 0.7 percent compared with February 2011, an increase of 5,500 jobs when adjusted for seasonal variation. The largest annual increases were in the education and health care sector, which grew by 1,700 jobs, and the mining and logging sector, which gained 600 jobs. The largest annual decrease was felt in the professional and business services sector, which saw a loss of 1,000 jobs. Construction declines were less severe than in past months – the industry experienced a loss of 300 jobs since February 2011.



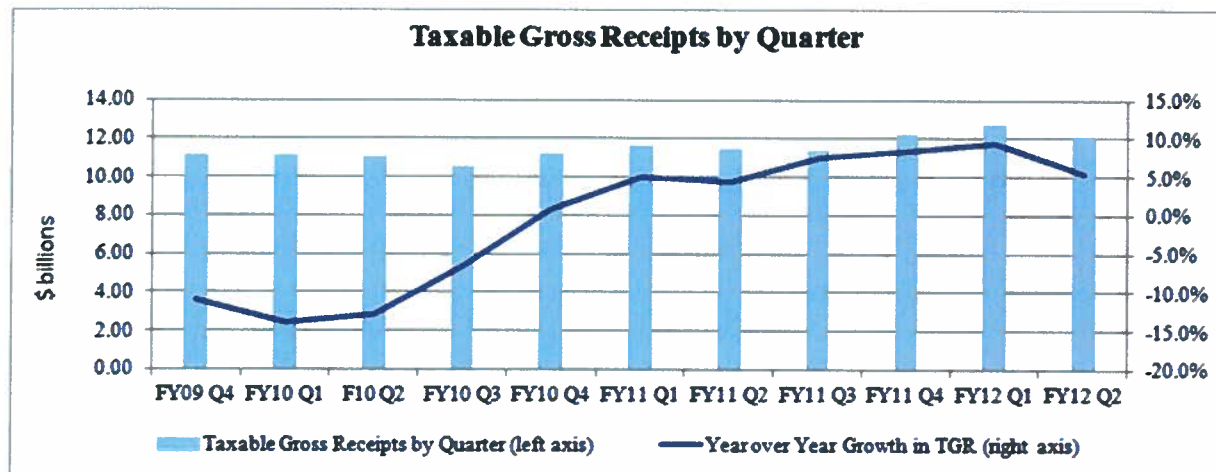
## New Mexico Taxable Gross Receipts (TGR), January 2012

Taxable Gross Receipts for FY12 year-to-date increased by 7.1 percent over the same period last year. Excluding the mining sector, year over year growth fell to 5.6 percent. The manufacturing sector experienced strong year over year growth with an increase of 31 percent. Construction was down by 1.3 percent in FY12 year-to-date compared to the same period last year. While still positive, overall growth appears to have slowed in the most recent month available.

New Mexico taxable gross receipts in January of 2012 were \$3.8 billion, a 4.8 percent increase from the prior year. The top six sectors for TGR were retail trade, construction, other services (except public administration), professional, scientific and technical services, mining and oil and gas extraction and accommodation and food services, which together accounted for two thirds of TGR.

FY12 Taxable Gross Receipts by Sector	Jan 2012 (\$ millions)	Year % Change	FY12 YTD (\$ millions)	Year % Change
Agriculture, Forestry, Fishing and Hunting	\$3.2	18.8%	\$32.1	-2.5%
Mining and Oil and Gas Extraction	\$295.2	33.3%	\$1,969.9	32.2%
Utilities	\$279.7	43.4%	\$1,333.6	11.1%
Construction	\$389.8	-0.7%	\$3,092.4	-1.3%
Manufacturing	\$140.7	7.9%	\$1,047.0	31.4%
Wholesale Trade	\$180.9	11.3%	\$1,307.1	11.0%
Retail Trade	\$868.6	1.0%	\$7,046.0	4.2%
Transportation and Warehousing	\$52.6	-13.0%	\$583.9	39.2%
Information and Cultural Industries	\$188.1	10.4%	\$1,384.8	17.6%
Finance and Insurance	\$20.7	-12.5%	\$135.3	-6.5%
Real Estate and Rental and Leasing	\$68.4	27.3%	\$489.0	13.7%
Professional, Scientific and Technical Services	\$360.9	-4.2%	\$2,678.6	6.3%
Management of Companies and Enterprises	\$2.3	-16.6%	\$18.9	-1.9%
Admin and Support, Waste Mgt and Remed	\$139.7	-2.4%	\$1,178.0	3.0%
Educational Services	\$20.1	-3.9%	\$134.1	-8.9%
Health Care and Social Assistance	\$142.8	-6.1%	\$1,197.0	1.2%
Arts, Entertainment and Recreation	\$15.7	-12.7%	\$119.5	4.0%
Accommodation and Food Services	\$253.0	3.1%	\$1,941.1	3.3%
Other Services (except Public Admin)	\$360.6	-4.1%	\$2,736.8	-1.5%
Public Administration	\$20.0	4.0%	\$142.3	38.1%
Unclassified Establishments	\$11.0	-14.7%	\$71.6	-18.1%
<b>Total</b>	<b>\$3,813.9</b>	<b>4.8%</b>	<b>\$28,638.9</b>	<b>7.1%</b>

Oil and gas production continue to contribute to strong year over year TGR growth with increases in the mining and utilities sectors of over 30 percent from January 2011 to January 2012. The agriculture and manufacturing sectors also experienced strong year over year growth with increases of 18 percent and 11 percent respectively. These are relatively small sectors, however. Construction remained relatively unchanged year over year. This is the second largest sector.



**FY12 General Fund Report - January 2012 Accruals (1)**

<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	151,038,000	1,114,624,404	1,027,357,565	1,865,000,000	1,822,456,613
Compensating Tax	4,416,778	34,525,479	41,212,908	69,500,000	69,134,779
<b>SUBTOTAL Gen Sales Taxes</b>	<b>155,454,777</b>	<b>1,149,149,883</b>	<b>1,068,570,472</b>	<b>1,934,500,000</b>	<b>1,891,591,392</b>
<b>Selective Sales Taxes</b>					
Tobacco and Cigarette Tax	6,718,633	49,420,028	51,134,073	86,400,000	88,157,899
Alcoholic Beverage Tax	1,632,911	15,303,652	14,880,445	25,900,000	25,672,555
Insurance Premiums Tax (2)	-	78,640,702	82,078,416	129,300,000	132,658,821
Fire Protection Fund Reversions	-	-	-	15,900,000	17,583,197
Franchise Fees	50	7,020	56,910	200,000	73,160
Racing receipts	546,645	546,645	79,237	500,000	413,120
Private Car Tax	542,546	550,864	476,250	490,000	480,255
Motor vehicle excise tax	9,620,637	63,470,777	56,933,677	110,200,000	103,652,599
Gaming Tax	5,337,515	37,766,358	37,823,594	66,600,000	65,787,203
Leased Vehicles Surcharge	345,365	3,184,941	2,953,950	5,200,000	5,047,179
Gasoline Tax	(89,492)	3,802,777	(53,654)	900,000	791,878
Telecommunications Relay Surcharge	9,928	57,067	54,870	200,000	120,781
Boat excise tax	15,160	197,898	227,330	500,000	494,115
<b>SUBTOTAL Sel Sales Taxes</b>	<b>24,679,898</b>	<b>252,948,729</b>	<b>246,645,097</b>	<b>442,290,000</b>	<b>440,932,760</b>
<b>INCOME TAXES</b>					
Gross Withholding	79,179,317	623,144,016	610,188,560	1,072,000,000	1,042,323,488
PIT-Final Settlements	42,590,099	130,598,664	128,330,902	357,000,000	359,322,450
PIT-Estimated Payments	-	-	-	-	-
PIT TAA - Oil & Gas Withholding	10,314,662	33,634,218	14,244,087	34,000,000	23,368,214
Fiduciary Tax	43,664	5,480,219	2,344,937	1,000,000	6,588,873
Less PIT Refunds, RHCA, Legis Retirement	79,863,178	220,993,842	229,719,810	374,000,000	370,680,815
<b>Net Personal Income Tax</b>	<b>52,264,563</b>	<b>571,863,275</b>	<b>525,388,676</b>	<b>1,090,000,000</b>	<b>1,060,922,210</b>
<b>Net Corporate Income Tax</b>	<b>37,507,231</b>	<b>99,202,004</b>	<b>124,128,276</b>	<b>310,000,000</b>	<b>229,817,986</b>
<b>SEVERANCE TAXES</b>					
Oil & Gas School Tax (2)	-	209,860,553	173,548,997	358,600,000	376,104,468
7% Oil Conservation Tax (2)	113,880	10,971,947	8,977,931	18,500,000	19,370,561
Resources excise tax	1,064,544	6,930,290	5,397,030	10,000,000	10,139,268
Natural Gas Processors Tax	1,978,481	13,878,648	10,869,771	22,000,000	18,181,973
<b>TOTAL Severance Taxes</b>	<b>3,156,906</b>	<b>241,641,437</b>	<b>198,793,729</b>	<b>409,100,000</b>	<b>423,796,270</b>

**FY12 General Fund Report - January 2012 Accruals (1)**

<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>
<b>LICENSE FEES</b>					
Financial institution receipts	32,768	394,865	755,027	3,200,000	3,108,796
Manufactured housing receipts	-	248,456	323,891	600,000	548,599
Construction industries receipts	516,002	3,163,752	3,696,554	7,200,000	5,682,231
Securities receipts	1,243,825	13,427,405	13,118,003	16,400,000	18,374,003
Gaming License and Permit Fees	-	126,075	63,341	400,000	262,257
Public Utilities	1,394	2,604	25	10,200,000	13,734,130
Corporate Filing	194,161	1,257,318	1,549,439	3,100,000	2,850,105
Alcoholic and Gaming	53,995	513,096	510,173	4,300,000	3,840,462
Corporate Special	-	-	15,823	5,800,000	1,125,397
Pipeline fees	-	32,654	41,247	60,000	74,152
Mtr. Veh. Misc.	17,950	75,866	91,251	200,000	150,066
<b>TOTAL LICENSE FEES</b>	<b>2,060,095</b>	<b>19,242,091</b>	<b>20,164,773</b>	<b>51,460,000</b>	<b>49,750,197</b>
<b>INTEREST EARNINGS</b>					
Perm.Fund Income	38,482,519	269,187,815	260,227,302	459,700,000	446,227,167
Earnings on State Balances	165	7,645,204	8,823,246	17,300,000	17,632,846
Sev Tax Income Fund	15,285,292	106,997,044	107,666,258	183,400,000	184,570,728
Tobacco Settlement Investment Income	-	-	-	-	-
<b>TOTAL Interest Earnings</b>	<b>53,767,976</b>	<b>383,830,063</b>	<b>376,716,806</b>	<b>660,400,000</b>	<b>648,430,741</b>
<b>RENTS AND ROYALTIES</b>					
Federal Mineral Leasing	42,262,999	300,004,389	233,018,065	420,000,000	411,818,949
Land Office Inc.	1,051,301	59,075,356	32,484,921	58,600,000	65,620,178
<b>TOTAL Rents/Royalties</b>	<b>43,314,300</b>	<b>359,079,744</b>	<b>265,502,986</b>	<b>478,600,000</b>	<b>477,439,127</b>
<b>TRIBAL GAMING REVENUE SHARING (3)</b>	<b>280,399</b>	<b>27,615,579</b>	<b>32,662,507</b>	<b>70,400,000</b>	<b>65,890,899</b>
<b>MISCELLANEOUS RECEIPTS</b>					
MVD Penalty Assessment	486,431	3,177,562	3,267,761	6,420,000	5,737,375
Fines & Forfeitures	329,473	3,143,079	3,829,612	8,250,000	7,104,046
Birth/Death Certificates	147,230	420,454	583,147	940,000	1,050,631
District Judges' Rec Court Costs	96,619	588,435	678,132	1,230,000	1,196,435
Notary Public fees	81,162	1,104,336	345,001	700,000	606,716
Media Lease Payments	-	-	1,872	20,000	16,672
Legislative Receipts	6,483	10,018	13,032	60,000	45,652
Supreme Court Fees	34	337	287	-	502
Unclaimed Property	-	15,451,669	5,275,776	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	-	-	-	50,000	14,825
Environment Dept. filing fees	460,542	1,740,335	3,867,320	3,120,000	5,200,950
Public Defender(Non-indigent reimb.)	-	174,578	193,350	450,000	413,815
<b>TOTAL MISCELLANEOUS FEES</b>	<b>1,607,974</b>	<b>25,810,803</b>	<b>18,055,287</b>	<b>46,000,000</b>	<b>52,175,807</b>
<b>TOTAL RECURRING REVENUES</b>	<b>374,094,118</b>	<b>3,130,383,652</b>	<b>2,876,634,258</b>	<b>5,492,750,000</b>	<b>5,340,758,808</b>

**FY12 General Fund Report - January 2012 Accruals (1)**

<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>
<b>NON-RECURRING REVENUES</b>					
Miscellaneous - Restitution Payments	279	411,665	23,047	-	35,921
Misc. Revenues-TRD >60day Non Beneficiary	56,449	296,933	(203,948)	-	239,801
Miscellaneous Transfers	-	-	-	11,400,000	26,031,000
Miscellaneous Revenues ( State Aircraft)	-	2,238,511	111,590	-	228,883
Reversions (4)	7,666,322	8,326,988	6,053,263	40,000,000	67,326,524
Misc. Revenues	-	-	36,000,000	6,900,000	36,000,000
<b>TOTAL NON-RECURRING REVENUES</b>	<b>7,723,050</b>	<b>11,274,097</b>	<b>41,983,952</b>	<b>58,300,000</b>	<b>129,862,129</b>
<b>GRAND TOTAL REVENUES</b>	<b>381,817,169</b>	<b>3,141,657,749</b>	<b>2,918,618,209</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. January 2012 accruals for oil and gas school tax and insurance premiums tax unavailable at time of publication. January 2011 amounts for these revenues were excluded from year over year comparisons to preserve consistency.

(3) FY12 includes \$5 million in revenue accrued in December 2011 that was not posted to the accounting system until February 2012. This will be corrected in the general fund report for the February 2012 accrual period.

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