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FY2022
 General Fund Report
 March 2022 Accruals

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This report summarizes general fund revenues accrued through March 2022 during fiscal year 2022 (FY22). The report also includes more recent data on oil and gas prices and production, New Mexico employment, and taxable gross receipts.

The state of New Mexico collected \$7.03 billion in total general fund recurring revenues from July 2021 through March 2022. This is an increase of \$1.38 billion or a 24.5% increase in fiscal year-to-date revenues through March 2022 (FYTD) when compared to the same period last year. Total general fund collections for March 2022 were \$1 billion, an increase of 14.4% when compared to the collections in March 2021 (\$877.2 million).

Fiscal-year-to-date revenues that increased on a year-over-year basis were gross receipts tax revenue increased by 19.3% or \$397.8 million, and personal income tax revenue increased by 45.4% or \$511.6 million. Additionally, due to the current market conditions, fiscal-year-to-date state interest earnings have declined by \$46.9 million or 6.5% when compared to the same period in the prior fiscal year.

Table 1 presents a summary of FY22 and FY21 year-to-date revenue collections for the major categories of general fund appropriation account revenues through March of each fiscal year.

Table 1. General Fund Revenue Accruals (FY22 vs. FY21)								
	March 2021	March 2022	% Change Mar. '21 to Mar. '22	FY21 Through March	FY22 Through March	\$ Difference from FY to FY to Date	FYTD % Change	December '21 Forecast Full Year Growth
Gross Receipts Tax	\$265.3	\$326.2	22.9%	\$2,064.0	\$2,461.7	\$397.8	19.3%	-1.9%
Compensating Tax	\$10.6	\$3.5	-66.4%	\$47.4	\$47.9	\$0.5	1.1%	-3.6%
Selective Sales Tax ¹	\$88.0	\$89.9	2.2%	\$430.5	\$459.2	\$28.6	6.6%	2.7%
Personal Income Tax	\$207.8	\$451.0	117.0%	\$1,126.6	\$1,638.3	\$511.6	45.4%	-1.2%
Corporate Income Tax	\$48.4	\$68.7	41.8%	\$104.7	\$218.5	\$113.8	108.7%	-26.7%
Severance Taxes ²	\$88.6	\$7.9	-91.0%	\$539.7	\$605.4	\$65.7	12.2%	26.6%
License Fees	\$9.4	\$7.7	-17.3%	\$12.7	\$11.0	(\$1.7)	-13.6%	168.0%
Interest Earnings	\$78.5	\$38.7	-50.8%	\$717.1	\$670.2	(\$46.9)	-6.5%	8.1%
Mineral Rents/Royalties ³	\$78.4	\$12.3	-84.3%	\$547.0	\$786.9	\$239.9	43.8%	-7.2%
Tribal Revenue Sharing	\$0.3	\$0.3	n/a	\$16.3	\$34.8	\$18.5	113.1%	51.2%
Miscellaneous Receipts	\$1.6	(\$3.3)	-309.7%	\$26.1	\$32.9	\$6.9	26.4%	19.6%
Reversions	\$0.4	\$0.9	124.6%	\$19.3	\$67.5	\$48.1	248.9%	-44.8%
Total Recurring Revenues	\$877.2	\$1,003.9	14.4%	\$5,651.4	\$7,034.2	\$1,382.8	24.5%	1.0%

(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 April 2022 averaged \$104.28 per barrel (bbl), which compares to \$60.44 per bbl for March 2021. In April 2022, oil production was an estimated 1.57 mmbbl/day. Preliminary year-to-date volumes through April 2022 are 31.2 percent higher than last year. The FY22 year-to-date average New Mexico oil price of \$82.81 per bbl is above the \$71.50 per bbl forecast.

Preliminary natural gas prices for April 2022 averaged \$7.87 per thousand cubic feet (mcf), which compares to \$3.35 per mcf in April 2021. Preliminary year-to-date volumes through April 2022 are 21.5 percent higher than last year. Year-to-date, the average New Mexico natural gas price is \$6.55 per mcf, above the forecast of \$5.00 per mcf.

As of June 24th, 2022, New Mexico had a rig count of 111 rigs, this represents a 48 percent increase from the rig count one year prior (75 rigs).

Update on New Mexico Employment Trends:

April 2022 New Mexico employment grew by 5.5 percent, or 44,000 jobs, from the prior year (Not seasonally adjusted). Employment grew across most sectors in April. Leisure and hospitality led all other sectors in growth with an increase of 17,600 jobs or 21.8% over the prior year. Other sectors which saw increases year-over-year were the construction sector increased by 5,100 jobs or 10.8%, the mining sector increased by 1,400 jobs or 7.8%, and the manufacturing sector increased by 2,100 jobs or 7.7%.

The unemployment rate in the state remained at 5.3 percent in April when compared to the prior month. The state unemployment rate remains above the national average of 3.6 percent for May.

Taxable Gross Receipts (TGR)

Year-to-date matched taxable gross receipts through February increased by 21.2%. This percentage change in taxable gross receipts (TGR), 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. Total fiscal year-to-date matched taxable gross receipts are up 21.2% when compared to the prior fiscal year. Retail, the largest sector,

Sector	FYTD (\$millions)	FYTD Percent Change	Percent of Total Growth
Agriculture, Forestry, Fishing and Hunting	\$ 84.90	-17.5%	-0.03%
Mining and Oil and Gas Extraction	\$ 5,563.40	71.7%	16.47%
Utilities	\$ 2,305.19	3.1%	1.91%
Construction	\$ 7,221.18	17.3%	10.58%
Manufacturing	\$ 2,005.76	41.8%	4.70%
Wholesale Trade	\$ 2,813.05	37.0%	6.19%
Retail Trade	\$ 13,914.93	13.9%	19.81%
Transportation and Warehousing	\$ 814.53	46.2%	1.99%
Information and Cultural Industries	\$ 1,638.75	10.7%	2.00%
Finance and Insurance	\$ 405.20	26.3%	0.72%
Real Estate and Rental and Leasing	\$ 1,771.57	41.1%	3.99%
Professional, Scientific and Technical Services	\$ 5,298.80	6.7%	5.54%
Management of Companies and Enterprises	\$ 29.75	11.9%	0.03%
Admin and Support, Waste Mgt and Remed	\$ 2,845.75	13.8%	3.56%
Educational Services	\$ 245.57	8.4%	0.27%
Health Care and Social Assistance	\$ 3,203.55	8.7%	3.86%
Arts, Entertainment and Recreation	\$ 309.44	117.8%	1.13%
Accommodation and Food Services	\$ 4,056.37	38.7%	9.14%
Other Services (except Public Admin)	\$ 4,633.56	17.9%	7.00%
Public Administration	\$ 191.02	-0.1%	0.13%
Unclassified Establishments	\$ 865.04	9.0%	1.01%
All Industries	\$ 60,217.31	21.2%	100%
Excluding O&G	\$ 54,653.91	17.7%	n/a

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

representing almost one-fourth of TGR, saw a 13.9% growth fiscal year-to-date, suggesting that consumers are still willing to spend disposable income through March 2022. The second-largest sector, construction, experienced a growth of 17.3%. Other large contributors to growth year-to-date through March included mining and accommodation and food services. Mining demonstrated a 71.7% increase year-to-date, and accommodation and food services increased by 38.7%, though the growth in these may be partially due to a weaker FY21. Lastly, higher more persistent inflation presents a concern for TGR consumption through 2022 as high inflationary concerns can drag and slow down consumption and economic growth. Additionally, the Bureau of Economic Analysis reported that RGDP declined for the nation and 46 states in the first quarter of 2022. The RGDP decline is mainly attributed to the resurgence of COVID-19 cases from the Omicron variant and decreases in government pandemic assistance payments (BEA).

Preliminary Recurring Revenue Tracking

Table 3 illustrates the FY22 actual revenues through March 2022, some preliminary data in April 2022, and estimated revenues through the rest of the fiscal year based on historical patterns and shares. DFA tracking report illustrates that FY22 recurring revenues are tracking about \$625.4 million above the December 2021 consensus revenue forecast. For estimated details on the general fund tracking model see the table below.

(millions \$)	FY22 Actual + Estimate	FY22 Forecast	% Difference to Forecast	Forecast Year-to-Date Variance
Gross Receipts Tax	3,258.6	2,803.5	16.2%	455.1
Compensating Tax	64.5	61.6	4.7%	2.9
Insurance Premiums Tax	299.6	307.0	-2.4%	-7.4
Motor Vehicle Excise Tax	150.6	142.1	6.0%	8.5
Other Selective Excise Taxes	193.4	191.8	0.8%	1.6
Personal Income Tax	2,057.9	1,881.5	9.4%	176.3
Corporate Income Tax	215.4	109.8	96.1%	105.6
O&G Emergency School Tax	525.7	525.7	0.0%	0.0
Other Mineral Taxes	99.7	78.7	26.7%	21.0
License Fees	29.3	58.5	-49.8%	-29.1
Land Grant Permanent Fund Distributions	777.1	777.1	0.0%	0.0
State Treasurer's Earnings	-112.5	15.8	-814.3%	-128.3
Severance Tax Perm. Fund Distributions	246.4	246.4	0.0%	0.0
Federal Mineral Leasing	755.2	755.0	0.0%	0.2
State Land Office (Bonuses, Rents)	41.0	36.7	11.7%	4.3
Tribal Revenue Sharing	65.8	72.8	-9.6%	-7.0
Miscellaneous Revenues	53.3	49.2	8.4%	4.1
Reversions	67.5	50.0	35.0%	17.5
Recurring Total	8,788.4	8,163.0	7.7%	625.4
Total Non-recurring Revenue	4.4	-8.2	-153.9%	12.6
Total	8,792.8	8,154.8	7.8%	638.0

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/>