



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

October 2012 Accrual Period

Publication Date: January 30, 2012

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)

Appropriation Account Revenue Accruals – Appendix 1

Table 1 below 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 October 2012 are approximately \$1.8 billion, which represents a decrease of \$69 million or roughly 3.8 percent from the same period of FY12.

The year-to-date revenue declines are primarily a result of decreases in mineral production taxes and public land mineral rents and royalties. Lower oil and natural gas prices and lower State Land Office lease sales through FY13 year-to-date contributed to a revenue decrease of \$67.7 million or 19.7 percent compared to the same period in FY12.

Gross receipts tax and compensating tax revenues remained relatively unchanged from the same period last year. The lack of revenue growth appears to stem from a decline in taxable gross receipts for professional, scientific and technical services and weak growth in the retail sector. A detailed discussion of taxable gross receipts growth by sector is presented below.

Personal income tax revenue increased 1.6 percent FY13 year-to-date compared to the same period last year. Personal income tax and withholding grew by a combined 2.5 percent, but this growth was tempered by a slight increase in tax refunds.

Corporate income tax increased \$9 million or 18.1 percent from the same period last year. Motor vehicle excise tax revenues were up 14.1 percent for FY13 year-to-date compared to the same period last year, while insurance premiums tax revenue fell by 18.3 percent. The Public Regulation Commission has not yet provided an explanation for this decline in premiums tax revenue. Gasoline tax revenues are expected to be negative in FY13 due to a distribution adjustment resulting from an overpayment in FY12.

Table 1

FY13 Appropriation Account Revenue - October 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 | 174,022,123 | 650,598,630 | 646,019,800 | 4,578,830 | 0.7% |
| Selective Sales Tax | 25,502,939 | 127,366,040 | 140,128,476 | (12,762,435) | -9.1% |
| Personal Income Tax | 103,657,157 | 398,961,306 | 392,524,087 | 6,437,220 | 1.6% |
| Corporate Income Tax | 52,418,360 | 59,564,054 | 50,432,900 | 9,131,154 | 18.1% |
| Mineral Production Taxes | 3,486,808 | 109,765,262 | 124,450,024 | (14,684,763) | -11.8% |
| Interest Earnings | 51,394,085 | 210,132,495 | 217,731,538 | (7,599,043) | -3.5% |
| Mineral Rents/Royalties | 39,328,173 | 165,691,508 | 218,719,297 | (53,027,789) | -24.2% |
| Other | 3,124,567 | 29,832,495 | 30,718,144 | (885,649) | -2.9% |
| TOTAL RECURRING REVENUES | 452,934,212 | 1,751,911,790 | 1,820,724,267 | (68,812,477) | -3.8% |

Source: DFA Financial Control Division

(1) All figures on modified accrual basis accounting.

Cash Receipts: FY13 Year-to-Date through December

Corporate income cash receipts totaled \$171 million for FY13 year-to-date from August through December, an 8.5 percent increase from the same period last year. Combined reporting system cash receipts, which include gross receipts, withholding, and compensating taxes, totaled \$1.9 billion year-to-date, with relatively flat growth year over year. Personal income tax program cash receipts totaled \$115 million, an increase of 4.4 percent from the same period in FY12. Oil and gas program cash receipts totaled \$422 million for FY13 year-to-date, an 11.6 percent decrease from the prior year.

Year-to-date cash receipts are calculated on an August thru July fiscal year as cash received in each month accrues to the prior month.

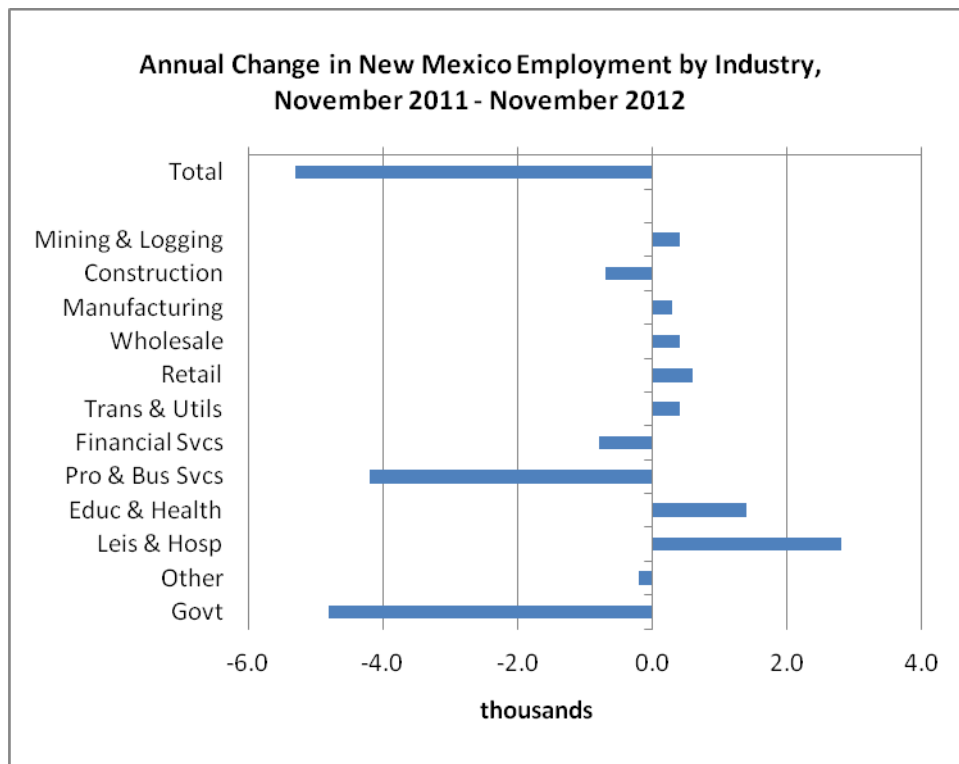
New Mexico Oil and Natural Gas Production: October 2012 Sales

Preliminary oil prices for October 2012 averaged \$84.41 per barrel (bbl) and preliminary oil volumes year-to-date are 13.9 percent higher than last year.

Preliminary natural gas prices for October 2012 averaged \$4.27 per thousand cubic feet (mcf). This amount includes the value of natural gas liquids, which added \$1.10 per mcf to the value of “dry” gas. Preliminary year-to-date volumes as reported are 5.3 percent lower than last year.

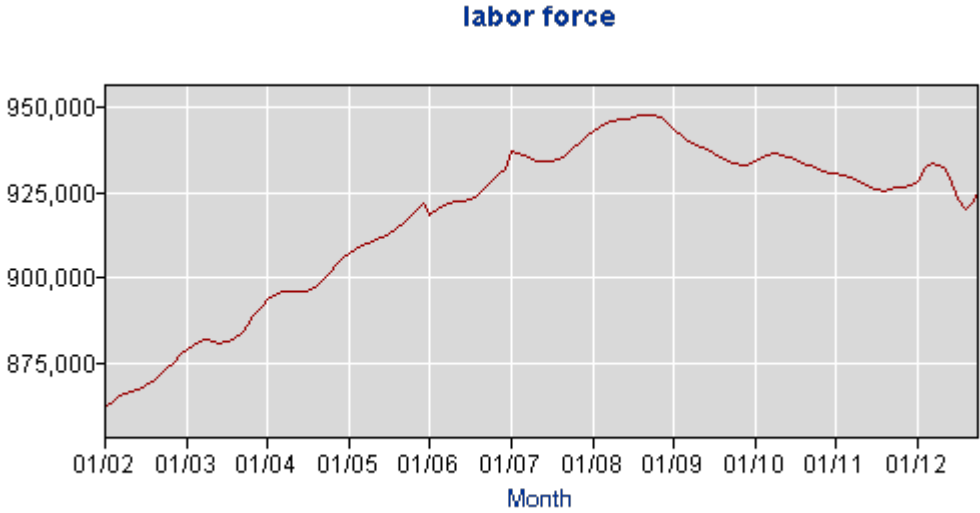
Update on New Mexico Employment Trends

When adjusted for seasonal variation, New Mexico preliminary employment estimates in November 2012 declined 0.7 percent compared with November 2011, a decrease of 5,300 jobs. The largest annual increases were in the leisure and hospitality sector, which gained 2,800 jobs, and the education and health care sector, which grew by 1,400 jobs. The largest private annual decrease was felt in the professional and business services sector, which saw a loss of 4,200 jobs. Government continues to experience declines with the projected loss of 4,800 jobs since the same period last year. Construction experienced an estimated loss of 700 jobs. These employment figures will be revised with the release of annual benchmarking in February.



Source: U.S. Bureau of Labor Statistics

New Mexico labor force losses since the start of the recession have declined with some volatility, while unemployment continues to fall. The New Mexico seasonally adjusted unemployment rate was 6.2 percent in October 2012.



Source: U.S. Bureau of Labor Statistics

New Mexico Taxable Gross Receipts (TGR), October 2012 and FY13 YTD

New Mexico taxable gross receipts reported for October 2012 were \$4.1 billion, a 9.6 percent increase from the prior year. Fiscal year-to-date growth through September was 1.3 percent. The top six sectors for total amount of TGR were retail trade, construction, professional, scientific and technical services, other services (except public administration), mining and oil and gas extraction and accommodation and food services, which together accounted for sixty percent of TGR.

| FY13 Taxable Gross Receipts by Sector | Oct-12 (\$ millions) | Year % Change | Oct-11 (\$ millions) |
|---|-------------------------|------------------|-------------------------|
| Agriculture, Forestry, Fishing and Hunting | \$ 5.6 | 13.2% | \$ 4.9 |
| Mining and Oil and Gas Extraction | \$ 314.2 | 10.3% | \$ 284.9 |
| Utilities | \$ 165.2 | 69.6% | \$ 97.4 |
| Construction | \$ 470.2 | 16.3% | \$ 404.5 |
| Manufacturing | \$ 190.8 | 29.5% | \$ 147.3 |
| Wholesale Trade | \$ 202.2 | 9.0% | \$ 185.5 |
| Retail Trade | \$ 955.7 | 0.0% | \$ 955.8 |
| Transportation and Warehousing | \$ 71.3 | 20.6% | \$ 59.1 |
| Information and Cultural Industries | \$ 193.3 | 0.5% | \$ 192.4 |
| Finance and Insurance | \$ 25.7 | 12.1% | \$ 23.0 |
| Real Estate and Rental and Leasing | \$ 82.4 | 18.2% | \$ 69.8 |
| Professional, Scientific and Technical Services | \$ 445.6 | 22.2% | \$ 364.6 |
| Management of Companies and Enterprises | \$ 3.0 | 6.8% | \$ 2.8 |
| Admin and Support, Waste Mgt and Remed | \$ (0.5) | -100.7% | \$ 70.6 |
| Educational Services | \$ 18.0 | -12.4% | \$ 20.6 |
| Health Care and Social Assistance | \$ 187.0 | 9.2% | \$ 171.2 |
| Arts, Entertainment and Recreation | \$ 13.4 | 2.1% | \$ 13.2 |
| Accommodation and Food Services | \$ 296.5 | 8.2% | \$ 274.1 |
| Other Services (except Public Admin) | \$ 422.7 | 14.9% | \$ 367.8 |
| Public Administration | \$ 12.7 | -9.2% | \$ 13.9 |
| Unclassified Establishments | \$ 15.8 | 107.4% | \$ 7.6 |
| | | | |
| All Industries | \$ 4,090.8 | 9.6% | \$ 3,730.9 |
| | | | |
| Excluding O&G | \$ 3,776.7 | 9.6% | \$ 3,446.0 |

The oil and gas sector continues to show strength, growing 14.7 percent year-to-date from the same period last year. Construction TGR increased 16 percent in October, contributing to a 5.6 percent increase in FY13 year-to-date. This is the second largest sector. Retail, the largest sector, continues to appear sluggish with year-to-date growth of only 1.2 percent.

| Taxable Gross Receipts by Sector FY13 YTD thru October 2012 | FY13 YTD (\$ millions) | Year % Change | FY12 YTD (\$ millions) |
|--|---------------------------|------------------|---------------------------|
| Agriculture, Forestry, Fishing and Hunting | \$19.8 | 1.6% | \$19.5 |
| Mining and Oil and Gas Extraction | \$1,262.2 | 14.7% | \$1,100.9 |
| Utilities | \$761.0 | 9.8% | \$692.9 |
| Construction | \$1,883.6 | 5.6% | \$1,783.1 |
| Manufacturing | \$680.4 | 11.7% | \$609.4 |
| Wholesale Trade | \$795.9 | 5.3% | \$755.9 |
| Retail Trade | \$3,961.7 | 1.2% | \$3,914.7 |
| Transportation and Warehousing | \$249.4 | -39.2% | \$410.4 |
| Information and Cultural Industries | \$777.8 | -4.0% | \$810.0 |
| Finance and Insurance | \$94.6 | 31.1% | \$72.1 |
| Real Estate and Rental and Leasing | \$329.1 | 18.2% | \$278.4 |
| Professional, Scientific and Technical Services | \$1,462.9 | -6.9% | \$1,570.6 |
| Management of Companies and Enterprises | \$12.4 | 5.2% | \$11.8 |
| Admin and Support, Waste Mgt and Remed | \$587.8 | -22.1% | \$754.5 |
| Educational Services | \$67.9 | -11.7% | \$76.9 |
| Health Care and Social Assistance | \$719.1 | 1.9% | \$706.0 |
| Arts, Entertainment and Recreation | \$65.7 | -6.0% | \$69.9 |
| Accommodation and Food Services | \$1,195.3 | 3.0% | \$1,160.8 |
| Other Services (except Public Admin) | \$1,639.7 | 5.6% | \$1,552.6 |
| Public Administration | \$55.5 | -37.6% | \$88.8 |
| Unclassified Establishments | \$56.5 | 76.7% | \$31.9 |
| All Industries | \$16,678.3 | 1.3% | \$16,471.2 |
| Excluding O&G | \$15,416.1 | 0.3% | \$15,370.4 |

FY13 General Fund Report - October 2012 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 | 168,370,998 | 629,714,563 | 623,029,405 | 1,981,300,000 | 1,928,468,880 |
| Compensating Tax | 5,651,124 | 20,884,067 | 22,990,395 | 66,500,000 | 62,066,210 |
| SUBTOTAL Gen Sales Taxes | 174,022,123 | 650,598,630 | 646,019,800 | 2,047,800,000 | 1,990,535,090 |
| Selective Sales Taxes | | | | | |
| Tobacco and Cigarette Tax | 7,202,708 | 27,990,108 | 29,329,040 | 84,300,000 | 85,360,379 |
| Alcoholic Beverage Tax | 1,594,332 | 7,995,856 | 8,802,509 | 26,500,000 | 26,128,849 |
| Insurance Premiums Tax (2) | - | 31,477,959 | 38,546,795 | 122,500,000 | 114,075,812 |
| Fire Protection Fund Reversions | - | - | - | 18,300,000 | 18,812,069 |
| Franchise Fees | 200 | 1,475 | 4,425 | 20,000 | 19,055 |
| Racing receipts | - | - | - | 850,000 | 851,829 |
| Private Car Tax | - | - | 8,318 | 550,000 | 552,552 |
| Motor vehicle excise tax | 11,349,049 | 42,668,597 | 37,405,792 | 123,000,000 | 114,706,587 |
| Gaming Tax | 4,756,885 | 20,613,371 | 21,779,463 | 64,800,000 | 65,526,989 |
| Leased Vehicles Surcharge | 518,203 | 2,100,666 | 2,094,736 | 5,400,000 | 5,366,391 |
| Gasoline Tax | 74,177 | (5,628,020) | 1,966,253 | (4,460,000) | 5,539,323 |
| Telecommunications Relay Surcharge | 7,385 | 31,235 | 32,544 | 90,000 | 97,930 |
| Boat excise tax | - | 114,793 | 158,601 | 450,000 | 452,914 |
| SUBTOTAL Sel Sales Taxes | 25,502,939 | 127,366,040 | 140,128,476 | 442,300,000 | 437,490,681 |
| INCOME TAXES | | | | | |
| Gross Withholding | 81,942,162 | 345,371,499 | 337,334,541 | 1,096,000,000 | 1,060,763,657 |
| PIT-Final Settlements | 14,859,487 | 64,960,288 | 62,977,128 | 362,000,000 | 355,733,699 |
| PIT TAA - Oil & Gas Withholding | 14,255,248 | 19,873,643 | 19,833,897 | 70,000,000 | 91,101,736 |
| Fiduciary Tax | (366,281) | 295,139 | 2,404,356 | 10,000,000 | 9,011,119 |
| Less PIT Refunds, RHCA, Legis Retirement | 7,033,459 | 31,539,263 | 30,025,836 | 371,400,000 | 366,142,232 |
| Net Personal Income Tax | 103,657,157 | 398,961,306 | 392,524,087 | 1,166,600,000 | 1,150,467,978 |
| Net Corporate Income Tax | 52,418,360 | 59,564,054 | 50,432,900 | 280,000,000 | 281,047,492 |
| MINERAL PRODUCTION TAXES | | | | | |
| Oil & Gas School Tax (2) | - | 90,188,032 | 107,004,025 | 366,000,000 | 399,588,896 |
| 7% Oil Conservation Tax (2) | 114,259 | 5,099,470 | 5,563,458 | 19,500,000 | 21,452,054 |
| Resources excise tax | 1,222,103 | 6,057,034 | 3,896,635 | 10,000,000 | 12,018,385 |
| Natural Gas Processors Tax | 2,150,446 | 8,420,725 | 7,985,906 | 23,900,000 | 23,342,458 |
| TOTAL Mineral Production Taxes | 3,486,808 | 109,765,262 | 124,450,024 | 419,400,000 | 456,401,793 |

FY13 General Fund Report - October 2012 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 |
| LICENSE FEES | | | | | |
| Financial institution receipts | 28,479 | 120,985 | 142,192 | 3,050,000 | 2,917,436 |
| Manufactured housing receipts | 28,580 | 115,310 | 174,496 | 500,000 | 419,715 |
| Construction industries receipts | 275,438 | 1,199,366 | 1,867,112 | 5,300,000 | 5,052,172 |
| Securities receipts | 1,087,460 | 4,584,250 | 4,507,210 | 19,200,000 | 18,765,301 |
| Gaming License and Permit Fees | - | - | 36,785 | 350,000 | 391,712 |
| Public Utilities | 265 | 885 | 859 | 11,800,000 | 11,056,399 |
| Corporate Filing | 246,741 | 1,027,201 | 653,545 | 2,900,000 | 2,863,554 |
| Alcoholic and Gaming | 39,544 | 243,918 | 301,777 | 4,000,000 | 3,855,629 |
| Corporate Special | - | - | - | 3,100,000 | 4,096,354 |
| Pipeline fees | - | 43,525 | 24,986 | 60,000 | 40,604 |
| Mtr. Veh. Misc. | 8,265 | 42,195 | 40,791 | 140,000 | 135,811 |
| TOTAL LICENSE FEES | 1,714,772 | 7,377,635 | 7,749,752 | 50,400,000 | 49,594,688 |
| INTEREST EARNINGS | | | | | |
| Perm.Fund Income | 36,712,952 | 146,806,681 | 153,766,553 | 438,800,000 | 461,737,162 |
| Earnings on State Balances (2) | 76 | 4,601,586 | 2,823,817 | 16,000,000 | 17,427,160 |
| Sev Tax Income Fund | 14,681,057 | 58,724,228 | 61,141,168 | 176,200,000 | 183,423,504 |
| TOTAL Interest Earnings | 51,394,085 | 210,132,495 | 217,731,538 | 631,000,000 | 662,587,826 |
| RENTS AND ROYALTIES | | | | | |
| Federal Mineral Leasing | 37,596,097 | 146,514,236 | 168,549,752 | 440,000,000 | 502,573,870 |
| Land Office Inc. | 1,732,076 | 19,177,272 | 50,169,545 | 60,500,000 | 92,507,769 |
| TOTAL Rents/Royalties | 39,328,173 | 165,691,508 | 218,719,297 | 500,500,000 | 595,081,639 |
| TRIBAL GAMING REVENUE SHARING | 125,001 | 17,626,600 | 16,983,509 | 72,000,000 | 68,188,620 |
| MISCELLANEOUS RECEIPTS | | | | | |
| MVD Penalty Assessment | 516,655 | 2,029,876 | 1,959,055 | 6,100,000 | 5,704,994 |
| Fines & Forfeitures | 484,875 | 1,844,492 | 1,784,784 | 5,800,000 | 6,052,204 |
| Birth/Death Certificates | 87,275 | 245,686 | 195,122 | 1,000,000 | 1,075,284 |
| District Judges' Rec Court Costs | 93,149 | 353,903 | 322,770 | 1,000,000 | 1,064,087 |
| Notary Public fees | 62,575 | 223,387 | 923,963 | 1,400,000 | 1,386,475 |
| Media Lease Payments | - | - | - | 21,000 | 19,442 |
| Legislative Receipts | - | - | 508 | 19,000 | 19,547 |
| Unclaimed Property | 0 | - | - | 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 | - | 2,150 | - | 20,000 | 3,803 |
| Environment Dept. filing fees | 391 | 594 | 693,070 | 2,300,000 | 2,047,673 |
| Public Defender(Non-indigent reimb.) | 39,814 | 127,993 | 105,398 | 440,000 | 410,853 |
| TOTAL MISCELLANEOUS FEES | 1,284,793 | 4,828,261 | 5,984,883 | 46,200,000 | 45,104,088 |
| TOTAL RECURRING REVENUES | 452,934,212 | 1,751,911,790 | 1,820,724,267 | 5,656,200,000 | 5,736,499,938 |

FY13 General Fund Report - October 2012 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 | 4,242 | 77,965 | 404,563 | - | 527,665 |
| Misc. Revenues-TRD >60day Non Benefica | 50,909 | 89,876 | 88,410 | - | 512,233 |
| Miscellaneous Transfers (3) | - | - | - | - | 11,400,000 |
| Miscellaneous Revenues (State Aircraft) | 3,523 | - | 2,238,511 | - | 2,243,283 |
| Reversions (4) | - | - | 482,782 | 51,000,000 | 65,884,725 |
| Misc. Revenues (5) | - | - | - | (3,300,000) | - |
| TOTAL NON-RECURRING REVENUES | 58,674 | 167,841 | 3,214,266 | 47,700,000 | 80,567,905 |
| GRAND TOTAL REVENUES (6) | 452,992,886 | 1,752,079,631 | 1,823,938,532 | 5,703,900,000 | 5,817,067,843 |

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

(1) All figures on modified accrual basis accounting.

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

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

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

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

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