



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

Michelle Lujan Grisham
GOVERNOR

Wayne Propst
Cabinet Secretary

FY2024
 General Fund Report
 October 2023 Accruals

Prepared by Leonardo Delgado, Chief Economist, and Noel Martinez, Senior Economist

This report summarizes general fund revenues accrued through October 2024 during fiscal year 2024 (FY24). The report also includes more recent data on oil and gas prices and production, New Mexico employment, and matched taxable gross receipts.

The state of New Mexico collected \$4.79 billion in total general fund recurring revenues from July 2023 through October 2023. This is an increase of \$125.6 million or a 2.7% increase in fiscal year-to-date revenues through October 2023 (FYTD) when compared to the same period last year. Total general fund collections for October 2023 were \$1.3 billion, an increase of 26.1% when compared to the collections in October 2022 (\$1.03 billion).

Fiscal-year-to-date revenues that increased on a year-over-year basis were gross receipts tax revenue increased by 7.2% or \$89.4 million, and personal income tax revenue increased by 5.6% or \$42.8 million. Additionally, due to the market conditions and higher interest rates, fiscal-year-to-date state interest earnings have increased by \$268.2 million or 80.8% when compared to the same period in the prior fiscal year. Revenues that decreased on a year-over-year basis were: severance tax revenue decreased by 17.6% or \$144.9 million, and mineral rents and royalties decreased by 10.5% or \$119.6 million. Compared to 2022 the lower oil and gas prices in 2023 contributed to lower severance and mineral rents and royalties revenues.

Table 1 presents a summary of FY24 and FY23 year-to-date revenue collections for the major categories of general fund appropriation account revenues through October of each fiscal year.

Table 1. General Fund Revenue Accruals (FY24 vs. FY23)									
	October-22	October-23	% Change Oct '23 to Oct '24	FY23 Through October	FY24 Through October	\$ Difference from FY to FY to Date	FYTD % Change	December '23 Forecast Full Year Growth	
Gross Receipts Tax	\$283.9	\$328.0	15.5%	\$1,249.3	\$1,338.7	\$89.4	7.2%	0.0%	
Compensating Tax	\$8.6	\$7.6	-12.0%	\$31.9	\$30.4	(\$1.6)	-4.9%	0.0%	
Selective Sales Tax ¹	\$36.9	\$32.8	-11.2%	\$202.3	\$219.3	\$17.0	8.4%	2.5%	
Personal Income Tax	\$139.4	\$176.9	26.9%	\$758.0	\$800.8	\$42.8	5.6%	-1.3%	
Corporate Income Tax	(\$8.7)	\$7.1	-181.5%	\$98.8	\$79.7	(\$19.1)	-19.4%	-12.6%	
Severance Taxes ²	\$187.3	\$176.5	-5.8%	\$825.5	\$680.6	(\$144.9)	-17.6%	33.3%	
License Fees	\$0.4	\$0.5	30.2%	\$1.6	\$2.1	\$0.5	31.7%	-3.0%	
Interest Earnings	\$99.8	\$147.8	48.1%	\$331.7	\$599.9	\$268.2	80.8%	33.2%	
Mineral Rents /Royalties ³	\$262.8	\$404.7	54.0%	\$1,138.6	\$1,019.1	(\$119.6)	-10.5%	42.2%	
Tribal Revenue Sharing	\$16.2	\$18.1	n/a	\$16.8	\$19.8	\$3.0	17.6%	3.2%	
Miscellaneous Receipts	\$0.6	\$0.2	-65.9%	\$2.6	\$2.5	(\$0.1)	-3.1%	-15.1%	
Reversions	\$4.7	\$1.5	-68.8%	\$11.8	\$1.8	(\$10.0)	n/a	n/a	
Total Recurring Revenues	\$1,031.9	\$1,301.5	26.1%	\$4,669.0	\$4,794.5	\$125.6	2.7%	10.2%	

(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 December 2023 averaged \$70.94 per barrel (bbl), which compares to \$76.62 per bbl for December 2022. In December 2023, oil production was an estimated 1.96 mmbbl/day. Preliminary year-to-date volumes through December 2023 are 345.4 million barrels, up 7.6% from the 320.9 million the year before. New Mexico’s FY24 year-to-date average oil price of \$79.40 per bbl is just below the \$79.50 per bbl forecast.

Preliminary natural gas prices for December 2023 averaged \$3.34 per thousand cubic feet (mcf), which compares to \$6.29 per mcf in December 2022. Preliminary year-to-date volumes through December 2023 are 1,776.8 BCF, up 14.1% from the 1,557.2 BCF the year before. Year-to-date, the average New Mexico natural gas price is \$3.41 per mcf, slightly below the forecast of \$3.45 per mcf.

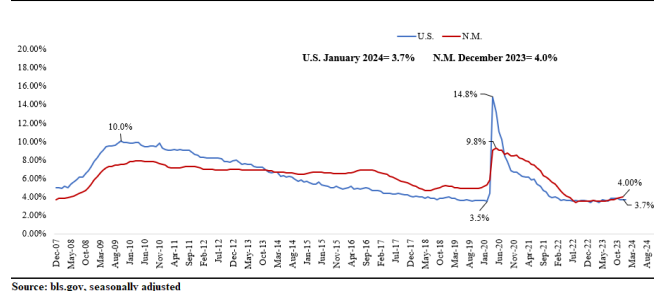
As of March 1st, 2024, New Mexico had a rig count of 103 rigs, this represents a 2.3 percent decline from the rig count one year prior (107 rigs).

Update on New Mexico Employment Trends:

New Mexico’s employment for December 2023 grew by 2.4 percent, or 20,500 jobs, from the prior year (Not seasonally adjusted). Employment grew across most sectors in December. Construction led all other sectors in growth with an increase of 4,900 jobs or 10.1% over the prior year. Other sectors that saw increases year-over-year were the mining sector which increased by 1,500 jobs or 6.6%, the state government sector which increased by 3,400 jobs or 6.2%, and the leisure and hospitality sector which increased by 4,400 jobs or 4.6%. Sectors that saw declines on a year-over-year basis were professional and business services which declined by 5,100 jobs or 4.3%, and the financial activities sector which declined by 1,000 jobs or 2.9%.

The unemployment rate in the state ticked up to 4% in December 2023 when compared to 3.9% in the prior month. The state unemployment rate is slightly higher than the national average of 3.7% for January 2024.

U.S. and N.M. Unemployment Rate (percent) : December 2007 to January 2024



Matched Taxable Gross Receipts (MTGR)

Year-to-date matched taxable gross receipts through December 2023 increased by 7%. This percentage change in matched taxable gross receipts (MTGR), 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.

Retail, the largest sector, representing almost one-fourth of MTGR, saw a fiscal year-to-date growth of 3.9%, suggesting that consumption among consumers remains resilient through December 2023. The second-largest sector, construction, experienced a growth of 18.2%. The third-largest sector, mining, experienced a growth of 4.3%. The mining sector was previously the second largest contributor to MTGR, however, with cooler commodity prices and slower but still positive production, the sector has dropped behind the construction sector. Another large contributor to growth year-to-date through December included the accommodation and food services sector, which increased by 6.6%.

Sector	FYTD	FYTD
	(\$millions)	Percent Change
Agriculture, Forestry, Fishing and Hunting	\$ 120.64	3924.7%
Mining and Oil and Gas Extraction	\$ 5,944.25	4.3%
Utilities	\$ 1,593.79	-6.4%
Construction	\$ 6,553.43	18.2%
Manufacturing	\$ 1,829.74	12.2%
Wholesale Trade	\$ 2,678.04	9.0%
Retail Trade	\$ 10,681.18	3.9%
Transportation and Warehousing	\$ 814.79	0.8%
Information and Cultural Industries	\$ 1,261.65	8.3%
Finance and Insurance	\$ 260.30	-0.7%
Real Estate and Rental and Leasing	\$ 1,342.56	5.6%
Professional, Scientific and Technical Services	\$ 4,681.00	12.4%
Management of Companies and Enterprises	\$ 21.29	17.2%
Admin and Support, Waste Mgt and Remed	\$ 2,339.49	4.4%
Educational Services	\$ 163.01	-5.4%
Health Care and Social Assistance	\$ 2,306.01	3.7%
Arts, Entertainment and Recreation	\$ 259.30	11.1%
Accommodation and Food Services	\$ 3,181.27	6.6%
Other Services (except Public Admin)	\$ 3,432.04	1.6%
Public Administration	\$ 158.75	31.4%
Unclassified Establishments	\$ 792.56	7.3%
All Industries	\$ 50,415.09	7.0%
Excluding O&G	\$ 44,470.84	7.4%

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

Preliminary Recurring Revenue Tracking

Table 3 illustrates the FY24 actual revenues through October 2023, some preliminary data in November and December 2023, and estimated revenues through the rest of the fiscal year based on historical patterns and shares. DFA tracking report illustrates that FY24 recurring revenues are tracking about \$159.9 million above the December 2023 consensus revenue forecast. For estimated details on the general fund tracking model see the table below.

(millions \$)	FY24 Actual + Estimate	FY24 Forecast	% Difference to Forecast	Forecast Year-to-Date Variance
Gross Receipts Tax	4,026.8	3,960.7	1.7%	66.1
Compensating Tax	86.410	94.0	-8.1%	-7.6
Insurance Premiums Tax	411.2	410.3	0.2%	0.9
Motor Vehicle Excise Tax	154.3	165.5	-6.8%	-11.2
Other Selective Excise Taxes	211.5	209.1	1.1%	2.4
Personal Income Tax	2,474.7	2,482.1	-0.3%	-7.4
Corporate Income Tax	396.4	383.8	3.3%	12.6
O&G Emergency School Tax	1,145.3	1,145.3	0.0%	0.0
Other Mineral Taxes	174.0	177.0	-1.7%	-3.1
License Fees	61.8	61.8	-0.1%	-0.1
Land Grant Permanent Fund Distributions	1,201.6	1,201.6	0.0%	0.0
State Treasurer's Earnings	401.3	291.4	37.7%	109.9
Severance Tax Perm. Fund Distributions	289.6	289.6	0.0%	0.0
Federal Mineral Leasing	1,644.7	1,644.9	0.0%	-0.2
State Land Office (Bonuses, Rents)	51.5	57.5	-10.5%	-6.0
Tribal Revenue Sharing	84.6	80.7	4.8%	3.9
Miscellaneous Revenues	39.0	39.7	-1.7%	-0.7
Reversions	75.4	75.0	0.5%	0.4
Recurring Total	12,929.9	12,770.0	1.3%	159.9
Total Non-recurring Revenue	-19.4	-19.4	0.0%	0.0
Total	12,910.5	12,750.6	1.3%	159.9

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/>