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# General Fund Report

## Preliminary FY12 Accrual Period

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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 FY12 recurring revenue accruals through June 2012 are approximately \$5.7 billion, which represents an increase of \$397 million or roughly 7.5 percent from the same period of FY11. Some figures are yet to be finalized. Final audited FY12 results will be available in December 2012.

Mineral production taxes and public land mineral rents and royalties contributed more than one-third of all revenue growth. Higher oil prices and volumes through FY12 year-to-date contributed to a revenue increase of \$147 million or 16 percent over FY11. Another 22 percent of revenue growth is due to increased oil and gas withholding payments, (see discussion below for details).

Gross receipts tax (GRT) and compensating tax revenues increased by \$104 million or 5.6 percent over the same period last year. The mining and oil and gas extraction industries contributed strongly to GRT growth. Other sectors contributing to growth were manufacturing and retail trade. A detailed discussion of taxable gross receipts growth by sector is presented below. Compensating tax revenues were down about \$6 million year-to-date due to a backlog of refunds from prior fiscal years that were processed in November.

Selective sales taxes decreased in FY12 compared to FY11 largely due to a decline in insurance premiums tax revenues, which fell 14 percent year over year. This figure may be revised upward as more information becomes available. The motor vehicle excise tax increased \$11 million or 10 percent over the same period last year.

Personal income tax revenue increased by \$78 million or 7.3 percent. About \$66 million of this increase is in oil and gas withholding payments, an estimated \$10 million of which is due to a change in the timing of accrual for these payments. Personal income tax withholding contributed about \$17 million to revenue growth, while refunds were down \$4 million in FY12 year-to-date compared to the same period last year.

Corporate income tax revenue was up \$50 million or 22 percent from last year, largely due to an unexpected decline in the film tax credit. Interest earnings increased 2.2 percent year over year, primarily as a result of larger fund balances.

Table 1

<b>FY12 Appropriation Account Revenue - FY12 Preliminary Accruals (1)</b>				
Summary by Major Revenue Category				
	Current Fiscal	Prior Fiscal	Year to Date Change	
	Year to Date	Year to Date	Amount	Percent
General Sales Tax	1,986,860,894	1,881,910,151	104,950,743	5.6%
Selective Sales Tax	436,932,243	441,090,398	(4,158,155)	-0.9%
Personal Income Tax	1,142,390,292	1,064,190,065	78,200,228	7.3%
Corporate Income Tax	275,783,443	226,461,895	49,321,548	21.8%
Mineral Production Taxes	455,952,963	426,372,799	29,580,164	6.9%
Interest Earnings	662,447,143	648,430,741	14,016,402	2.2%
Mineral Rents/Royalties	595,081,639	477,439,127	117,642,512	24.6%
Other	163,322,733	155,392,233	7,930,500	5.1%
<b>TOTAL RECURRING REVENUES</b>	<b>5,718,771,351</b>	<b>5,321,287,408</b>	<b>397,483,943</b>	<b>7.5%</b>
Source: DFA Financial Control Division				
(1) All figures on modified accrual basis accounting.				

### **New Mexico Oil and Natural Gas Production: Preliminary FY12 Sales**

Preliminary oil prices year-to-date through June 2012 averaged \$89.74 per barrel (bbl) and preliminary year-to-date volumes are 14.9 percent higher than last year.

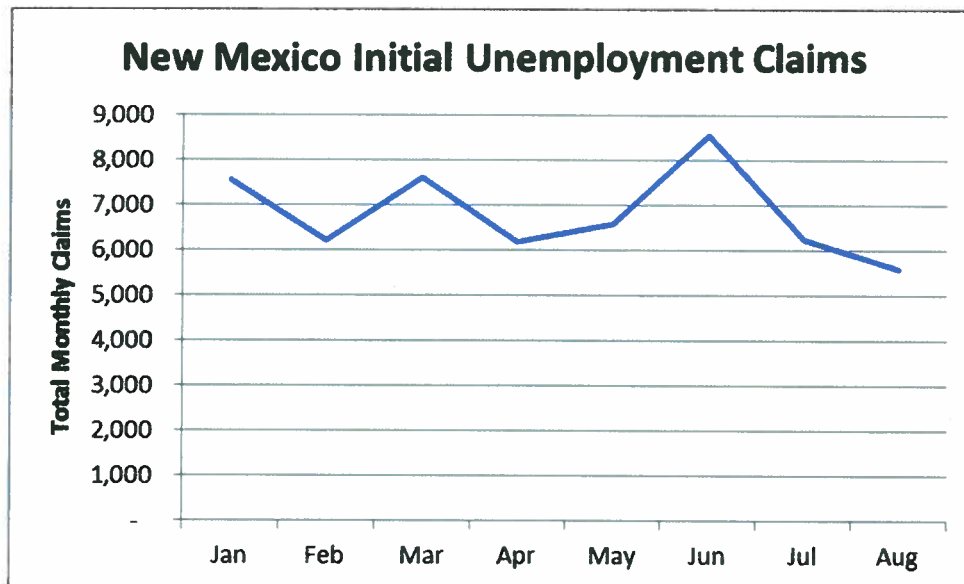
Preliminary natural gas prices year-to-date through June 2012 averaged \$4.99 per thousand cubic feet (mcf). This amount includes the value of natural gas liquids, which added \$1.80 per mcf to the value of “dry” gas. Preliminary year-to-date volumes as reported are 2.4 percent lower than last year. Total volumes include a correction for a producer reporting error that inflated volumes during the fiscal year. The natural gas liquids premium recently dropped from an average of \$2.00 per mcf in the first half of FY12 to \$0.90 per mcf in June 2012.

## Update on New Mexico Employment Trends

New Mexico employment data displayed mixed signals in August 2012. The Current Employment Statistics (CES) survey, which targets a small sample of employers, showed a decline in employment compared to the same period last year. In the same month, the Workforce Solutions Department reported a decline in initial claims for unemployment benefits compared to July. In fact, initial claims in August were at the lowest level seen in calendar year 2012.

Though more timely than other surveys, the CES estimate is preliminary and subject to revision. Twice annually the CES survey is benchmarked to the Quarterly Census of Employment and Wages (QCEW), which is compiled from unemployment insurance tax returns and reflects actual employment levels. The most recent QCEW data, which report employment totals for those covered by unemployment insurance in the first quarter of calendar year 2012, indicate relatively flat job growth compared to the same period last year. The QCEW data are only available on a 6-month lag. The second quarter data will not be available until January 2013.

The New Mexico seasonally adjusted unemployment rate decreased to 6.5 percent in August after an increase to 6.6 in July 2012. The decrease in unemployment resulted primarily from a decrease in labor force participation, which was only slightly offset by an increase in employment.



Source: Department of Workforce Solutions

## New Mexico Taxable Gross Receipts (TGR)

New Mexico matched taxable gross receipts reported for FY12 were \$49 billion, a 5.1 percent increase from the prior year and 3.3 percent less than the pre-recession peak of \$50.6 billion reached in FY07. The top six sectors for total amount of 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 a little more than two thirds of TGR.

FY12 Taxable Gross Receipts by Sector	FY12 Q4 (\$ millions)	Year % Change	FY12 (\$ millions)	YTD % Change	% of Total Growth
Agriculture, Forestry, Fishing and Hunting	\$ 18.2	2.5%	\$ 57.9	-1.8%	0.0%
Mining and Oil and Gas Extraction	\$ 900.0	10.8%	\$ 3,458.1	23.4%	27.8%
Utilities	\$ 482.9	3.5%	\$ 2,182.2	7.2%	6.2%
Construction	\$ 1,338.3	-3.1%	\$ 5,211.9	-2.2%	-5.1%
Manufacturing	\$ 481.7	24.6%	\$ 1,837.0	29.6%	17.7%
Wholesale Trade	\$ 600.6	4.6%	\$ 2,273.6	9.0%	7.9%
Retail Trade	\$ 2,991.4	0.9%	\$ 12,036.5	3.4%	16.8%
Transportation and Warehousing	\$ 175.0	8.7%	\$ 867.1	27.5%	7.9%
Information and Cultural Industries	\$ 591.5	0.5%	\$ 2,367.3	12.6%	11.2%
Finance and Insurance	\$ 68.6	5.0%	\$ 249.9	0.0%	0.0%
Real Estate and Rental and Leasing	\$ 248.3	24.8%	\$ 881.8	17.6%	5.6%
Professional, Scientific and Technical Services	\$ 1,138.8	-1.7%	\$ 4,611.9	4.7%	8.7%
Management of Companies and Enterprises	\$ 11.4	38.4%	\$ 35.6	8.9%	0.1%
Admin and Support, Waste Mgt and Remed	\$ 421.0	-23.5%	\$ 1,779.6	-13.0%	-11.3%
Educational Services	\$ 53.6	-13.4%	\$ 225.9	-10.5%	-1.1%
Health Care and Social Assistance	\$ 543.7	-0.2%	\$ 2,122.6	1.6%	1.4%
Arts, Entertainment and Recreation	\$ 49.6	-8.4%	\$ 203.7	1.6%	0.1%
Accommodation and Food Services	\$ 906.9	4.6%	\$ 3,427.8	4.0%	5.6%
Other Services (except Public Admin)	\$ 1,245.8	0.5%	\$ 4,770.0	-1.0%	-2.1%
Public Administration	\$ 40.9	-1.5%	\$ 220.8	21.9%	1.7%
Unclassified Establishments	\$ 43.0	110.0%	\$ 143.5	18.8%	1.0%
All Industries	\$ 12,351.1	1.6%	\$ 48,964.7	5.1%	100%

The oil and gas sector proved the largest contributor to growth at 28 percent of all TGR growth. Retail trade and manufacturing each contributed another 17 percent of growth. Retail trade, the largest sector, grew 3.4 percent in FY12, while manufacturing, a relatively small sector, grew by 30 percent. The Taxation and Revenue Department is currently investigating the source of this robust growth in manufacturing. Other strong contributors to TGR growth include information and cultural industries and professional services. The construction industry and administrative and support services, which includes temporary staffing, curtailed additional growth. Construction continued to experience declines in FY12, falling by 2.2 percent. This is the second largest sector.

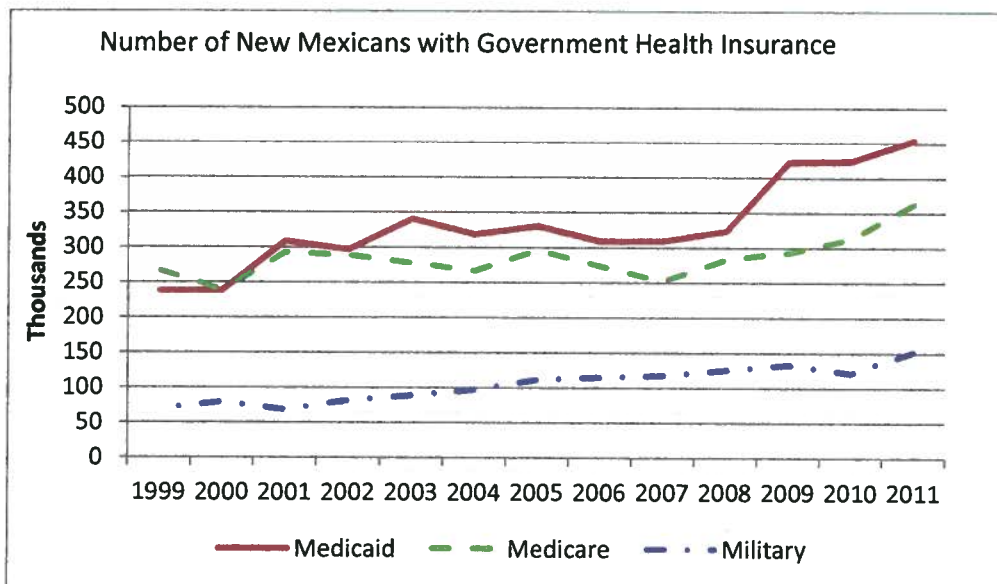
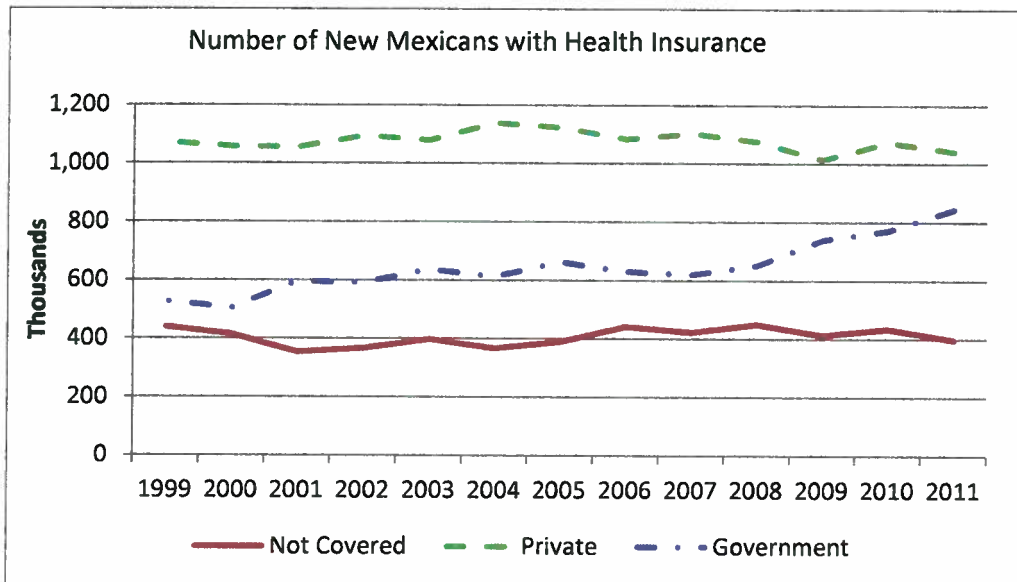
FY13 Taxable Gross Receipts by Sector	July 2012 FY13 YTD (\$ millions)	YTD % Change	July 2011 FY12 YTD (\$ millions)
Agriculture, Forestry, Fishing and Hunting	\$4.7	8.5%	\$4.4
Mining and Oil and Gas Extraction	\$293.6	4.2%	\$281.7
Utilities	\$197.2	0.2%	\$196.7
Construction	\$451.8	6.9%	\$422.8
Manufacturing	\$154.8	10.1%	\$140.7
Wholesale Trade	\$195.7	2.0%	\$191.8
Retail Trade	\$1,013.1	3.7%	\$977.4
Transportation and Warehousing	\$61.3	-73.7%	\$233.0
Information and Cultural Industries	\$196.8	-6.7%	\$211.0
Finance and Insurance	\$23.3	0.8%	\$23.1
Real Estate and Rental and Leasing	\$77.9	13.2%	\$68.8
Professional, Scientific and Technical Services	\$355.4	-7.8%	\$385.3
Management of Companies and Enterprises	\$3.4	-3.4%	\$3.5
Admin and Support, Waste Mgt and Remed	\$139.3	0.1%	\$139.2
Educational Services	\$15.5	-14.4%	\$18.1
Health Care and Social Assistance	\$173.6	3.4%	\$167.9
Arts, Entertainment and Recreation	\$19.2	-1.2%	\$19.4
Accommodation and Food Services	\$303.4	2.0%	\$297.3
Other Services (except Public Admin)	\$406.7	6.1%	\$383.4
Public Administration	\$14.8	-0.9%	\$14.9
Unclassified Establishments	\$12.3	50.2%	\$8.2
<b>Total</b>	<b>\$4,113.6</b>	<b>-1.8%</b>	<b>\$4,188.7</b>

Strength in the mining and extraction sector continued in July 2012 albeit at a slower pace. The manufacturing sector also supported ongoing growth with an increase of 10 percent over the prior year. Retail trade experienced modest growth of 3.7 percent, while construction exhibited a healthy increase of 6.9 percent year over year.

### **Health Insurance Coverage**

The U.S. Census recently released the 2011 Current Population Survey reflecting New Mexico health insurance coverage, median incomes and poverty levels. The number of individuals covered by health insurance increased in 2011 to 84.3 percent from 83.7 percent in 2010. This increase was mainly a result of an increase in government health insurance coverage, including

Medicaid, Medicare and Tricare. Government coverage rose from 31.2 percent of the population in 2010 to 32.2 percent in 2011, while private insurance experienced a 0.1 percentage point decline.



The annual median income in New Mexico fell by \$3,152 or 7 percent in 2011 compared to 2010. During the same period, the national median income rose by 1.6 percent. The percentage of the New Mexico population living in poverty rose from 18.3 percent in 2010 to 22.2 percent.

<b>FY12 General Fund Report - FY12 Preliminary Accruals (1)</b>					
<b>Appropriation Account Revenue:</b>	<b>June 2012</b>	<b>Current Fiscal</b>	<b>Prior Fiscal</b>	<b>Budget</b>	
	<b>Prelim</b>	<b>Year to Date</b>	<b>Year to Date</b>	<b>Estimate Full</b>	<b>Prior Year Full</b>
				<b>Fiscal Year (2)</b>	<b>Fiscal Year</b>
Gross Receipts Tax	173,021,645	1,924,826,032	1,812,945,462	1,935,000,000	1,822,456,613
Compensating Tax	6,454,346	62,034,862	68,964,689	62,000,000	69,134,779
<b>SUBTOTAL Gen Sales Taxes</b>	<b>179,475,991</b>	<b>1,986,860,894</b>	<b>1,881,910,151</b>	<b>1,997,000,000</b>	<b>1,891,591,392</b>
<b>Selective Sales Taxes</b>					
Tobacco and Cigarette Tax	7,464,126	85,359,661	88,157,119	85,200,000	88,157,899
Alcoholic Beverage Tax	2,313,377	26,000,813	25,672,200	26,000,000	25,672,555
Insurance Premiums Tax	698,538	114,075,812	132,658,821	130,000,000	132,658,821
Fire Protection Fund Reversions	18,812,069	18,812,069	17,583,197	11,900,000	17,583,197
Franchise Fees	375	19,055	73,160	75,000	73,160
Racing receipts	221,421	851,829	413,120	250,000	413,120
Private Car Tax	-	552,552	480,255	325,000	480,255
Motor vehicle excise tax	10,288,397	114,706,587	103,652,599	114,700,000	103,652,599
Gaming Tax	5,155,821	65,527,116	65,787,202	65,500,000	65,787,203
Leased Vehicles Surcharge	576,315	5,366,391	5,047,179	5,300,000	5,047,179
Gasoline Tax	364,506	5,109,546	951,419	5,000,000	791,878
Telecommunications Relay Surcharge	8,079	97,896	120,013	100,000	120,781
Boat excise tax	178,841	452,914	494,115	250,000	494,115
<b>SUBTOTAL Sel Sales Taxes</b>	<b>46,081,866</b>	<b>436,932,243</b>	<b>441,090,398</b>	<b>444,600,000</b>	<b>440,932,760</b>
<b>INCOME TAXES</b>					
Gross Withholding	94,535,190	1,058,726,803	1,040,996,030	1,062,000,000	1,042,323,488
PIT-Final Settlements	55,509,737	350,965,657	363,787,278	345,000,000	359,322,450
PIT TAA - Oil & Gas Withholding	30,853,575	89,907,032	23,344,258	75,000,000	23,368,214
Fiduciary Tax (3)	(247,526)	8,933,033	6,543,314	10,000,000	6,588,873
Less PIT Refunds, RHCA, Legis Retirement	10,046,625	366,142,232	370,480,815	372,000,000	370,680,815
<b>Net Personal Income Tax</b>	<b>170,604,351</b>	<b>1,142,390,292</b>	<b>1,064,190,065</b>	<b>1,120,000,000</b>	<b>1,060,922,210</b>
<b>Net Corporate Income Tax</b>	<b>53,863,882</b>	<b>275,783,443</b>	<b>226,461,895</b>	<b>310,000,000</b>	<b>229,817,986</b>
<b>MINERAL PRODUCTION TAXES</b>					
Oil & Gas School Tax	25,081,963	399,350,143	378,687,127	390,700,000	376,104,468
7% Oil Conservation Tax	1,401,659	21,404,580	19,650,884	20,400,000	19,370,561
Resources excise tax	967,663	11,855,783	9,852,815	10,600,000	10,139,268
Natural Gas Processors Tax	1,841,416	23,342,458	18,181,973	23,000,000	18,181,973
<b>TOTAL Mineral Production Taxes</b>	<b>29,292,700</b>	<b>455,952,963</b>	<b>426,372,799</b>	<b>444,700,000</b>	<b>423,796,270</b>

<b>FY12 General Fund Report - FY12 Preliminary Accruals (1)</b>					
<b>Appropriation Account Revenue:</b>	<b>June 2012</b>	<b>Current Fiscal</b>	<b>Prior Fiscal</b>	<b>Budget</b>	<b>Prior Year Full</b>
	<b>Prelim</b>	<b>Year to Date</b>	<b>Year to Date</b>	<b>Estimate Full</b>	<b>Fiscal Year</b>
				<b>Fiscal Year (2)</b>	<b>Fiscal Year</b>
<b>LICENSE FEES</b>					
Financial institution receipts	84,217	2,917,436	3,108,796	2,950,000	3,108,796
Manufactured housing receipts	77,219	419,715	548,599	390,000	548,599
Construction industries receipts	939,983	5,052,172	5,682,231	4,900,000	5,682,231
Securities receipts	981,366	18,765,301	18,374,003	18,700,000	18,374,003
Gaming License and Permit Fees	265,637	391,712	262,257	370,000	262,257
Public Utilities	84	11,056,399	13,734,130	11,100,000	13,734,130
Corporate Filing	326,621	3,392,793	2,850,105	2,800,000	2,850,105
Alcoholic and Gaming	220,866	3,855,629	3,840,462	4,000,000	3,840,462
Corporate Special	-	4,096,354	1,125,397	4,700,000	1,125,397
Pipeline fees	7,391	40,604	74,152	50,000	74,152
Mtr. Veh. Misc.	14,140	135,811	150,066	140,000	150,066
<b>TOTAL LICENSE FEES</b>	<b>2,917,522</b>	<b>50,123,926</b>	<b>49,750,197</b>	<b>50,100,000</b>	<b>49,750,197</b>
<b>INTEREST EARNINGS</b>					
Perm.Fund Income	38,529,423	461,737,162	446,227,167	459,800,000	446,227,167
Earnings on State Balances	1,890,849	17,286,477	17,632,846	14,100,000	17,632,846
Sev Tax Income Fund	15,285,292	183,423,504	184,570,728	183,400,000	184,570,728
<b>TOTAL Interest Earnings</b>	<b>55,705,564</b>	<b>662,447,143</b>	<b>648,430,741</b>	<b>657,300,000</b>	<b>648,430,741</b>
<b>RENTS AND ROYALTIES</b>					
Federal Mineral Leasing	34,467,997	502,573,870	411,818,949	502,400,000	411,818,949
Land Office Inc.	6,488,172	92,507,769	65,620,178	92,500,000	65,620,178
<b>TOTAL Rents/Royalties</b>	<b>40,956,169</b>	<b>595,081,639</b>	<b>477,439,127</b>	<b>594,900,000</b>	<b>477,439,127</b>
<b>TRIBAL GAMING REVENUE SHARING</b>	<b>17,041,922</b>	<b>68,188,620</b>	<b>65,890,899</b>	<b>68,000,000</b>	<b>65,890,899</b>
<b>MISCELLANEOUS RECEIPTS</b>					
MVD Penalty Assessment	544,148	5,704,994	5,737,375	5,700,000	5,737,375
Fines & Forfeitures	631,907	6,052,204	7,104,046	6,200,000	7,104,046
Birth/Death Certificates	223,908	981,340	1,050,631	1,000,000	1,050,631
District Judges' Rec Court Costs	105,798	1,064,087	1,196,435	1,060,000	1,196,435
Notary Public fees	52,984	1,386,475	606,716	1,400,000	606,716
Media Lease Payments	19,442	19,442	16,672	20,000	16,672
Legislative Receipts	266	19,547	45,652	20,000	45,652
Unclaimed Property	-	15,451,669	18,352,252	15,400,000	18,352,252
Small County Assistance Reversion	3,576,387	3,576,387	-	2,800,000	3,346,593
Law Enforcement Protection	8,291,058	8,291,058	-	9,700,000	9,089,342
Workers Compensation filing fees	3,803	3,803	14,825	-	14,825
Environment Dept. filing fees	162	2,047,673	5,200,796	3,000,000	5,200,950
Public Defender(Non-indigent reimb.)	73,638	410,853	413,815	400,000	413,815
<b>TOTAL MISCELLANEOUS FEES</b>	<b>13,523,529</b>	<b>45,010,144</b>	<b>39,739,717</b>	<b>46,700,000</b>	<b>52,175,807</b>
<b>TOTAL RECURRING REVENUES</b>	<b>609,463,496</b>	<b>5,718,771,351</b>	<b>5,321,287,408</b>	<b>5,733,300,000</b>	<b>5,340,758,808</b>

<b>FY12 General Fund Report - FY12 Preliminary Accruals (1)</b>					
<b>Appropriation Account Revenue:</b>	<b>June 2012 Prelim</b>	<b>Current Fiscal Year to Date</b>	<b>Prior Fiscal Year to Date</b>	<b>Budget Estimate Full Fiscal Year (2)</b>	<b>Prior Year Full Fiscal Year</b>
<b>NON-RECURRING REVENUES</b>					
Miscellaneous - Restitution Payments	-	511,415	35,921	-	35,921
Misc. Revenues-TRD >60day Non Benefica	(43,301)	459,316	245,359	-	239,801
Miscellaneous Transfers (4)	-	11,400,000	26,031,000	11,400,000	26,031,000
Miscellaneous Revenues ( State Aircraft)	-	2,259,533	228,883	-	228,883
Reversions (5)	35,710,459	67,037,731	22,611,273	40,000,000	67,326,524
Misc. Revenues (3)	-	-	36,000,000	6,900,000	36,000,000
<b>TOTAL NON-RECURRING REVENUES</b>	<b>35,667,158</b>	<b>81,667,995</b>	<b>85,152,437</b>	<b>58,300,000</b>	<b>129,862,129</b>
<b>GRAND TOTAL REVENUES</b>	<b>645,130,654</b>	<b>5,800,439,346</b>	<b>5,406,439,845</b>	<b>5,791,600,000</b>	<b>5,470,620,937</b>
Source: DFA Financial Control Division and August 2012 Consensus Revenue Estimate					
(1) All figures on modified accrual basis accounting.					
(2) Reflects August 2012 Consensus Revenue Estimate					
(3) A one-time fiduciary tax payment of \$36 million was received in FY11. This is treated as non-recurring revenue for the purpose of this report.					
(4) Reflects one-time fund transfer for solvency. Listed under "Other Financing Sources/(Uses)" in FCD report.					
(5) Reversions are included as recurring revenue in the consensus revenue forecast.					