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General Fund Report

Preliminary FY13 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

Highlights:

- Preliminary General Fund recurring revenues for FY13 year-to-date decreased 2.7 percent from FY12, but are tracking closely with the August 2013 consensus forecast.
- Taxable gross receipts for professional and business services experienced strong year over year growth in the 4th quarter of fiscal year 2013, however retail growth continues to lag other sectors.
- Total employment increased 1.1 percent in August 2013. Construction employment continues to undergo moderate growth, as well as professional services, which began to add jobs again in May following 20 months of decline.

Table 1

FY13 Appropriation Account Revenue - June 2013 Accruals (1)

Summary by Major Revenue Category

	Current Month	Current Fiscal Year to Date	Prior Fiscal Year to Date	Year to Date Change Amount	Percent
General Sales Tax	182,553,628	1,963,376,895	1,986,860,894	(23,483,999)	-1.2%
Selective Sales Tax	46,058,963	405,641,758	418,952,397	(13,310,639)	-3.2%
Personal Income Tax	168,123,613	1,180,709,658	1,142,390,292	38,319,365	3.4%
Corporate Income Tax	55,650,400	262,989,003	275,783,443	(12,794,440)	-4.6%
Mineral Production Taxes	3,275,728	404,895,336	430,871,000	(25,975,664)	-6.0%
Interest Earnings	51,475,167	629,630,149	659,280,403	(29,650,255)	-4.5%
Mineral Rents/Royalties	41,536,402	504,263,116	595,081,639	(90,818,523)	-15.3%
Other	22,956,579	155,879,662	151,455,287	4,424,374	2.9%
TOTAL RECURRING REVENUES	571,630,480	5,507,385,577	5,660,675,357	(153,289,780)	-2.7%

Source: DFA Financial Control Division

(1) All figures on modified accrual basis accounting.

Appropriation Account Revenue Accruals – Appendix 1

Table 1 above presents a summary of year to date revenue collections for major categories of General Fund Appropriation Account revenues. Detailed information is contained in Appendix 1. Preliminary FY13 recurring revenue accruals through June 2013 are approximately \$5.7 billion, which represents a decrease of \$153 million or roughly 2.7 percent from FY12. Preliminary revenue accruals are consistent with the August 2013 forecast with a few exceptions noted below.

Mineral production taxes and public land mineral rents and royalties have contributed the largest share of revenue declines. State lease sales have suffered from poor timing as SLO auctions competed with Bureau of Land Management federal lease sales scheduled concurrently. Weak energy prices early in the fiscal year also led to a reduction in revenue. Distributions of Federal Mineral Leasing revenues were decreased by about \$21 million in FY13 due to federal spending cuts. The federal government has stated that these revenues would be returned to the state in federal FY14.

Gross receipts tax and compensating tax revenues were down 1.2 percent from the same period last year. These revenues were likely affected by federal spending cuts to government contracts under sequestration. A detailed discussion of taxable gross receipts (TGR) growth by sector is presented below.

Personal income tax revenues increased substantially from the same period last year. Much of this growth can be attributed to an acceleration of capital gains tax payments in anticipation of the federal tax changes that went into effect in January. These accelerated payments have been treated as nonrecurring revenue in the August 2013 forecast and this report. Preliminary FY13 accruals are about \$15 million stronger than the August 2013 forecast.

Corporate income tax revenues decreased from FY12 due to increases in film and other tax credits. Motor vehicle excise tax receipts were up 9.4 percent from FY12 as New Mexicans continued to take advantage of low interest financing. Insurance premiums tax revenue experienced a decline, which may reflect reductions in coverage levels in response to the weak economy. As of the publication date, May and June accruals for the insurance premiums tax have not been reported.

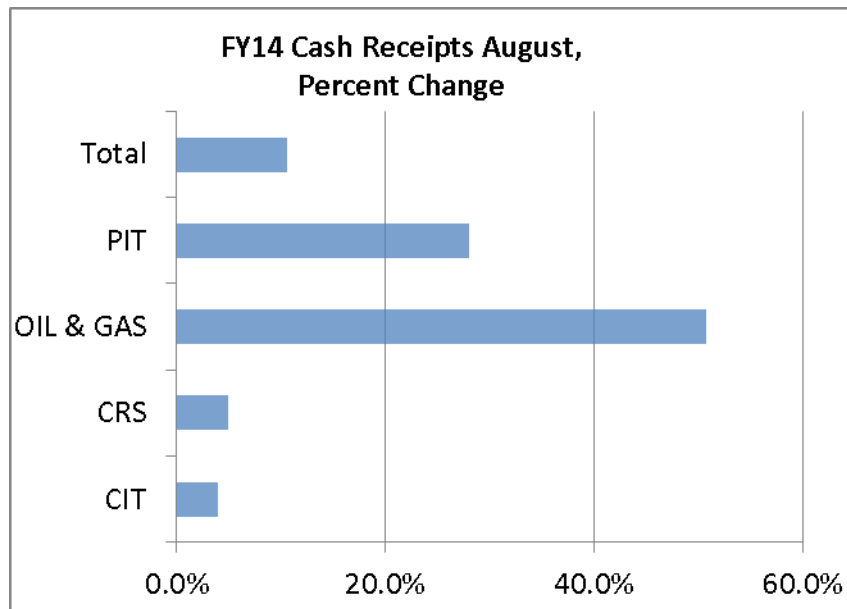
FY13 reversions are less than half the reverted allotments for FY12 and about \$20 million less than the forecast. Any additional accruals will be reflected in the General Fund audit.

Cash Receipts: August 2013

Combined reporting system cash receipts, which include gross receipts and withholding taxes, totaled \$394 million year-to-date, a 5 percent increase from FY13. This increase could indicate an economic rebound; FY13 CRS receipts experienced zero growth since November 2012. Corporate income tax receipts totaled \$3.4 million for FY14 year-to-date from August, while personal income tax cash receipts were \$13.6 million.

Oil and gas receipts totaled \$95 million in August, a 50 percent increase compared to the same period the prior year, largely reflecting the sharp uptick in oil prices in recent months. August cash receipts are up 10.6 percent compared to the prior year.

For purposes of comparison with the modified accrual revenues reported in the general fund, year-to-date cash receipts are presented on an August through July fiscal year as cash received in each month accrues to the prior month.



New Mexico Oil and Natural Gas Production: June 2013 Sales

After adjusting for reporting errors, preliminary oil prices for June 2013 averaged \$92.24 per barrel (bbl), which compares to \$73.50 per bbl reported in June 2012. Preliminary oil volumes year-to-date are 16 percent higher than last year. FY13 preliminary oil prices averaged \$85.93 per bbl, just slightly below the August 2013 forecast of \$87.00 per bbl.

Preliminary natural gas prices for June 2013 averaged \$4.67 per thousand cubic feet (mcf), which compares to \$3.44 per mcf in June 2012. This amount includes the value of natural gas

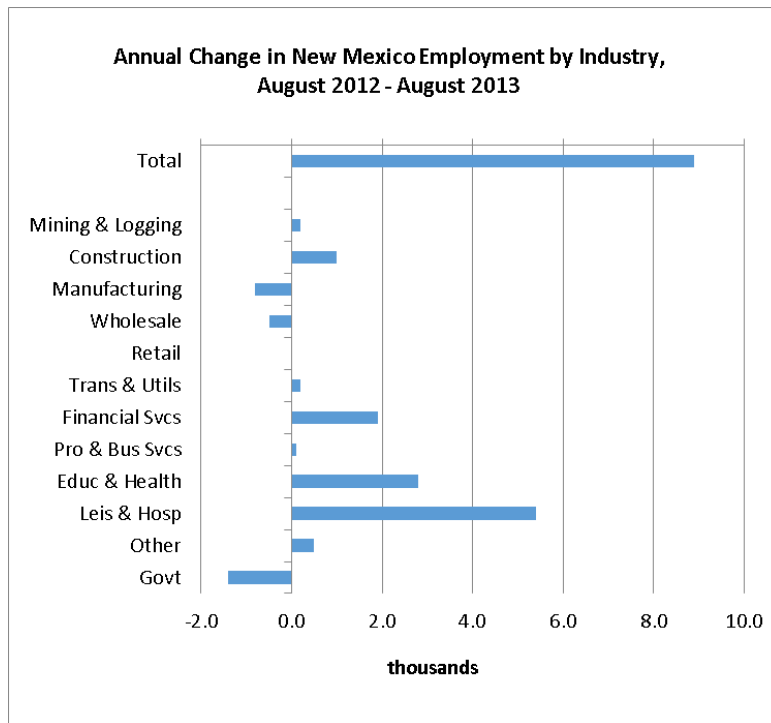
liquids, which added \$0.63 per mcf to the value of “dry” gas. Preliminary volumes year-to-date are 4.5 percent lower than last year. FY13 preliminary natural gas prices averaged \$4.37 per mcf inclusive of the liquids premium. These prices are below the \$4.50 per mcf forecast; however strong oil volume growth has offset weaker prices leaving total revenues close to forecast.

Update on New Mexico Employment Trends

When adjusted for seasonal variation, the New Mexico employment in August 2013 is projected to have increased 1.1 percent compared to August 2012, an increase of 8,900 jobs.

The largest annual increases were in the leisure and hospitality, education and health services and financial services sectors which gained an estimated 5,400, 2,800, and 1,900 jobs, respectively. The strong growth in leisure and hospitality could signify a resurgence in tourism to the state. The largest private annual decrease was projected in the manufacturing sector, which saw an estimated loss of 800 jobs over the year.

The New Mexico seasonally adjusted unemployment rate showed no significant change, at 6.8 percent in August, and is below the national average of 7.3 percent.



Source: U.S. Bureau of Labor Statistics

New Mexico Gross Domestic Product

Real Gross Domestic Product (GDP) by Metropolitan Area, State, 2009-2012							
	Millions of chained (2005) dollars				Percent Change		
	2009	2010	2011	2012*	2010	2011	2012*
United States (metropolitan areas)	11,435,923	11,709,621	11,908,889	12,206,566	2.4	1.7	2.5
Albuquerque, NM	33,915	34,765	34,894	35,185	2.5	0.4	0.8
Farmington, NM	5,246	4,771	5,005	4,892	-9.1	4.9	-2.3
Las Cruces, NM	5,015	5,138	5,004	4,933	2.4	-2.6	-1.4
Santa Fe, NM	5,790	5,589	5,536	5,471	-3.5	-0.9	-1.2
New Mexico state-wide	70,239	70,785	70,529	70,699	0.8	-0.4	0.2

* Advance statistics
Source: U.S. Bureau of Economic Analysis

New Mexico real gross domestic product (GDP) growth has been weak compared to the U.S. average for metropolitan areas. Albuquerque experienced relatively flat growth in 2012 while New Mexico's other metropolitan areas showed losses. New Mexico GDP has remained essentially unchanged since 2009, while the U.S. average has grown by nearly 7 percent during the same period.

New Mexico Taxable Gross Receipts (TGR), FY13 4th Quarter and Annual Total

New Mexico taxable gross receipts reported in the 4th quarter of 2013 were approximately \$12.8 billion, up 3.8 percent from the prior year. Year-to-date growth for FY13 was 2.4 percent.

Growth in the mining and oil and gas sector appears to have plateaued in the most recent quarter, as the initial flurry of activity prompted by oil price growth appears to have stabilized. Retail trade continued to be flat for the quarter from the prior year, a concern as consumers generally contribute the largest share to economic activity. Despite declines for several months, in preparation for and reaction to government cut backs, the professional, scientific and technical services sector showed strong growth in the 4th quarter.

For the fiscal year, construction showed continued building activity, while the retail sector was flat on weak consumer spending. The professional, scientific and technical services sector experienced overall declines for the year likely due to more controlled government spending.

FY13 Taxable Gross Receipts by Sector	Q4 FY13 (\$ millions)	Q4 FY12 (\$ millions)	Y/Y % Change
Agriculture, Forestry, Fishing and Hunting	\$17.0	\$18.2	-6.6%
Mining and Oil and Gas Extraction	\$928.4	\$900.0	3.1%
Utilities	\$507.6	\$482.9	5.1%
Construction	\$1,417.9	\$1,338.3	5.9%
Manufacturing	\$540.6	\$481.7	12.2%
Wholesale Trade	\$590.4	\$600.6	-1.7%
Retail Trade	\$2,993.8	\$2,991.4	0.1%
Transportation and Warehousing	\$190.9	\$175.0	9.1%
Information and Cultural Industries	\$617.6	\$591.5	4.4%
Finance and Insurance	\$68.7	\$68.6	0.1%
Real Estate and Rental and Leasing	\$264.7	\$248.3	6.6%
Professional, Scientific and Technical Services	\$1,280.9	\$1,138.8	12.5%
Management of Companies and Enterprises	\$22.6	\$11.4	97.3%
Admin and Support, Waste Mgt and Remed	\$499.7	\$421.0	18.7%
Educational Services	\$49.0	\$53.6	-8.6%
Health Care and Social Assistance	\$542.1	\$543.7	-0.3%
Arts, Entertainment and Recreation	\$51.3	\$49.6	3.4%
Accommodation and Food Services	\$919.6	\$906.9	1.4%
Other Services (except Public Admin)	\$1,211.8	\$1,245.8	-2.7%
Public Administration	\$44.2	\$40.9	8.2%
Unclassified Establishments	\$59.3	\$43.0	38.0%
All Industries	\$12,817.8	\$12,351.1	3.8%
Excluding O&G	\$11,889.5	\$11,451.1	3.8%

Taxable Gross Receipts by Sector FY13 YTD through June 2013	FY13 YTD (\$ millions)	FY12 YTD (\$ millions)	Y/Y % Change
Agriculture, Forestry, Fishing and Hunting	\$58.9	\$57.9	1.9%
Mining and Oil and Gas Extraction	\$3,693.6	\$3,458.1	6.8%
Utilities	\$2,267.3	\$2,182.2	3.9%
Construction	\$5,550.1	\$5,211.9	6.5%
Manufacturing	\$2,014.0	\$1,837.0	9.6%
Wholesale Trade	\$2,306.6	\$2,273.6	1.5%
Retail Trade	\$12,169.6	\$12,036.5	1.1%
Transportation and Warehousing	\$871.2	\$867.1	0.5%
Information and Cultural Industries	\$2,417.2	\$2,367.3	2.1%
Finance and Insurance	\$278.6	\$249.9	11.5%
Real Estate and Rental and Leasing	\$1,024.8	\$881.8	16.2%
Professional, Scientific and Technical Services	\$4,401.9	\$4,611.9	-4.6%
Management of Companies and Enterprises	\$53.2	\$35.6	49.5%
Admin and Support, Waste Mgt and Remed	\$1,764.0	\$1,779.6	-0.9%
Educational Services	\$199.1	\$225.9	-11.9%
Health Care and Social Assistance	\$2,122.4	\$2,122.6	0.0%
Arts, Entertainment and Recreation	\$203.5	\$203.7	-0.1%
Accommodation and Food Services	\$3,505.8	\$3,427.8	2.3%
Other Services (except Public Admin)	\$4,864.9	\$4,770.0	2.0%
Public Administration	\$181.9	\$220.8	-17.6%
Unclassified Establishments	\$209.6	\$143.5	46.0%
All Industries	\$50,158.3	\$48,964.7	2.4%
Excluding O&G	\$46,464.8	\$45,506.6	2.1%

FY13 General Fund Report - June 2013 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	177,405,650	1,912,712,740	1,924,826,032	1,922,000,000	1,928,468,880
Compensating Tax	5,147,978	50,664,156	62,034,862	52,500,000	62,066,210
SUBTOTAL Gen Sales Taxes	182,553,628	1,963,376,895	1,986,860,894	1,974,500,000	1,990,535,090
Selective Sales Taxes					
Tobacco and Cigarette Tax	8,326,687	85,668,457	85,359,661	84,400,000	85,360,379
Alcoholic Beverage Tax	2,308,631	26,133,371	26,000,813	26,400,000	26,128,849
Insurance Premiums Tax (2)	-	85,443,642	96,095,966	101,000,000	114,075,812
Fire Protection Fund Reversions	18,315,530	18,315,530	18,812,069	17,500,000	18,812,069
Franchise Fees	100	4,445	19,055	20,000	19,055
Racing receipts	357,593	942,268	851,829	850,000	851,829
Private Car Tax	-	563,090	552,552	550,000	552,552
Motor vehicle excise tax	10,958,687	125,504,020	114,706,587	125,200,000	114,706,587
Gaming Tax	5,441,996	63,072,774	65,527,116	63,200,000	65,526,989
Leased Vehicles Surcharge	224,038	4,971,346	5,366,391	5,300,000	5,366,391
Gasoline Tax (3)	76,290	(5,298,638)	5,109,546	(4,460,000)	5,539,323
Telecommunications Relay Surcharge	6,931	91,124	97,896	90,000	97,930
Boat excise tax	42,479	230,328	452,914	450,000	452,914
SUBTOTAL Sel Sales Taxes	46,058,963	405,641,758	418,952,397	420,500,000	437,490,681
INCOME TAXES					
Gross Withholding	91,666,940	1,071,429,750	1,058,726,803	1,070,000,000	1,060,763,657
PIT-Final Settlements	61,323,178	374,165,789	350,965,657	365,000,000	355,733,699
PIT TAA - Oil & Gas Withholding	24,713,931	90,195,333	89,907,032	85,000,000	91,101,736
Fiduciary Tax	(194,184)	7,176,255	8,933,033	7,000,000	9,011,119
Less PIT Refunds, RHCA, Legis Retirement	9,386,253	362,257,469	366,142,232	362,000,000	366,142,232
Net Personal Income Tax	168,123,613	1,180,709,658	1,142,390,292	1,165,000,000	1,150,467,978
Net Corporate Income Tax	55,650,400	262,989,003	275,783,443	260,000,000	281,047,492
MINERAL PRODUCTION TAXES					
Oil & Gas School Tax (2)	-	346,391,102	374,268,180	382,300,000	399,588,896
7% Oil Conservation Tax	172,512	19,211,064	21,404,580	20,700,000	21,452,054
Resources excise tax	1,116,405	15,096,669	11,855,783	13,000,000	12,018,385
Natural Gas Processors Tax	1,986,811	24,196,501	23,342,458	24,000,000	23,342,458
TOTAL Mineral Production Taxes	3,275,728	404,895,336	430,871,000	440,000,000	456,401,793

FY13 General Fund Report - June 2013 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	124,807	3,106,692	2,917,436	3,000,000	2,917,436
Manufactured housing receipts	35,840	335,527	419,715	500,000	419,715
Construction industries receipts	522,241	4,034,136	5,052,172	5,200,000	5,052,172
Securities receipts	1,067,195	19,065,230	18,765,301	19,100,000	18,765,301
Gaming License and Permit Fees	362,374	362,374	391,712	300,000	391,712
Public Utilities	161	15,237,612	11,056,399	11,700,000	11,056,399
Corporate Filing	263,561	3,150,612	3,392,793	2,900,000	2,863,554
Alcohol and Gaming	266,965	4,543,582	3,855,629	4,000,000	3,855,629
Corporate Special	-	-	4,096,354	3,100,000	4,096,354
Pipeline fees	-	50,080	40,604	60,000	40,604
Mtr. Veh. Misc.	8,155	125,346	135,811	140,000	135,811
TOTAL LICENSE FEES	2,651,298	50,011,191	50,123,926	50,000,000	49,594,688
INTEREST EARNINGS					
Perm.Fund Income	36,793,996	440,876,338	461,737,162	438,300,000	461,737,162
Earnings on State Balances (2)	114	12,581,127	14,119,738	12,300,000	17,427,160
Sev Tax Income Fund	14,681,057	176,172,684	183,423,504	176,200,000	183,423,504
TOTAL Interest Earnings	51,475,167	629,630,149	659,280,403	626,800,000	662,587,826
RENTS AND ROYALTIES					
Federal Mineral Leasing	39,568,545	459,631,160	502,573,870	465,000,000	502,573,870
Land Office Inc.	1,967,858	44,631,955	92,507,769	44,600,000	92,507,769
TOTAL Rents/Royalties	41,536,402	504,263,116	595,081,639	509,600,000	595,081,639
TRIBAL GAMING REVENUE SHARING	17,957,748	70,708,973	68,188,620	68,700,000	68,188,620
MISCELLANEOUS RECEIPTS					
MVD Penalty Assessment	555,972	6,017,615	5,704,994	5,700,000	5,704,994
Fines & Forfeitures	500,086	5,708,463	6,052,204	6,000,000	6,052,204
Birth/Death Certificates	384,500	1,044,689	981,340	1,000,000	1,075,284
District Judges' Rec Court Costs	94,042	1,051,337	1,064,087	1,000,000	1,064,087
Notary Public fees	61,738	648,411	1,386,475	1,400,000	1,386,475
Media Lease Payments	20,655	20,655	19,442	21,000	19,442
Legislative Receipts	1,702	35,184	19,547	19,000	19,547
Unclaimed Property	-	16,832,891	15,451,669	15,500,000	15,451,669
Small County Assistance Reversion (2)	-	-	-	3,500,000	3,576,387
Law Enforcement Protection (2)	-	-	-	8,200,000	8,291,058
Workers Compensation filing fees	-	3,890	3,803	20,000	3,803
Environment Dept. filing fees	650,223	3,350,233	2,047,673	2,300,000	2,047,673
Public Defender(Non-indigent reimb.)	78,565	445,532	410,853	440,000	410,853
TOTAL MISCELLANEOUS FEES	2,347,533	35,159,498	33,142,698	45,100,000	45,104,088
TOTAL RECURRING REVENUES	571,630,480	5,507,385,577	5,660,675,357	5,560,200,000	5,736,499,938

APPENDIX 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	700	133,416	511,415	-	527,665
Misc. Revenues-TRD >60day Non Benefica	(167,620)	464,541	459,316	-	512,233
Miscellaneous Transfers (4)	-	-	11,400,000	-	11,400,000
Miscellaneous Revenues (State Aircraft)	-	-	2,259,533	-	2,243,283
Reversions (5)	13,122,305	30,806,334	67,037,731	51,000,000	65,884,725
Misc. Revenues (6)	-	45,000,000	-	40,000,000	-
TOTAL NON-RECURRING REVENUES	12,955,385	76,404,291	81,667,995	91,000,000	80,567,905
GRAND TOTAL REVENUES (7)	584,585,865	5,583,789,868	5,742,343,352	5,651,200,000	5,817,067,843

Source: DFA Financial Control Division and August 2013 Consensus Revenue Estimate

(1) All figures on modified accrual basis accounting.

(2) Preliminary figure. June 2013 accruals for insurance premiums tax, oil and gas school tax, earnings on state balances, small county assistance reversion, and law enforcement protection fund were unavailable at time of publication. June 2012 amounts for these revenues were excluded from year over year comparisons to preserve consistency.

(3) Gasoline tax revenues are expected to be negative in FY13 due to a distribution adjustment resulting from an overpayment in FY12.

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

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

(6) FY13 forecast includes \$3.3 million negative adjustment resulting from acceleration of tax collection through the tax amnesty program, \$1.8 million negative adjustment for 2013 legislation, and \$45 million positive adjustment for acceleration of personal income tax payments in response to federal tax changes.

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