



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

September 2012 Accrual Period

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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 September 2012 are approximately \$1.3 billion, which represents a decrease of \$95 million or roughly 6.8 percent from the same period of FY12.

Mineral production taxes and public land mineral rents and royalties contributed more than half to revenue declines. Lower oil and natural gas prices, a decrease in premiums received for natural gas liquids, and a decline in State Land Office lease sales compared to FY12 all contributed to a revenue decrease of \$56.9 million or 20 percent in FY13 year-to-date.

Gross receipts tax revenues decreased by \$15 million or 3.2 percent over the same period last year. Professional, Scientific and Technical Services appear to be the primary cause of this decline, falling 15.6 percent in the first quarter of FY13 compared to the same period in FY12. Retail trade was also weak at 1.6 percent growth year over year, while the oil and gas extraction sector continues to see large year over year increases. A detailed discussion of taxable gross receipts growth by sector is presented below. Compensating tax revenues were relatively unchanged FY13 year-to-date compared to the same period in FY12.

Personal income tax final settlements and estimated payments, withholding and refunds remained relatively unchanged in FY13 year-to-date, as did corporate income tax revenues. Motor vehicle excise tax revenues were up 11 percent for FY13 year-to-date compared to the

same period last year. 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 - September 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	141,197,692	476,576,507	493,699,533	(17,123,026)	-3.5%
Selective Sales Tax	24,645,765	101,863,101	115,397,518	(13,534,417)	-11.7%
Personal Income Tax	131,716,168	295,304,149	295,869,187	(565,039)	-0.2%
Corporate Income Tax	3,843,253	7,145,694	8,115,137	(969,443)	-11.9%
Mineral Production Taxes	34,830,925	106,278,453	121,467,090	(15,188,636)	-12.5%
Interest Earnings	52,146,004	158,738,410	164,131,429	(5,393,019)	-3.3%
Mineral Rents/Royalties	36,814,896	126,363,335	168,098,207	(41,734,872)	-24.8%
Other	20,483,302	26,707,928	26,895,583	(187,655)	-0.7%
TOTAL RECURRING REVENUES	445,678,006	1,298,977,577	1,393,673,685	(94,696,108)	-6.8%

Source: DFA Financial Control Division

(1) All figures on modified accrual basis accounting.

New Mexico Oil and Natural Gas Production: September 2012 Sales

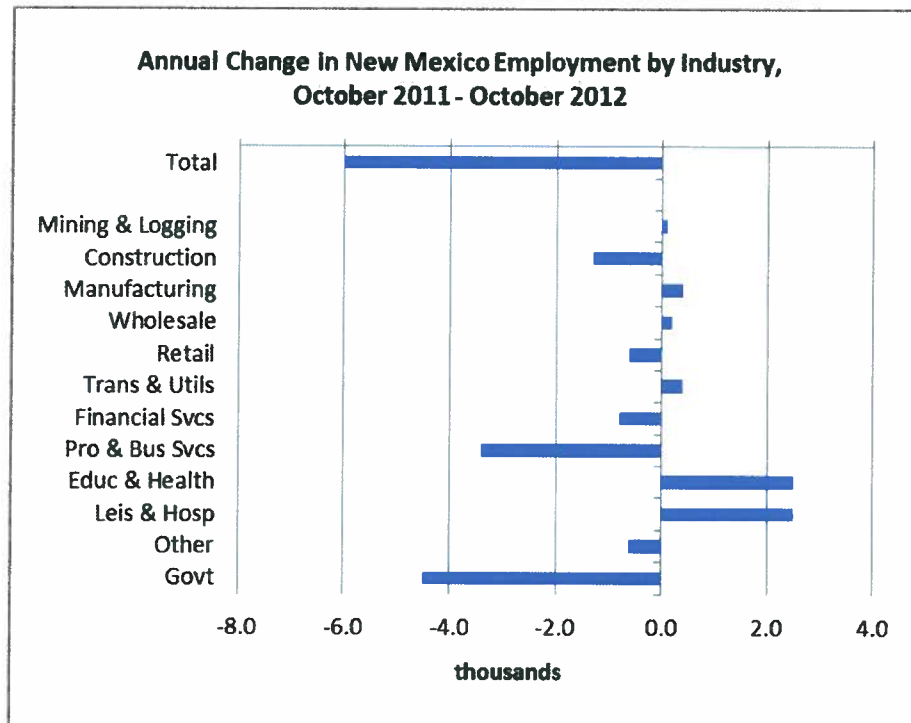
Preliminary oil prices for September 2012 averaged \$89.78 per barrel (bbl) and preliminary volumes are 4 percent higher than last year, down from the first two months of fiscal year volume growth of 14 percent.

Preliminary natural gas prices for September 2012 averaged \$3.89 per thousand cubic feet (mcf). This amount includes the value of natural gas liquids, which added \$1.14 per mcf to the value of "dry" gas. Preliminary natural gas volumes as reported are 7 percent lower than last year.

Update on New Mexico Employment Trends

When adjusted for seasonal variation, New Mexico preliminary employment estimates for October 2012 declined 0.7 percent compared with October 2011, a decrease of 6,000 jobs. The largest annual increases were in the leisure and hospitality sector and the education and health sector, which each gained 2,500 jobs. The largest annual decrease was felt in the government sector, which saw a loss of 4,500 jobs. Professional and business services continue to experience declines with a preliminary estimated loss of 3,400 jobs since the same period last year. Construction experienced a projected loss of 1,300 jobs. These employment figures will be revised with the release of annual benchmarking in February.

The New Mexico unemployment rate was 6.3 percent in October, down from 6.4 percent in September. The rate decrease resulted from increases in employment and a slight decrease in unemployment. Labor force participation crept up by 3,400 participants.



Source: U.S. Bureau of Labor Statistics (BLS)

New Mexico Taxable Gross Receipts (TGR), FY13 First Quarter

New Mexico taxable gross receipts reported for the first quarter of FY13 were \$12.6 billion, a 1.2 percent decrease from the prior year. 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	FY13 Q1 (\$ millions)	Year % Change
Agriculture, Forestry, Fishing and Hunting	\$ 14.2	-2.4%
Mining and Oil and Gas Extraction	\$ 948.0	16.2%
Utilities	\$ 595.8	0.0%
Construction	\$ 1,413.4	2.5%
Manufacturing	\$ 489.7	6.0%
Wholesale Trade	\$ 593.7	4.1%
Retail Trade	\$ 3,006.0	1.6%
Transportation and Warehousing	\$ 178.0	-49.3%
Information and Cultural Industries	\$ 584.5	-5.4%
Finance and Insurance	\$ 68.9	40.0%
Real Estate and Rental and Leasing	\$ 246.7	18.2%
Professional, Scientific and Technical Services	\$ 1,017.3	-15.6%
Management of Companies and Enterprises	\$ 9.4	4.7%
Admin and Support, Waste Mgt and Remed	\$ 588.3	-14.0%
Educational Services	\$ 49.9	-11.4%
Health Care and Social Assistance	\$ 532.1	-0.5%
Arts, Entertainment and Recreation	\$ 52.3	-7.9%
Accommodation and Food Services	\$ 898.8	1.4%
Other Services (except Public Admin)	\$ 1,217.0	2.7%
Public Administration	\$ 42.8	-42.8%
Unclassified Establishments	\$ 40.7	67.2%
All Industries	\$ 12,587.4	-1.2%
Excluding O&G	\$ 11,639.4	-2.4%

The oil and gas sector continues to show strength with growth of 16.2 percent in the first quarter of FY13 compared to the same period last year. Construction has begun to show signs of life with an increase of 2.5 percent relative to the prior year. This is the second largest sector. The largest sector, retail, continues to appear sluggish with year-to-date growth of only 1.6 percent.

FY13 General Fund Report - September 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	137,680,680	461,343,564	476,537,349	1,981,300,000	1,928,468,880
Compensating Tax	3,517,012	15,232,943	17,162,184	66,500,000	62,066,210
SUBTOTAL Gen Sales Taxes	141,197,692	476,576,507	493,699,533	2,047,800,000	1,990,535,090
Selective Sales Taxes					
Tobacco and Cigarette Tax	6,710,536	20,787,400	22,607,263	84,300,000	85,360,379
Alcoholic Beverage Tax	2,007,468	6,401,524	6,543,280	26,500,000	26,128,849
Insurance Premiums Tax	689,188	31,477,959	38,546,795	122,500,000	114,075,812
Fire Protection Fund Reversions	-	-	-	18,300,000	18,812,069
Franchise Fees	225	1,275	2,450	20,000	19,055
Racing receipts	-	-	-	850,000	851,829
Private Car Tax	(12,484)	-	8,166	550,000	552,552
Motor vehicle excise tax	9,315,690	31,319,548	28,338,713	123,000,000	114,706,587
Gaming Tax	5,340,880	15,856,485	16,444,898	64,800,000	65,526,989
Leased Vehicles Surcharge	474,347	1,582,463	1,549,598	5,400,000	5,366,391
Gasoline Tax	53,402	(5,702,197)	1,331,932	(4,460,000)	5,539,323
Telecommunications Relay Surcharge	14,502	23,850	24,423	90,000	97,930
Boat excise tax	52,013	114,793	-	450,000	452,914
SUBTOTAL Sel Sales Taxes	24,645,765	101,863,101	115,397,518	442,300,000	437,490,681
INCOME TAXES					
Gross Withholding	94,806,433	263,429,338	260,366,199	1,096,000,000	1,060,763,657
PIT-Final Settlements	41,365,791	50,100,801	48,140,502	362,000,000	355,733,699
PIT TAA - Oil & Gas Withholding	5,106,441	5,618,395	7,759,237	70,000,000	91,101,736
Fiduciary Tax	(439,554)	661,420	2,118,130	10,000,000	9,011,119
Less PIT Refunds, RHCA, Legis Retirement	9,122,943	24,505,804	22,514,882	371,400,000	366,142,232
Net Personal Income Tax	131,716,168	295,304,149	295,869,187	1,166,600,000	1,150,467,978
Net Corporate Income Tax	3,843,253	7,145,694	8,115,137	280,000,000	281,047,492
MINERAL PRODUCTION TAXES					
Oil & Gas School Tax	29,238,374	90,188,032	107,004,026	366,000,000	399,588,896
7% Oil Conservation Tax	1,690,099	4,985,211	5,471,187	19,500,000	21,452,054
Resources excise tax	1,890,847	4,834,931	2,982,632	10,000,000	12,018,385
Natural Gas Processors Tax	2,011,604	6,270,279	6,009,245	23,900,000	23,342,458
TOTAL Mineral Production Taxes	34,830,925	106,278,453	121,467,090	419,400,000	456,401,793

FY13 General Fund Report - September 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	13,795	92,506	103,112	3,050,000	2,917,436
Manufactured housing receipts	27,025	86,730	129,531	500,000	419,715
Construction industries receipts	281,855	923,927	1,285,038	5,300,000	5,052,172
Securities receipts	1,304,670	3,496,790	3,494,700	19,200,000	18,765,301
Gaming License and Permit Fees	-	-	-	350,000	391,712
Public Utilities	270	620	595	11,800,000	11,056,399
Corporate Filing	219,380	780,461	488,297	2,900,000	2,863,554
Alcoholic and Gaming	58,108	204,373	244,235	4,000,000	3,855,629
Corporate Special	-	-	0	3,100,000	4,096,354
Pipeline fees	1,046	43,525	23,364	60,000	40,604
Mtr. Veh. Misc.	13,660	33,930	30,155	140,000	135,811
TOTAL LICENSE FEES	1,919,810	5,662,862	5,799,026	50,400,000	49,594,688
INTEREST EARNINGS					
Perm.Fund Income	36,706,417	110,093,729	115,311,374	438,800,000	461,737,162
Earnings on State Balances	758,530	4,601,510	2,964,179	16,000,000	17,427,160
Sev Tax Income Fund	14,681,057	44,043,171	45,855,876	176,200,000	183,423,504
TOTAL Interest Earnings	52,146,004	158,738,410	164,131,429	631,000,000	662,587,826
RENTS AND ROYALTIES					
Federal Mineral Leasing	29,359,221	108,918,139	121,612,512	440,000,000	502,573,870
Land Office Inc.	7,455,675	17,445,197	46,485,696	60,500,000	92,507,769
TOTAL Rents/Royalties	36,814,896	126,363,335	168,098,207	500,500,000	595,081,639
TRIBAL GAMING REVENUE SHARING	17,345,834	17,501,598	16,921,838	72,000,000	68,188,620
MISCELLANEOUS RECEIPTS					
MVD Penalty Assessment	427,525	1,513,221	1,442,264	6,100,000	5,704,994
Fines & Forfeitures	489,645	1,359,617	1,381,651	5,800,000	6,052,204
Birth/Death Certificates	87,779	158,410	193,930	1,000,000	1,075,284
District Judges' Rec Court Costs	87,005	260,754	250,440	1,000,000	1,064,087
Notary Public fees	35,303	160,812	141,071	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	2,150	-	20,000	3,803
Environment Dept. filing fees	23	203	693,104	2,300,000	2,047,673
Public Defender(Non-indigent reimb.)	88,180	88,180	71,597	440,000	410,853
TOTAL MISCELLANEOUS FEES	1,217,658	3,543,468	4,174,718	46,200,000	45,104,088
TOTAL RECURRING REVENUES	445,678,006	1,298,977,577	1,393,673,685	5,656,200,000	5,736,499,938

FY13 General Fund Report - September 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	2,281	77,965	8,621	-	527,665
Misc. Revenues-TRD >60day Non Benefica	(49,259)	89,876	85,952	-	512,233
Miscellaneous Transfers (2)	-	-	-	-	11,400,000
Miscellaneous Revenues (State Aircraft)	-	-	2,237,891	-	2,243,283
Reversions (3)	-	-	-	51,000,000	65,884,725
Misc. Revenues (4)	-	-	-	(3,300,000)	-
TOTAL NON-RECURRING REVENUES	(46,978)	167,841	2,332,464	47,700,000	80,567,905
GRAND TOTAL REVENUES (5)	445,631,028	1,299,145,418	1,396,006,148	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) FY12 includes \$11.4 million transfer for solvency.
- (3) Reversions are included as recurring revenue in the consensus revenue forecast.
- (4) FY13 includes negative adjustment resulting from acceleration of tax collection through the tax amnesty program.
- (5) Total excludes reversions to Operating Reserve and Appropriation Contingency Fund, Tobacco Settlement Investment Income, and Tobacco Settlement revenues.