



State of New Mexico

Office of the Governor

Bill Richardson
Governor

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Governor Richardson Releases Statement on New Revenue Estimates

SANTA FE – Governor Bill Richardson today announced that strong and growing economy, bolstered by broad-based job growth, will mean that an additional \$576 million in recurring revenue will be available when the Legislature and the Governor put together the budget during the 2007 legislative session. In addition, \$913 million is estimated be available for capital outlay projects and other one-time expenditures, such as water infrastructure and economic development initiatives for local communities. An additional \$142 million is estimated to be set aside for efforts to modernize schools across the state.

The new revenue projections, which will be presented to legislators tomorrow, are revised downward from the July estimate for the near term, but are similar in the longer term. Total recurring revenue was reduced by \$54.7 million in FY07 to \$5.527 billion. For FY08, total recurring revenue was reduced by \$37.9 million to \$5.689 billion.

“This slightly lower estimate is not surprising given the recent drop in energy prices,” said Governor Richardson. “However, these estimates show that our strong, diverse economy will continue to move forward creating jobs and prosperity for New Mexicans.”

Gross Receipts Tax collections -- the broadest measure of economic activity in the state -- grew by an outstanding 12% in FY 2006. Strong growth continued into the first quarter of 2007. Construction, Mining and the Retail Trade sectors all made major contributions.

Personal Income Tax growth has also been outstanding, generating increased revenue even as more money is returned to households through tax rate cuts. In this tax year alone, the state will return over \$300 million to New Mexico households.

New Mexico’s latest unemployment rate (4.2 percent) continues to be lower than the national average (4.7 percent) – suggesting the state’s economic growth is outpacing growth in other states. New Mexico’s year over year job growth was 3 percent, which represents 24,700 additional jobs over the last year. This makes New Mexico eighth in the nation for job growth.