

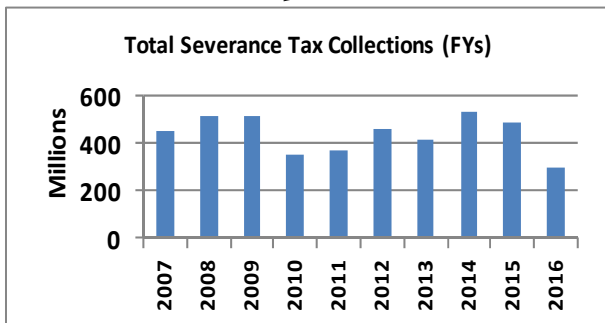


New Mexico State Investment Council SEVERANCE TAX PERMANENT FUND

The Severance Tax Permanent Fund (STPF) was established by the legislature as a constitutionally-protected permanent endowment in 1976, to receive and invest severance taxes collected on natural resources extracted from New Mexico lands.



INFLOWS
A severance tax is imposed on oil, natural gas, other liquid hydrocarbons, carbon dioxide and hard rock minerals severed from the land.
Collected by Tax & Revenue Department



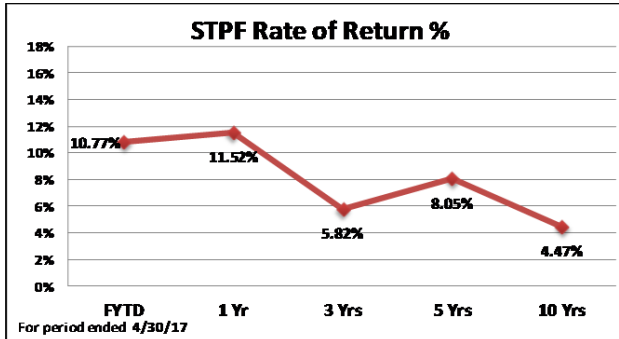
Collections based on fiscal year

Taxes are transferred monthly to the **Severance Tax Bonding Fund** administered by the State Treasurer's Office for **Debt Service Requirements** on **Senior and Supplemental Bonds** issued under the **Severance Tax Bonding Act** for capital projects

Year(s)	% Split between bond payments & deposits
1976-1999	50/50
1999	62.5/37.5
2000	87.5/12.5
2004	95/5
2016-2022	86.2/13.8 (phased in)

Amounts in the Bonding Fund in excess of the amounts necessary to service bond principal and interest payments are transferred twice a year to the

SEVERANCE TAX PERMANENT FUND



Most of the fluctuation in severance tax revenue is due to wide and frequent swings in the market price of oil and gas. States that rely on revenue from severance taxes face volatility in production, demand and price changes.

Constitutional Distribution Formula to the **State General Fund**
4.7% of 5-year average market value

DISTRIBUTIONS TO THE GENERAL FUND

FY 2010	\$187,488,067
FY 2011	\$184,570,728
FY 2012	\$183,423,504
FY 2013	\$176,172,684
FY 2014	\$170,472,647
FY 2015	\$182,722,980
FY 2016	\$193,509,941
FY 2017	\$200,442,327

Averages 3% of State Budget
\$1.85B over the past 10 years

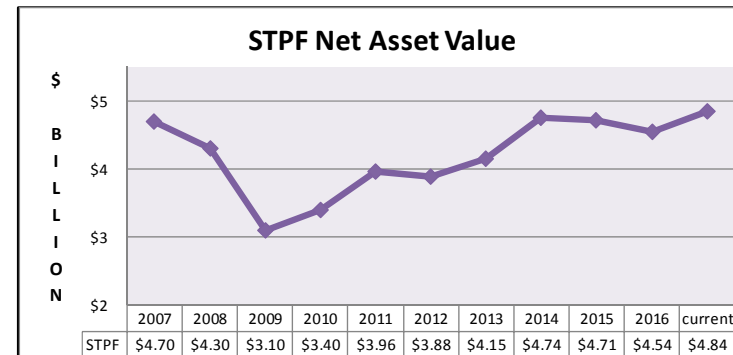


Chart based on fiscal years current = 4/30/17

