

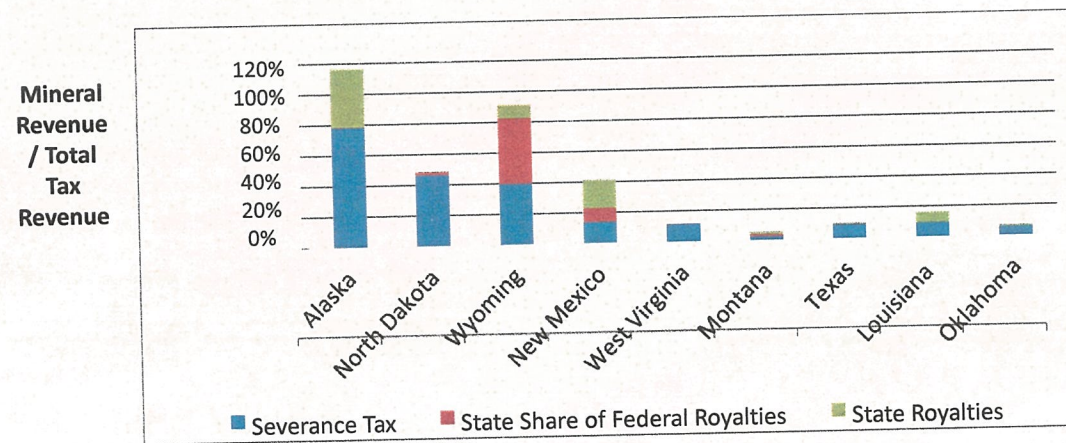
STATE AND LOCAL IMPACTS OF CLOSURE OF SAN JUAN GENERATING STATION AND SAN JUAN MINE

Economic and Rural Development Committee, August 13, 2018



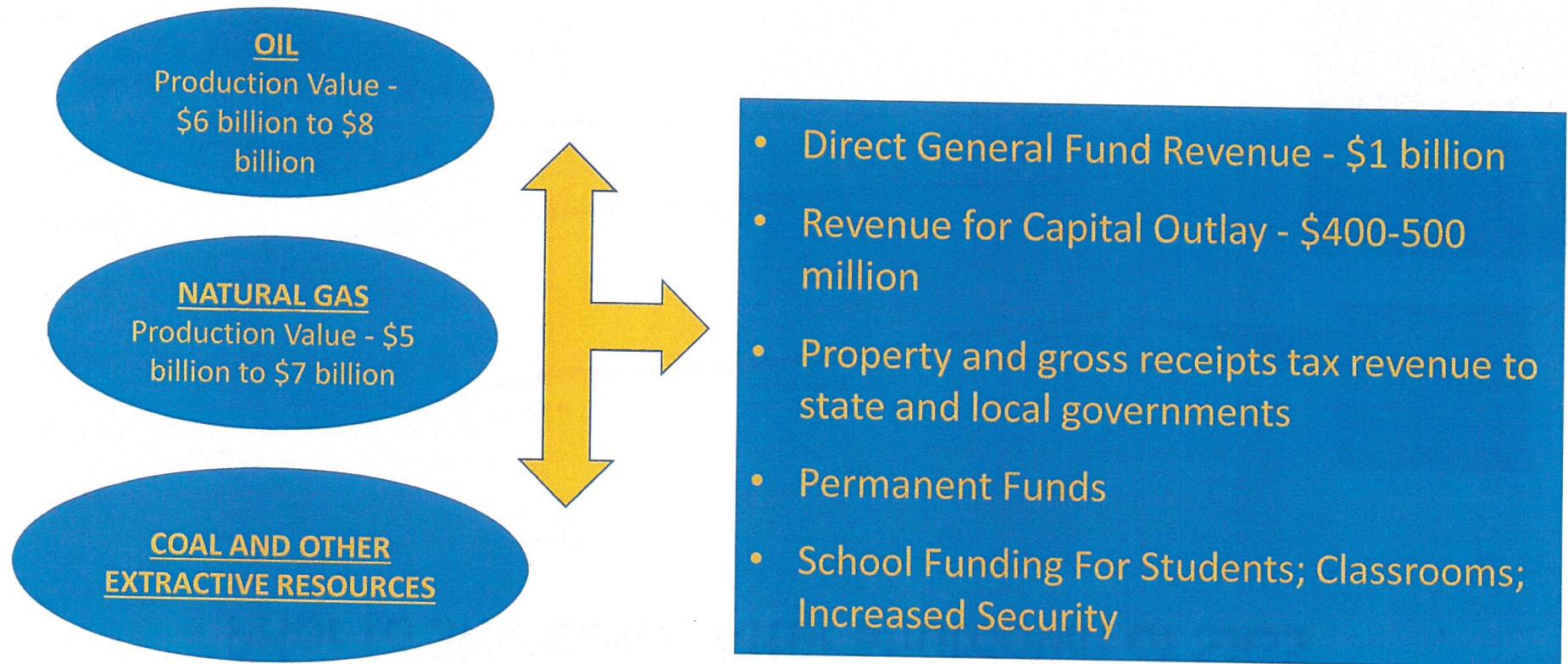
Almost half of New Mexico's Tax Revenue is Derived from Mineral Revenues

Figure 12. Direct Mineral Revenue as a Share of Total State Tax Revenue



"The Challenge of State Reliance on Revenue from Fossil Fuel Production", Brookings, The Climate and Energy Economics Project, Climate and Energy Discussion Paper, August 9, 2016

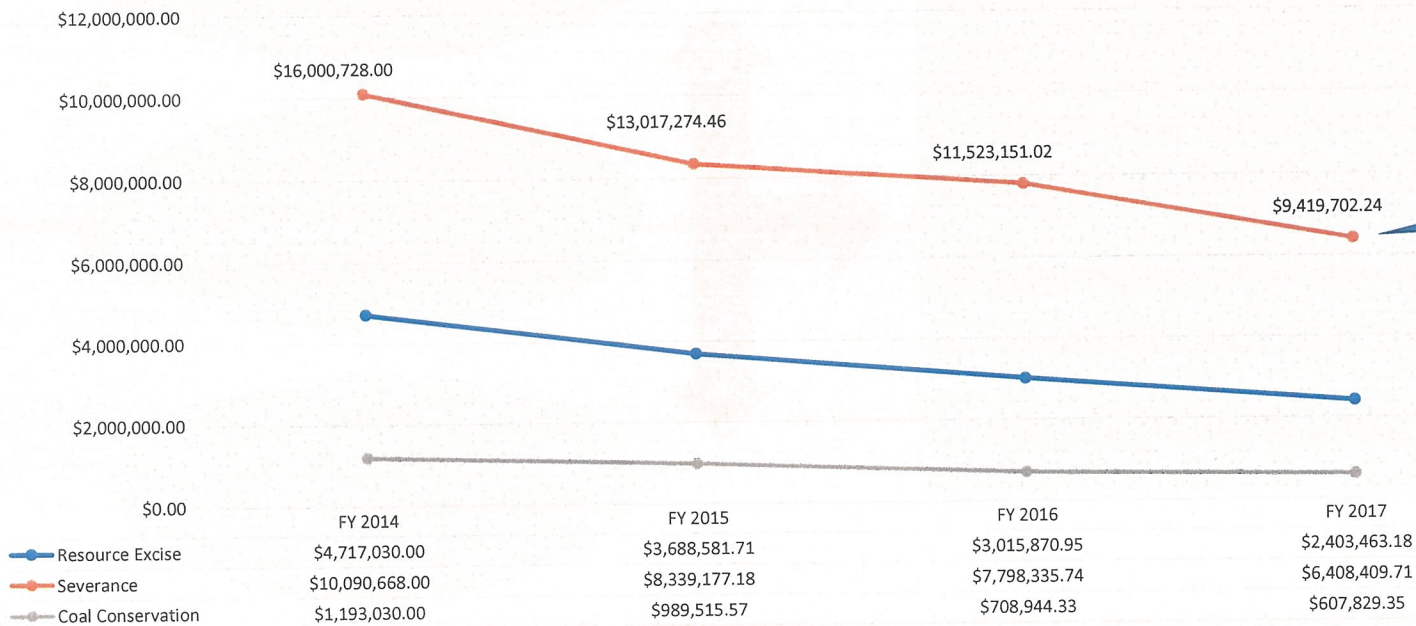
Decreases to Revenues From Carbon-Based and Other Extractive Resources Will Harm NM's Economy



-Amounts sourced by Legislative Finance Committee Finance Facts – Oil and Gas Revenue, May 2018

Statewide Coal Tax Revenues: Prior to Shutdown/After Shutdown of SJGS

FY14 - FY17



Total Loss of \$6.5 million prior to shutdown

Shutdown of SJGS will include additional loss of approximately \$6.5 million annually.

*Does not include Four Corners Shutdown

NM Tax and Revenue Hard Mineral Distributions FY2005-FY2018

Revenues from Fossil Fuels and other Extractive Resources Comprise a Significant Portion of State and Local Budgets

Renewable Resources Do Not Generate Equivalent Revenue Streams

Increased Renewable Mandates And The Closure Of SJGS And Four Corners Will Decrease State and Local Revenues Derived From Fossil Fuels And Other Extractive Resources

What is the Plan to Replace These Critical State and Local Revenues?

Can Our State, Our Citizens, Our Families and Children Withstand These Impacts?

- Annual tax revenues will be permanently reduced both locally and statewide
- Property tax rates will be increased in affected communities and school districts
- Loss of 1500 good paying jobs in San Juan County, which support thousands of dependents, many of which will leave the state as a result.
- With SJGS closing in 2022, PNM will be required to make additional investments in new power generation resources (which may or may not be located in San Juan County) the cost of which will be passed on to rate payers
- Local economy is left to pivot from high-paid, skilled jobs to new industries that do not provide the same level of wages for the level of education and skills